www.myeg.com.my

MY E.G. SERVICES BERHAD
[Registration No. 200001003034 (505639-K)]

ANNUAL REPORT 2019



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CORPORATE STRUCTURE

www.myeg.com.my

MY E.G. Services Berhad
Development and implementation of the electronic government ("**e-government**") services project and the provision of other related services for the e-government services project and investment holding.

- 100% — **GALE VECTOR SDN. BHD.**
  Provision of software solutions and maintenance service and other ancillary services.
- 100% — **MY E.G. COMMERCE SDN. BHD.**
  Provision of auto insurance intermediary services.
- 100% — **MY EG MANAGEMENT SERVICES SDN. BHD.**
  Provision of management and consultancy services.
- 40% — **MY E.G. INTEGRATED NETWORKS SDN. BHD.**
  Provision of software and hardware solutions and related services.
- 40% — **I-PAY MYEG PHILIPPINES INC.**
  Development and implementation of e-government services projects and provision of other related services including payment services in the Republic of the Philippines ("**the Philippines**").
- 100% — **MY EG SDN. BHD.**
  Development and implementation of the e-government services project and provision of other related services.
  - 100% — **MYEG TRADE SDN. BHD.**
    Trading of motor vehicles and provision of ancillary services.
  - 100% — **MYEG AUTO ASSIST SDN. BHD.**
    Provision of motor vehicle inspection, repairs and breakdown assistance, sale of removable motor vehicle spare parts, motor vehicle breakdown assistance, and provision of membership in relation thereto.
  - 55% — **MY EG LODGING SDN. BHD.**
    Build, own and operate hostels for foreign workers.
    - 100% — **MYEG FWA (TANJONG LANGSAT) SDN. BHD**
      Property investments and provision of workers accommodation services.
- 100% — **MY EG INTERNATIONAL SDN. BHD.**
  Undertaking investments and joint ventures in foreign countries.
  - 100% — **MY EG (INDONESIA) SDN. BHD.**
    Investment holding.
    - 90% — **PT MYEG SERVICES INDONESIA**
      Build, own and operate a digital platform for commercial services.
    - 19% — **PT CARTENZ INTI UTAMA ("CARTENZ")**
      Engaged in development, trading industry and service
  - 100% — **MY EG (BANGLADESH) SDN. BHD.**
    Investment holding.
    - 40% — **MYEG (BD) LTD**
      Engaging in the business of technology services and e-government services in Republic of Bangladesh ("**Bangladesh**").
  - 100% — **MY EG (PHILIPPINES) SDN. BHD.**
    Investment holding.

CORPORATE STRUCTURE
(CONT'D)

100%

MY E.G. CAPITAL SDN. BHD.
Investment holding.

100%
MY EG AD NETWORKS SDN. BHD.
Provision of advertising and marketing services.

100%
MY E.G. ALTERNATIVE PAYMENT SERVICES SDN. BHD.
Providing and operating an electronic payment and remittance platform for the issuance, transfer, clearance and settlement of electronic money and all ancillary products and services related to it.

100%
MY EG FINANCE TECHNOLOGIES SDN. BHD.
Provision of financing, leasing or hire purchase services and credit granting activities.

100%
AGENSI PEKERJAAN MY EG JOBS SDN. BHD.
Recruitment activities for job seeker within and outside Malaysia and a non-citizen employee within Malaysia.

100%
MY EG E-SETTLEMENT SDN. BHD.
Provision of multi-currency remittance services, payment settlement services and systems.

100%
PAYME SDN. BHD.
Provision of human resource management and payroll solutions.

100%
MYDIGITALCOIN SDN. BHD.
Investment holding.

100%
MY EG ISLAMIC FINANCE SDN. BHD.
Provision of Islamic financing, leasing and other Islamic credit granting activities.

67%
ESSENTIAL REVIEWS SDN. BHD.
Provision of digital platform for reviews and news on restaurants and food and beverage businesses, with advertising or marketing possibilities of related brands.

60%
PICASSO MEDIA SDN. BHD.
Provision of diversified media solutions and related professional services.

60%
HURR TV SDN. BHD.
Build, own and operate an online TV channel and e-commerce platform.

100%
MUCA Wellness Sdn. Bhd.
Electronic commerce.

55%
CAR X SERVICES SDN. BHD.
Operation and management of automotive classifieds web portal and other value added services for the automotive classifieds web portal.

55%
CARDBIZ HOLDING SDN. BHD.
Investment holding.

100%
Buy Now Asia Sdn. Bhd.
E-Commerce service provider, provision of online purchase and redemption and other related activities.

100%
CardBiz Solutions Sdn. Bhd.
Provision of computer software and hardware.

100%
CardBiz Technologies Sdn. Bhd.
Trading of computer hardware, accessories and related products.

100%
CardBiz Payment Services Sdn. Bhd.
Provision of all kinds of information technology, credit card terminal rental and other related activities.

100%
CardBiz eServices Sdn. Bhd.
Software customisation and development.

40%
MY ADMARKET SDN. BHD.
Investment holding.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Norraesah Binti Haji Mohamad
Executive Chairman

Wong Thean Soon
Group Managing Director

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Independent Non-Executive Director

Datuk Mohd Jimmy Wong Bin Abdullah
Independent Non-Executive Director

Wong Kok Chau
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Chairman

Datuk Mohd Jimmy Wong Bin Abdullah
Member

Wong Kok Chau
Member

NOMINATION COMMITTEE

Datuk Mohd Jimmy Wong Bin Abdullah
Chairman

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Member

AUDIT COMMITTEE

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Chairman

Datuk Mohd Jimmy Wong Bin Abdullah
Member

Wong Kok Chau
Member

RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Chairman

Datuk Mohd Jimmy Wong Bin Abdullah
Member

Wong Kok Chau
Member

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC No. 202008001023)
Tan Ai Ning (MAICSA 7015852)
(SSM PC No. 202008000067)

CORPORATE HEAD OFFICE

Level 43A, MYEG Tower, Empire City
No. 8, Jalan Damansara, PJU 8
47820 Petaling Jaya
Selangor, Malaysia

Tel : 03-7664 8000
Fax : 03-7664 8008
Email : investors@myeg.com.my
Website : www.myeg.com.my

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

Tel : 03-7890 4800
Fax : 03-7890 4650

AUDITORS

Crowe Malaysia PLT (AF 1018)
Level 16, Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel : 03-2788 9999
Fax : 03-2788 9998

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

Tel : 03-7890 4700
Fax : 03-7890 4670

PRINCIPAL BANKERS

Ambank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MYEG
Stock Code : 0138

ABOUT THIS REPORT

MY E.G. Services Berhad ("**MYEG**" or the "**Company**") and its subsidiaries (the "**Group**") have further aligned to the principles and content elements of Integrated Reporting ("**<IR>**") as part of the Company's progressive transition to adopt a globally recognised corporate reporting framework.

Our journey, which began in 2018, continues to see MYEG provide a more comprehensive view of the Company's value creation model, its business performance, risks and opportunities, capital dependencies and materiality matters, as well as its future orientation which includes resource allocation and strategic priorities going forward. We have further enhanced linkages and connectivity between reporting content to provide greater clarity in our value creation narrative in a concise manner.

MATERIAL SCOPE AND BOUNDARY

Our report for the financial period ended 31 December 2019 ("**FP2019**") ("**Annual Report**") covers the business operations, activities, processes and employees of the Group where relevant. Beyond financial information, information presented is intended to show how MYEG creates value over the short, medium and long-term horizons.

Our scope is also bound by our present capacity to collate reliable, meaningful and accurate information. Therefore, disclosure is limited to the Group's domestic operations unless stated otherwise. With the growth and expansion of our international operations and the maturity of data collection systems, we seek to include data from international operations in future reports.

FRAMEWORKS APPLIED

Our Annual Report has been prepared in accordance with the following frameworks and regulations:

- International Integrated Reporting Council ("**IIRC**") Integrated Reporting Principles Based Framework
- Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**")
- Bursa Malaysia Sustainability Reporting Guide, 2nd Edition 2018
- FTSE4Good Index Disclosures (FTSE Russell's ESG Data Model)
- Malaysian Code on Corporate Governance ("**MCCG**")
- Companies Act 2016 ("**Act**")
- Malaysia Financial Reporting Standards ("**MFRS**")
- ISO 31000 Risk Management Standard implemented in 2013

RELATED INFORMATION

MYEG's business model and operations are aligned with the following policies and governance documents, which are referenced in this Annual Report and disclosed on our corporate website. These policies and documents can be viewed at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab):

- Board Charter and Terms of Reference
- Code of Conduct
- Code of Ethics
- Anti-Corruption Policy
- Whistle Blowing Policy
- Safety and Health Policy
- Directors and Senior Management's Remuneration Policy
- Human Rights Policy
- Non-Discrimination and Equal Employment Opportunity Policy
- Environmental Policy
- Sustainability Policy
- Directors Assessment Policy
- Succession Planning Policy
- Risk Management Policy
- Share Buy Back Policy
- Insider Dealing Policy
- Corporate Disclosure Policies and Procedures

ABOUT THIS REPORT
(CONT'D)

News and media clippings on the Group as well as press releases are available at https://www.myeg.com.my/investor_relations (under the "News Centre" tab). Online disclosures for stakeholders such as consolidated and quarterly financial statements can also be found via the same weblink under the "Financial Info" tab.

ONLINE VERSION

This Annual Report can be downloaded from https://www.myeg.com.my/investor_relations (under the "Reports & Presentations" and "General Meeting" tab) and Bursa Malaysia's website.

FORWARD LOOKING STATEMENTS

This Annual Report contains information on MYEG's strategic priorities, anticipated risks and opportunities, industry outlook and the Group's prospects. All information herewith was collated based on reasonable assumptions using existing forecast models and present market conditions, which may change due to a wide range of factors that are beyond the Group's control.

As such, all forward looking statements are not conclusive. Actual plans and results may differ from those expressed in this Annual Report. Forward looking statements do not serve as guarantees of future operational or financial results or any other kind of outcome. Such have not been reviewed or audited by an external auditor.

ASSURANCE

Financial data disclosed has been audited by Crowe Malaysia PLT and based on their findings, present a true and fair view of the Group's position for FP2019.

Non-financial performance data has not been audited but the Group's Senior Management has judged it as a true and fair view of all material matters as well as the disclosure of our top line strategic plans for the short, medium and long-term so as not to place MYEG at a competitive disadvantage.

FEEDBACK

Feedback on this Annual Report and the issues covered can be channelled to our Investor Relations unit at (Tel) +603 - 7664 8000 or via e-mail to investors@myeg.com.my.

COMPANY VISION AND MISSION

VISION

To be a high value-added provider of globally competitive IT services

MISSION

To realise our vision, we strive to optimise our current technological capabilities, develop employee potential, enhance stakeholders' confidence and increase our revenue growth through market expansion, product expansion and continuous innovation.

COMPANY HIGHLIGHTS

Presence in **4 countries**

(Malaysia, the Philippines, Bangladesh, and Indonesia)

2,594
employed in our workforce



907 Kiosks
to assist citizens and businesses

20-year
track record in e-government services



101 E-service centres
to assist citizens and businesses

KEY MILESTONES

Since our inception in the year 2000, MYEG has continued to blaze the trail as a pioneer and innovator of innovative e-government services as well as other relevant digital and commercial services.

We continue to deliver an increasing spectrum of convenient and cost-effective e-government services as well as other relevant digital and commercial services for an expanding target audience base in Malaysia, the Philippines, the Republic of Indonesia ("**Indonesia**") and Bangladesh.

The following is a list of key milestones we have achieved since October 2018 to May 2020 as we pursued our vision to be a value-added provider of globally competitive IT services. A more extensive list can be found online at https://www.myeg.com.my/investor_relations (under the "Corporate Info" tab).

2018

November

Entered into a Memorandum of Understanding ("**MoU**") with PT Cartenz Technology Indonesia to expand and extend the scope of Cartenz's product and services in relation to its tax monitoring system and tax revenue system in Indonesia.

December

I-Pay MYEG Philippines Inc. ("**IPAY MYEG**") entered into a Memorandum of Agreement with the National Bureau of Investigation ("**NBI**") to implement the NBI's Electronic Payment and Collection System.

Incorporated MYEG (BD) Ltd. to provide technology and e-government services in Bangladesh.

2019

January

Bank Negara Malaysia approved the issuance of electronic money via iPayEasy e-wallet.

IPAY MYEG launched an online insurance portal, namely MYEG Insurance, which offers faster and hassle-free access to a diverse range of insurance coverage in the Philippines.

Renewal of Courier Service Licences in Malaysia.

April

Announced plans to invest in China-based education technology group Jingle Magic (Beijing) Technology Co. that is mainly involved in the development of Virtual Reality ("**VR**"), Augmented Reality ("**AR**") and Artificial Intelligence ("**AI**")-based educational equipment and software.

June

Incorporated MY EG Islamic Finance Sdn. Bhd. ("**MYEG Islamic Finance**") to provide Islamic financial lease activities and other Islamic credit granting activities.

July

Signed share subscription agreement for the subscription of 40% equity stake in Cartenz, a tax monitoring system provider in Indonesia.

November

Launched first phase of digital e-government services by IPAY MYEG in partnership with Land Bank of the Philippines.

2020

January

Cartenz, a MYEG associate company in Indonesia secured additional mandates to roll-out various provincial governments in the Indonesia tax monitoring system to 30 more cities on a pilot basis.

February

Successfully developed an extensive Artificial Intelligence-powered Coronavirus risk profiling system, and made available to the governments of Malaysia and the Philippines.

April

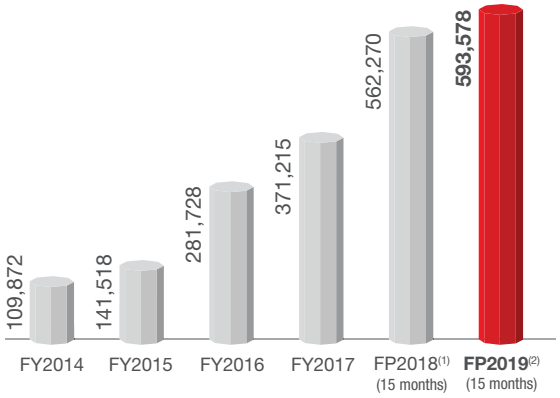
Launched a contact tracing and digital health profiling smartphone app known as MyEGuard by IPAY MYEG and commenced pilot implementations for the cities of Paranaque City, NCR, Kidapawan City, North Cotabato (Mindanao) and Ilagan City, Isabela (Central Luzon).

May

Offered a convenient one-stop portal for employers in Malaysia to manage the requirements related to the screening of their workforce for the COVID-19 virus via the the Social Security Organisation Prihatin Screening Programme.

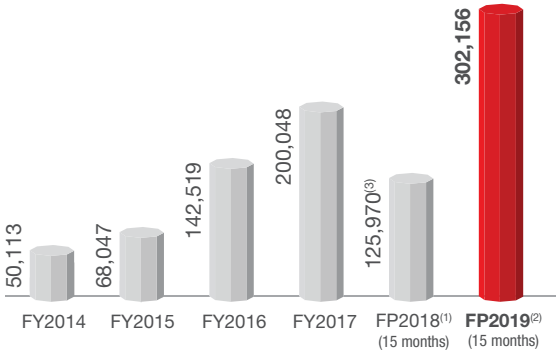
FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)



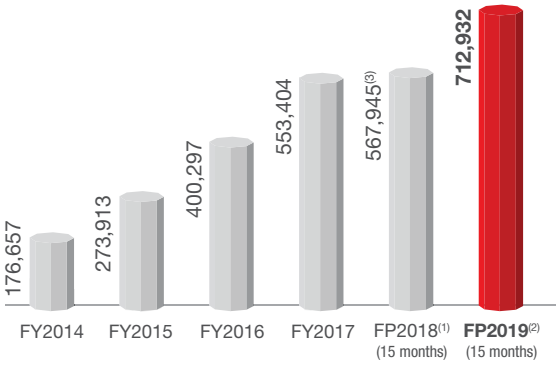
5-year CAGR(4) 40.1%

NET PROFIT
(RM'000)



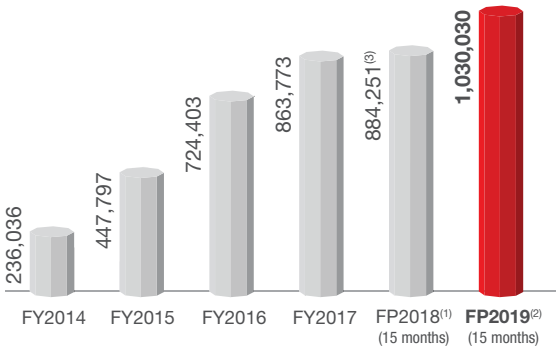
5-year CAGR(4) 43.2%

SHAREHOLDERS' EQUITY
(RM'000)



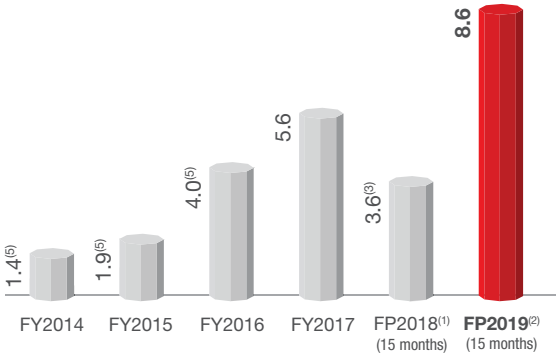
5-year CAGR(4) 32.2%

TOTAL ASSETS
(RM'000)

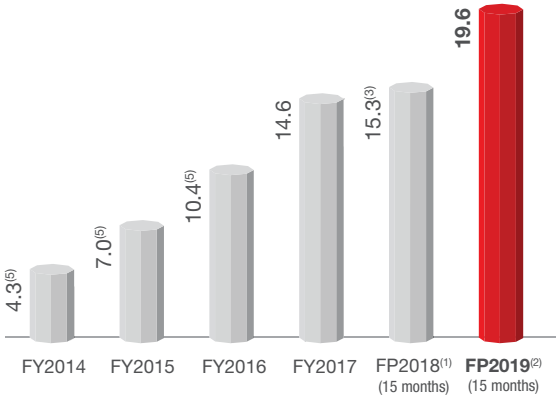


5-year CAGR(4) 34.3%

NET EARNINGS PER SHARE
(SEN)



NET TANGIBLE ASSETS PER SHARE
(SEN)



Notes:-

(1) *MYEG had on 13 June 2018 changed its financial year end from 30 June to 30 September. The FP2018 was made up of results for 15 months covering the period from 1 July 2017 to 30 September 2018.*

(2) *MYEG had on 27 September 2019 changed its financial year end from 30 September to 31 December. The FP2019 was made up of results for 15 months covering the period from 1 October 2018 to 31 December 2019.*

(3) *Net of impairment in relation to impairments made for capital expenditure ("**CAPEX**") and receivables related to the abolishment of the Goods and Services Tax ("**GST**") regime.*

(4) *CAGR = Compounded Annual Growth Rate.*

(5) *The comparative figures for net tangible assets per share and net earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017.*

FINANCIAL HIGHLIGHTS
(CONT'D)

Summarized Group Income Statements						
RM'000	*FY2014*	*FY2015*	*FY2016*	*FY2017*	*FP2018[1]*	*FP2019[2]*
Revenue	109,872	141,518	281,728	371,215	562,270	593,578
EBITDA[4]	64,833	84,554	164,405	226,431	168,599[3]	355,237
Profit Before Tax	50,710	68,213	143,226	201,478	128,473[3]	306,939
Net Profit	50,113	68,047	142,519	200,048	125,970[3]	302,156
Total Comprehensive Income	50,113	74,747	142,519	200,048	125,671[3]	302,194

Summarized Group Balance Sheets						
RM'000	*FY2014*	*FY2015*	*FY2016*	*FY2017*	*FP2018[1]*	*FP2019[2]*
Total Non-Current Assets	101,328	140,118	286,541	414,616	526,109[3]	705,207
Total Current Assets	134,708	307,679	437,862	449,157	358,142[3]	324,823
TOTAL ASSETS	**236,036**	**447,797**	**724,403**	**863,773**	**884,251[3]**	**1,030,030**
Financed By:						
Share Capital	60,105	120,210	240,420	360,630	360,630	360,630
Treasury Shares	(10,237)	(6,783)	(2)	-	(52,804)	(144,743)
Reserves	-	43,709	6,700	192,774	260,119	497,045
Retained Profits	126,789	116,777	153,179	186,074	253,718[3]	490,606
Shareholders' Equity	176,657	273,913	400,297	553,404	567,945	712,932
Minority Interests	2	(20)	(161)	(1,463)	(4,043)	(4,937)
Total Equity	176,659	273,893	400,136	551,941	563,902	707,995
Total Non-Current Liabilities	8,971	7,514	84,681	116,262	96,960	138,738
Total Current Liabilities	50,406	166,390	239,586	195,570	223,389	183,297
TOTAL EQUITY AND LIABILITIES	**236,036**	**447,797**	**724,403**	**863,773**	**884,251**	**1,030,030**

Financial Analysis	*FY2014*	*FY2015*	*FY2016*	*FY2017*	*FP2018[1]*	*FP2019[2]*
Revenue Growth	43.7%	28.8%	99.1%	31.8%	51.5%	5.3%
Profit Before Tax Growth	47.5%	34.5%	110.0%	40.7%	-36.2%	138.9%
Net Profit Growth	43.8%	35.8%	109.4%	40.4%	-37.0%	139.9%
EBITDA Margin	59.0%	59.7%	58.4%	61.0%	30.0%	59.8%
Pre-tax Profit Margin	46.2%	48.2%	50.8%	54.3%	22.8%	51.7%
Net Profit Margin	45.6%	48.1%	50.6%	53.8%	22.4%	50.9%
Return on Average Equity	31.7%	30.2%	42.3%	42.0%	22.6%	47.5%
Return on Average Total Assets	24.0%	19.9%	24.3%	25.2%	14.4%	31.6%
Net Tangible Assets Per Share (Sen)	4.3[5]	7.0[5]	10.4[5]	14.6	15.3	19.6
Net Earnings Per Share (Sen)	1.4[5]	1.9[5]	4.0[5]	5.6	3.6	8.6

Notes:-

(1) *MYEG had on 13 June 2018 changed its financial year end from 30 June to 30 September. The FP2018 was made up of results for 15 months covering the period from 1 July 2017 to 30 September 2018.*

(2) *MYEG had on 27 September 2019 changed its financial year end from 30 September to 31 December. The FP2019 was made up of results for 15 months covering the period from 1 October 2018 to 31 December 2019.*

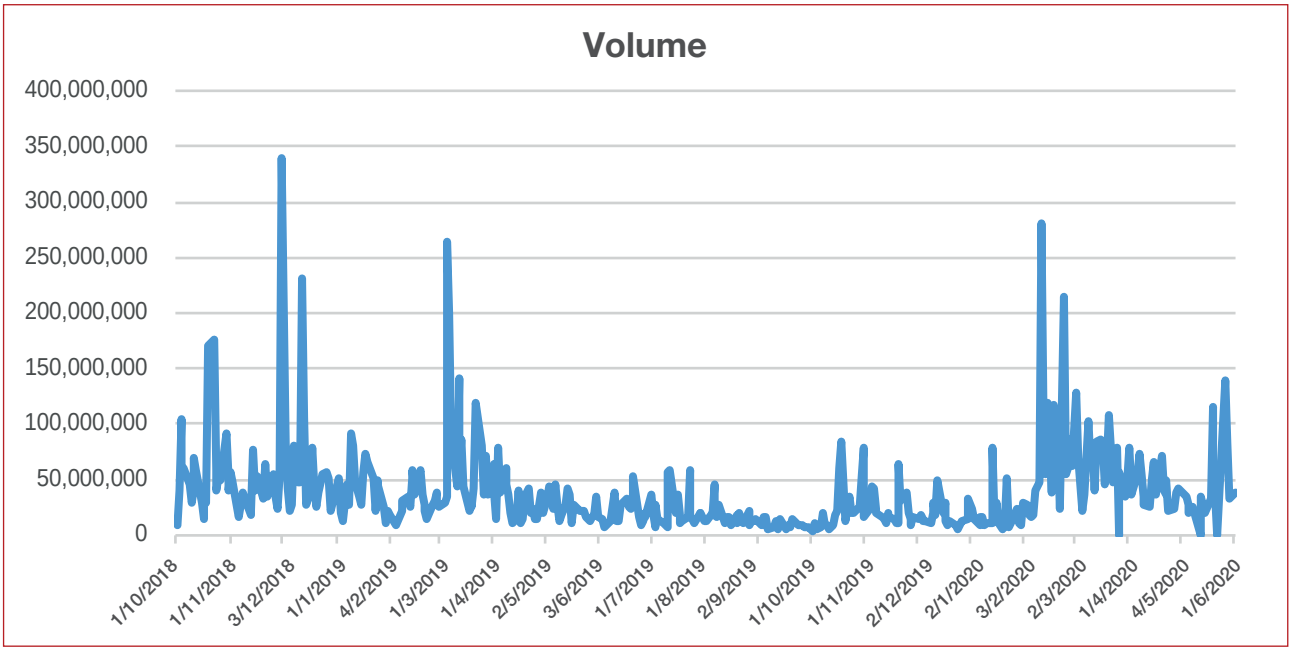
(3) *Net of impairment in relation to impairments made for CAPEX and receivables related to the abolishment of the GST regime.*

(4) *EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization.*

(5) *The comparative figures for net tangible assets per share and net earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017.*

SHARE PRICE PERFORMANCE





- Share Price Performance for the period of 1 October 2018 to 1 June 2020:
  - High (1 October 2018) : RM1.760
  - Low (19 March 2020) : RM0.765
- Market Capitalisation:
  - Market capitalisation as at 1 June 2020 : RM4.5 billion
  - Market capitalisation as at 31 December 2019 : RM3.8 billion

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of MYEG, the management of MYEG ("**Management**") is pleased to provide an account of the Group's financial performance as well as the business and operational highlights for FP2019.

As announced to Bursa Malaysia on 13 June 2018 and 27 September 2019, MYEG had changed its financial year-end from 30 June to 30 September for FP2018, and subsequently, from 30 September to 31 December for FP2019.

The Malaysian economy continued to expand in 2019, with ongoing income and employment growth underpinning private consumption spending. However, the overall pace of economic growth continued to moderate, dampened by more subdued private investment amid heightened global trade uncertainties, as well as softer government expenditure and investment.

Exemplifying resilience and by diligently executing its business and operational strategies, MYEG continued to achieve progress during a challenging year. Prevailing against an uncertain operating landscape, the Group has continued to create value and has enhanced value creation processes for the long-term.

We have remained proactive in strengthening our business model and have displayed agility and adaptability to respond effectively to the various developments in a dynamic operating environment. Importantly, we have continued to bolster our financial performance while ensuring business and operational sustainability.

Our Annual Report captures the Group's journey; in how we have strengthened our position as a leading provider of e-government services and other relevant digital and commercial services in Malaysia as well as abroad.

COMMITTED TO VALUE CREATION

A more detailed account of our value creation process is provided on page 31 to 40 of this Annual Report. Our FP2019 report further embodies the principles and content elements of <IR> towards providing more comprehensive disclosure on our business model, business and operating strategies, risks and opportunities; and our consumption of capital resources and future strategic priorities.

Management is of the view that continued adherence to the guiding principles and content elements of the <IR> Framework prescribed by the IIRC will further illustrate the distinct means by which MYEG, as an industry leader for digital services, creates sustainable value for all stakeholders.

FINANCIAL PERFORMANCE

Notwithstanding broader economic uncertainties, MYEG continued to demonstrate resilience, delivering another solid financial performance in FP2019. The performance is a testament to the vital role the Group continues to play in providing digital services and innovations that remain essential and relevant in the lives of citizens, the government and businesses.

In FP2019, bolstered by strong transaction volumes for our services, MYEG recorded robust revenue and earnings. Revenue for the financial period was RM593.58 million (FP2018: RM562.27 million), while profit before tax was RM306.94 million (FP2018: RM128.47 million). MYEG's net earnings per share stood at 8.6 sen (FP2018: 3.6 sen).

Revenue and earnings were bolstered by contributions from the Group's concession-related services such as Immigration Department and Road Transport Department ("**JPJ**") services and their related ancillary services. Also underpinning the top and bottom lines were the Group's array of commercial offerings, including motor vehicle trading related services, financing services, foreign worker recruitment and placement related services, and contribution from Cardbiz Holding Sdn. Bhd. and its subsidiaries, which is principally involved in the deployment of payment solutions as well as hardware and merchant acquiring services.

Consistent with previous financial periods, digital and commercial services accounted for around 80% of the Group's revenue as compared to e-government services which accounted for around 20% of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

DIVIDEND PAYOUT TO SHAREHOLDERS

On 29 March 2019, the Board declared a final single tier dividend of 1.4 sen per ordinary share amounting to RM48.78 million for FP2018. The said dividend was paid on 5 June 2019.

On 30 May 2019, the Board declared a first interim single tier dividend of 0.5 sen per ordinary share amounting to RM17.421 million for FP2019. The said dividend was paid on 23 August 2019.

Given the Company's positive financial performance, the Board has declared a final dividend for the financial period of 2.0 sen, subject to shareholders' approval at our forthcoming annual general meeting ("**AGM**") to be held on 6 August 2020.

Total dividend declared for FP2019 is expected to be 2.5 sen per ordinary share, representing a payout ratio of approximately 30%.

CAPITAL AND OPERATIONAL EXPENDITURE

In driving sustainable growth in Malaysia and abroad, the Group has continued to invest strategically and judiciously, with a view to the future.

In FP2019, Group CAPEX was RM69.87 million (FP2018: RM48.54 million). Meanwhile, Group operating expenditure ("**OPEX**") was RM254.40 million (FP2018: RM227.12 million).

The increased expenditures reflect the growing scale of MYEG's business activities, in terms of transaction volumes for existing services as well as expansion into new business opportunities.

CAPEX	OPEX
IT hardware comprising servers and computers Buildings and related works	Personnel related expenses and operating expenses; Advertising and promotion expenses; Maintenance and operating expenses for MYEG Tower Interest expense arising from the term loan to finance the acquisition of MYEG Tower; Depreciation and amortisation charges

ASSETS AND LIABILITIES, CASH AND BANK BORROWINGS

The Group's asset position remains healthy, with total assets of RM1.03 billion as at 31 December 2019 (FP2018: RM884.25 million) on the back of higher current and non-current assets.

As at 31 December 2019, MYEG's cash and cash equivalents stood at RM63.86 million (FP2018: RM100.24 million). The decline from the end of the previous financial period mirrors the increased deployment of funds during the financial period towards various strategic investments and initiatives aimed at generating higher returns and spurring the continued growth of the business.

Reflecting the continued robust underlying business activity in FP2019, the Group recorded operating cash flow of RM168.04 million (FP2018:RM177.25 million) in FP2019 while net cash from operating activities was at RM161.73 million (FP2018: RM176.75 million). MYEG has sufficient cash to meet working capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Total borrowings, comprising current and non-current secured loans arising from term loans as well as unsecured loans comprising revolving credit, was at RM176.0 million as at the end of FP2019 (FP2018: RM127.09 million). Long-term borrowings stood at RM132.57 million (FP2018: RM94.68 million). Short-term borrowings stood at RM43.43 million (FP2018: RM32.41 million).

The Group maintained a healthy debt-to-equity ratio of 0.34 times (FP2018: 0.36 times).

BUSINESS & OPERATIONAL HIGHLIGHTS

In FP2019, MYEG continued to leverage on its core business strengths. Our strategic focus has been on expanding our business model across multiple markets and leveraging on our existing platforms to offer a wider range of solutions to more customers.

We have continued to promote MYEG in all key markets as an enabling "bridge" between consumers, businesses and governments. We focused on driving the key message and value proposition of how MYEG delivers safe, secure and hassle-free channels that provide accessibility, convenience and affordability to consumers and businesses.

As in previous years, the Group has leveraged on proprietary, homegrown technologies as well as access to other innovations through investments in other technology companies, both locally and abroad. MYEG has pursued internal product development towards creating new service offerings to customers in established markets, while also introducing proven services from certain existing markets into new markets.

By staying true to our business objectives, we have achieved noteworthy positive results across the various markets that we operate in.

January 2019 saw MYEG securing regulatory approval for the 'iPayEasy' electronic money application. Our courier service licence was also renewed which is important in providing an end-to-end service to customers. The same month saw us further strengthen our leading position in the Philippines when we launched MYEG Insurance, an online insurance portal that allows consumers to purchase a wide range of insurance coverage packages online based on their specific coverage requirements.

MYEG Insurance complements our existing services in the Philippines. It strengthens our value proposition towards delivering a more comprehensive range of solutions to customers that can be accessed anytime and anywhere.

In April 2019, we continued to look to China in broadening our involvement in the high-potential areas of VR, AR and AI. The Group announced the investment of RMB10 million for a 3.03% stake in China-based education technology company Jingle Magic (Beijing) Technology Co, which specialises in educational equipment and software.

The acquisition will provide MYEG with access to a wide range of proprietary VR, AR and AI technologies, which can be tapped not only to enhance our portfolio of offerings, but also to potentially revolutionise user experience and service delivery in the future. Beyond education, the commercial application of VR, AR and AI are numerous.

June 2019 saw MYEG take another significant step in penetrating the Malaysian fintech industry when MYEG Islamic Finance was incorporated to undertake Islamic financial lease activities and other Islamic credit provision offerings. The growth of the Islamic finance sector in Malaysia has been encouraging in recent years and is tipped to accelerate in the years to come, boosted by Malaysia's expanding muslim population and increasing awareness and understanding of services among Muslims and non-Muslims.

Our venture into the Islamic finance segment is timely and we foresee ample opportunities for the bundling of Shariah-compliant offerings with our existing service portfolio, thus adding a new dimension to the Group's value proposition in reaching underserved markets

In July 2019, the Malaysian government's reactivation of the automatic foreign worker replacement programme was a positive catalyst for the foreign worker ecosystem in general and for the Group's burgeoning recruitment / matching services under MYEG Jobs, in particular.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Also, in July 2019, towards bolstering our presence in Indonesia, we entered into an agreement to subscribe a 40% equity stake in Indonesian e-government solutions company PT Cartenz Inti Utama ("**Cartenz**"). MYEG and Cartenz will continue to work together to secure and implement government mandates for the real-time monitoring of business transactions for tax computation purposes across Indonesia.

With the on-going pilot programme in Jakarta being well received, the Group has since been contracted by the provincial governments of seven other Indonesian provinces to deploy, on a chargeable basis, the tax monitoring system in up to 30 cities. Pilot installations have commenced across these seven provinces and with this, our roll-out in Indonesia is likely to be much faster, and entail lower expenditure, than initially anticipated.

The expansion of the tax monitoring system to more regions in Indonesia represents an important milestone for MYEG, strengthening the Group's' position as the leading e-government services provider in Indonesia. It widens the Group's presence in the country's retail sector and brings us closer to realising our ambitions of having a market-leading footprint of installations within the next few years.

In November 2019, with the launch of our first phase of e-government services via IPAY MYEG in partnership with Land Bank of the Philippines, we firmly established ourselves as the premier one-stop e-government portal in the country of over 100 million people.

This development comes after the many prior successes in establishing strategic collaborations with a wide range of partners, both government and private entities in the Philippines. They include the National Bureau of Investigation's online payment and clearance system, payment gateway solutions for Quezon City and other local government units and government agencies, and the marketing of digital financial services for CIMB Bank Philippines, Inc.

Meanwhile, in Bangladesh, the Group's venture into the the country is still at a nascent stage. Nevertheless, the considerable inroads we have made thus far in Indonesia and the Philippines reinforces our confidence in our ability to rollout services to Bangladesh's over 160 million strong and fast-growing population.

Our presence in Bangladesh was cemented through a 40% equity interest in MY EG (BD) Ltd, held via the Company's wholly owned subsidiary MYEG (Bangladesh) Sdn Bhd.

NEW SERVICES LAUNCHED

Launched in January 2020, MYDATA-SSM services is a digital service that allows the public to access information on companies and businesses incorporated and registered in Malaysia via the MYEG portal. Services available via MYDATA-SSM include online company search features as well as retrieval of business profiles and provision of certified true copies of Companies Commission of Malaysia ("**CCM**") certificates and forms.

MYDATA-SSM services allow for a seamless user experience while creating an additional channel for the public to access company information. At the same time, MYDATA-SSM services complements the online search for bankruptcy and winding up which we offer.

As part of the Group's continuous commitment in providing added convenience to users by enhancing access to essential government services, a number of new online services were introduced over the course of FP2019. One such service is the zakat salary deduction scheme, an initiative to improve the monthly zakat payments management process by employers on behalf of their employees. Among other new services, online renewal of Dewan Bandaraya Kuala Lumpur licenses, namely Premise License, Composite License and Premise Signboard License, was also launched in FP2019.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

ENHANCING TECHNOLOGICAL CAPABILITY

Beyond market expansion and brand development, our ability to create and offer product offerings relies on technological capability. Hence, we have continued to invest in technology, especially in blockchain and other emerging trends. It is essential that we stay at the forefront of the technological curve; leading as an innovator and developer, rather than emulator and adopter.

In this regard, we view talent as vital for technology development and innovation. Hence, we continually seek to attract digital talents to be part of the Group and FP2019 was no exception. In addition, during the period, we continued to enhance the Group's infrastructure and facilities towards creating a more conducive environment to facilitate the development of new products and services.

Our efforts have proven fruitful as evidenced by the flow of solutions that have been brought to market to address prevailing pain points over the years, with more innovations in the pipeline being primed for commercial adoption once viable.

Even as we develop our internal capacity to innovate, we also look outside our organisation for cutting edge technologies. The Group's investments in Chinese companies operating in the AR, VR and mixed reality space, for example, is predicated on our belief in the potential of these technologies to disrupt the digital sphere in the years to come. At the same time, we can play a part in enriching Malaysia's digital space via transfer of knowledge and expertise to the country.

The Group continues to be on the lookout to participate in the development of pioneering innovations through potential collaborations with a broad-range of partners, be it commercial entities or other institutions like universities.

Being involved in emerging technologies, some of which may still be in their infancy today, ensures that the Group remains well-poised to seize prospective opportunities to lead the way in the application of such technologies in the markets where we operate.

BRAND BUILDING & CONSUMER ENGAGEMENT

While our brand reputation remains positive, we have continued to invest in bringing the MYEG brand close to customers, notably in Malaysia. The Group's branding and marketing efforts have centred on using high-visibility mediums with mass reach and targeted activities with selected stakeholders.

The goal remains to continue reinforcing MYEG's position as the preferred channel for e-government and digital commercial services in the country's where we operate and to fulfil our role in contributing to nation building and in upholding our position as a responsible corporate citizen.

OUTLOOK AND PROSPECTS

Certainly, we share the growing concerns seen across the world over the significant socio-economic impacts brought on by the COVID-19 virus, which broke out in China in early 2020 and rapidly evolved into a global pandemic. The spread of the virus has adversely affected many economies, countries and lives all over, and Malaysia has not been spared.

That the outbreak of the COVID-19 virus will take a considerable toll on economic growth both at home and abroad has become the consensus view, prompting governments worldwide to unveil stimulus measures to counter the fall-out. The prospects and timing of a recovery in the world economy are likely to be tied to the success of ongoing global concerted efforts to contain the spread of the virus.

We undoubtedly recognise that the trajectory of the world economy in the near-term will have an influence on the outlook for our businesses across all the markets where we operate and hence, on the Group's eventual financial performance for the current financial year.

Yet, to be sure, as a provider of services delivered over a digital platform, the Group has a role to play that has become even more critical in these difficult times. We offer users a fast, secure and convenient way to access essential services with complete peace of mind, without having to leave the safety of their premises and risk possible exposure.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Furthermore, in playing our part as a responsible corporate citizen, the Group embarked on initiatives aimed at providing governments with much-needed solutions in their fight against the COVID-19 pandemic.

MYEG made available to the government an Artificial Intelligence-powered online health risk profiling system, with capabilities including historical geolocation and anomaly tracking, for the screening of inbound visitors from overseas.

Subsequently, in April, the Group commenced a pilot implementation of MyEGuard, a contact tracing smartphone app with dynamic QR colour code-based health profiling functionalities, for various cities in the Philippines, enabling authorities to carry out contact tracing at a critical juncture in the efforts to contain the pandemic.

In addition, the Group also launched a one-stop portal in Malaysia for employers to manage the COVID-19 screening requirements of their workforce in a more convenient and streamlined manner. The portal provides an option for companies to register for the Social Security Organisation's screening programme and arrange for on-site testing to be done at their premises, with digital QR code-based certificates then issued by MYEG as proof of testing.

The introduction of these innovations is consistent with MYEG's commitment to work closely with the government to continue rolling out new e-government services and solutions whilst maintaining service delivery standards of existing services for the benefit of the public at large.

For the longer-term, we foresee the digital transformation agenda taking hold all over the world continuing unabated.

With the accelerated push by governments to adopt and proliferate digital services, we believe that the future remains positive for MYEG, though not without challenges and risks. We maintain an optimistic outlook going forward.

Coupled with a growing population, increasing economic affluence and the emergence of a more technology savvy population, MYEG, as a provider of e-government and digital commercial services, is strategically positioned to benefit from these industry growth factors. New technologies will yield more exciting possibilities that can be tapped to augment existing revenue streams or to create completely new value propositions.

Our strategic priorities moving ahead are to further strengthen our business model and to tap on the emerging growth opportunities. At the same time, we remain vigilant against potential disruptive factors or developments, many of which may be beyond the control or influence of MYEG.

At present, the Group has a business presence in four countries and going forward, one of our strategic priorities is to further expand and solidify our position as the leader in these markets.

In our existing markets – Malaysia, Indonesia, the Philippines and Bangladesh, MYEG has first mover advantage to serve a combined market of 600 million-plus people.

We will also continue to explore opportunities to bring our business model to new countries. We continue to engage in a wide range of efforts to grow our geographical footprint in countries that have similar demographic profiles to our present markets i.e. developing economies with a large population and burgeoning economic growth.

The expansion of our regional presence will be important to the Group's organic growth in coming years. We foresee our overseas operations to continue increasing their contributions to the Group's performance overtime.

The focus is to customise our strategies in each of these international markets. A key strategy to realise international market expansion is to leverage on the various best practices, lessons learnt and insights we have garnered, and to cross share this knowledge to strengthen our operations across all markets. As an example, products that have been successful in a particular market can be replicated in others.

With regard to our operations in our home market of Malaysia, MYEG has been established as a preferred service provider with an extensive array of service offerings. Malaysia remains a key market for us as we look to widen our portfolio of services towards strengthening our customer value proposition.

Beyond commercial interests, our commitment to Malaysia is to continue contributing positively to nation-building. MYEG has the unique ability to support the realisation of the government's digital aspirations and the development of a truly connected society and economy. We will continue to play our role in the transformation of how government services are delivered, in how it engages with citizens and in building a high-income nation.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Through technology, we can contribute towards the development of the local industry's value chain and capabilities, and via talent development, we are contributing to the creation of a highly skilled, professional workforce-- knowledge workers that are much in need to spur the national digital transformation agenda. MYEG will continue to invest in technology development for the benefit of the nation, industry and stakeholders.

Constructive engagement with the government is also a key pillar of success. In this respect, the Group continues to closely monitor changes in government policies or legislation. These may potentially impact our ability to create value. We consistently engage governments and related stakeholders such as ministries and agencies to ensure we maintain a firm grasp of government aspirations. Our fundamental aim remains to pursue and enhance collaboration with the government of the day in a spirit of transparency to support the implementation of its policies.

As we provide services across a wide spectrum of the economy, any significant shift in economic direction may potentially impact demand for our services. We continue to closely monitor these trends and have developed mitigation plans to address these concerns. For detailed information, kindly refer to our risks table on pages 37 to 38 of this Annual Report.

The Group welcomes the timely efforts by the Malaysian government ("**Government**") to stimulate the development of digital banking and digital assets in the country and are heartened by the release of the respective draft frameworks and guidelines.

Our optimism stems from the vast potential that these technologies hold in transforming the delivery of financial and related services. As the country's leading digital company, MYEG looks forward to lending its long-standing experience and proven expertise to support the government's digital agenda. We intend to leverage on the emerging opportunities in the digital asset and digital banking space to bring to market novel and impactful innovations for the benefit of all stakeholders.

In this connection, we had on 1 June 2020 announced the proposed diversification of the Group's existing business to include the provision of financial services. Concurrently, we also announced the proposed establishment of a dividend reinvestment plan that provides shareholders with an option to elect to reinvest their cash dividend in new ordinary shares of the Company as well as the proposed establishment of an Employee Share Option Scheme of up to 10% of the total number of issued shares of the Company (excluding treasury shares).

The proposals, which are subject to the approval of shareholders at the upcoming Extraordinary General Meeting, reflect the Group's ongoing commitment to forge sustainable long-term success by leveraging new and emerging trends and to provide opportunities for stakeholders to deepen their participation in the prospective growth of the Group.

Barring any unforeseen circumstances, the Board of Directors ("**Board**") is cautiously optimistic that the long-term outlook for MYEG remains positive as we continue to introduce innovative, value-added services as well as embark on a regional expansion.

BOARD OF DIRECTORS' PROFILES



Age	:	72
Nationality	:	Malaysian
Gender	:	Female
Date of appointment	:	18 August 2006
Date of last re-election	:	14 March 2019
Board Committee membership	:	Nil

Qualifications

- Bachelor of Arts (Hons) Economics, University of Malaya
- Masters in International Economics Relations, International Institute of Public Administration, France
- Masters in International Economics and Finance, University of Paris I, Pantheon-Sorbonne, France
- PhD, (Economics Science) International Economics and International Finance, University of Paris I, Pantheon-Sorbonne, France

Years of working experience

45 years

Working experience and occupation

1972 - 1988	• Government Service in Malaysia
1990 - 1991	• Managing Director, consulting firm
1991 - 1998	• Chief Representative, Credit Lyonnais Bank, Malaysia
2000 - 2003	• Chairman, Bank Kerjasama Rakyat Malaysia Berhad
2005 - 2008	• Senator
2005 - Present	• Chairman, World Islamic Businesswoman Network of the World Islamic Economic Forum • Member, International Advisory Panel, World Islamic Economic Forum

Directorship of public companies/listed issuer

- Adventa Bhd (Independent Non-Executive Director)
- Excel Force MSC Bhd (Executive Chairman)
- Latitude Tree Holdings Berhad (Independent Non-Executive Chairman)

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

List of training/seminar/conference/workshop attended

- Women Business Network (World Islamic Economic Forum) Women Workshop Program
  - ISTIC/UNESCO - Connecting Women Through The Use of Technology for Social & Economic Development
- Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018
- Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

BOARD OF DIRECTORS' PROFILES
(CONT'D)



Age	:	49
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	6 March 2000
Date of last re-election	:	7 December 2017
Board Committee Membership	:	Nil

Qualifications

Bachelor Degree in Electrical Engineering, National University of Singapore

Years of working experience

26

Working experience and occupation

1995 - 1997	Co-founder and Executive Director, Cybersource Pte Ltd, Singapore
1997 - 2000	Founder and Chief Executive Officer, Technochannel Technologies Sdn Bhd
2000 - Present	Co-founder, MYEG Group

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

List of training/seminar/conference/workshop attended

- Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018
- Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

BOARD OF DIRECTORS' PROFILES
(CONT'D)



Age	:	74
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	31 December 2008
Date of last re-election	:	7 December 2017
Board Committee Membership	:	• Audit Committee (Chairman) • Risk Management Committee (Chairman) • Remuneration Committee (Chairman) • Nomination Committee (Member)

Qualifications

- Bachelor of Arts (Malay Studies), University of Malaya
- Diploma in Public Administration, University of Malaya
- Master in Public Administration, University of Southern California
- Ph.D in Economic and Social Development Studies, University of Pittsburgh

Years of working experience

50 years

Working experience and occupation

1969 - 1971	Assistant Director, MAGERAN
1972 - 1973	Assistant State Secretary (Melacca)
1973 - 1974	Assistant Director, Public Service Department
1976 - 1981	Principal Assistant Director (Budget), Ministry of Health
1985 - 1991	Deputy Director General of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Department
1991 - 1994	Director, National Institute of Public Administration (INTAN)
1994 - 1996	Deputy Director General, Public Service Department
1996 - 2003	Director General, Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Ministers Department
2004 - 2007	Vice Chancellor, University Pendidikan Sultan Idris
2004 - 2005	Appointed to the Royal Commission to enhance the Operations and Management of the Royal Malaysian Police Force (PDRM)
2007 - 2009	Chairman, Malaysian Qualifications Agency (MQA)
2009 - 2018	Chairman, Goodyear Malaysia Berhad
2009 - Present	Honorary Treasurer, National PERKIM Kuala Lumpur
2015 - Present	Chairman, PERKIM Negeri Sembilan Chapter

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

List of training/seminar/conference/workshop attended

- Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018
- Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

BOARD OF DIRECTORS' PROFILES
(CONT'D)



Age	:	58
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	18 August 2006
Date of last re-election	:	14 March 2019
Board Committee Membership	:	• Nomination Committee (Chairman) • Audit Committee (Member) • Risk Management Committee (Member) • Remuneration Committee (Member)

Qualifications

Diploma in Business Studies, Jinan University, Guangzhou, China

Years of working experience

34 years

Working experience and occupation

1981 - 2002	Royal Malaysian Police
1994 - 1996	Diplomatic Mission, Wisma Putra, Guangzhou, China

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

List of training/seminar/conference/workshop attended

- Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018
- Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

BOARD OF DIRECTORS' PROFILES
(CONT'D)



Age	:	51
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	9 July 2018
Date of last re-election	:	14 March 2019
Board Committee Membership	:	• Audit Committee (Member) • Risk Management Committee (Member) • Remuneration Committee (Member)

Qualifications

- Chartered Institute of Management Accountants (CIMA)
- Malaysian Institute of Accountants (MIA)

Years of working experience

27 years

Working experience and occupation

1993 - 1998	Corporate Advisory Services, Ernst & Young
1998 - 2000	Regional Controller for Asia, BIC
2001 - 2009	Financial Controller for Asia Pacific; Consultant, Kepner-Tregoe (KT)
2009 - 2016	Co-Founder, A Davids & Company, Singapore

Directorship of public companies/listed issuer

- Excel Force MSC Bhd (Executive Director)

Relationships with other directors/shareholders/listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

List of training/seminar/conference/workshop attended

- MyFintech Week 2019
- Digital Innovation Conference
- Session on Corporate Governance and Anti-Corruption
- Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018
- Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

KEY SENIOR MANAGEMENT'S PROFILES

CHONG CHIEN MING
Chief Financial Officer

Age	:	46
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	January 2015
Years of working experience	:	22 years

Qualifications

- Bachelor Degree in Accounting, Universiti Putra Malaysia
- Member, Malaysian Institute of Accountants

Working experience and occupation

1998 - 2000	Internal Audit Executive, MBF Management Services Sdn Bhd
2000 - 2002	Finance Executive, Peremba Development Sdn Bhd
2002 - 2003	Assistant Finance Manager, AEON Credit Service (M) Sdn Bhd
2003 - 2015	Financial Controller, MYEG
2015 - present	Chief Financial Officer, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

DANIAL HUI CHEE YAN
Information Technology Director

Age	:	43
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	September 2019
Years of working experience	:	20 years

Qualifications

- Bachelor of Business Admin, Computer Information System, Western Michigan University, MI USA
- AWS Certified Solutions Architect
- Oracle Certified Java Programmer

Working experience and occupation

1999 - 2000	System Programmer, IBM, Rochester USA
2000 - 2001	Software Engineer, 3M, Minneapolis USA
2001 - 2003	IT Manager, Landmark
2003 - 2004	Consultant, Firium Solutions
2004 - 2010	IT Director, MediScreen
2010 - 2015	Senior Development Manager, Xchanging Malaysia
2015 - 2019	Senior Delivery Manager, Standard Chartered
2019 - present	IT Director, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

KEY SENIOR MANAGEMENT'S PROFILES
(CONT'D)

DATUK NOR ADNAN BIN ZAINAL ABIDIN
Project Director

Age	:	62
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	September 2013
Years of working experience	:	42 years

Qualifications

- Bachelor Degree in Business Administration (Hons), Universiti Kebangsaan Malaysia
- Certificate of Teaching (Teaching English as a Second Language), Sultan Idris Teachers' Training College

Working experience and occupation

1978 - 1984	English Teacher
1985 - 1986	Plans and Control Analyst, Mesiniaga Bhd
1987 - 1995	Business Planning Manager, Mesiniaga Bhd
1996 - 2007	Business Development (Project Management) in various companies such as: • Mesiniaga Bhd • Gopeng Bhd • Maximal Technology Sdn Bhd • Datapower Sdn Bhd • Ministry of Education Project Team (MSCTC Sdn Bhd)
2007 - 2009	Business Development Director, MSC Technology Centre Sdn Bhd
2009 - 2010	Director of Government Communication Affairs, DELL Asia Pacific
2010 - 2013	Head of Sales and Marketing, Datasonic Group Bhd
2013 - present	Project Director, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

ERIC LEE KOK LEONG
Director of Product Marketing

Age	:	42
Nationality	:	Malaysian
Gender	:	Male
Date of Appointment	:	September 2017
Years of working experience	:	20 years

Qualifications

- Bachelor Degree in Business (Marketing & Information Technology), La Trobe University, Australia
- Executive Management Course, Kellogg School of Management, Chicago, USA; London Business School, UK.

Working Experience and Occupation

2001 - 2006	Analyst Programmer; Product Manager, Digi Telecommunications
2007 - 2012	Product Group Marketing Manager, Sony Ericsson Malaysia
2012	Marketing Director, Huawei Malaysia
2013	Head of Product, Tunetalk
2013 - 2017	Head of Prepaid, Digi Telecommunications
2017 - present	Director of Product Marketing, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

KEY SENIOR MANAGEMENT'S PROFILES
(CONT'D)

HASYYATI BINTI SHUKRI
Deputy Project General Manager

Age	:	36
Nationality	:	Malaysian
Gender	:	Female
Date of appointment	:	January 2015
Years of working experience	:	15 years

Qualifications

Degree in Management and Conservation Biodiversity, Kolej Universiti Sains dan Teknologi Malaysia

Working experience and occupation

2005 - 2012	Project Executive, MYEG
2012 - 2015	Senior Project Manager, MYEG
2015 - present	Deputy Project General Manager, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

R.MAHALINGAM A/L A.RENGANATHAN
Head of Operation Department (JPJ).

Age	:	45
Nationality	:	Malaysian
Gender	:	Male
Date of appointment	:	July 2017
Years of working experience	:	18 years

Qualifications

Diploma Computer Engineering

Working experience and occupation

2002 - 2008	Technical Support Executive, MYEG
2008 - 2009	Logistic Manager, MYEG
2009 - 2017	Senior Manager – Operations, MYEG
2017 - present	Head of Operations, MYEG

Directorship of public companies/listed issuer

Nil

Relationships with other directors/shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

ABOUT MYEG

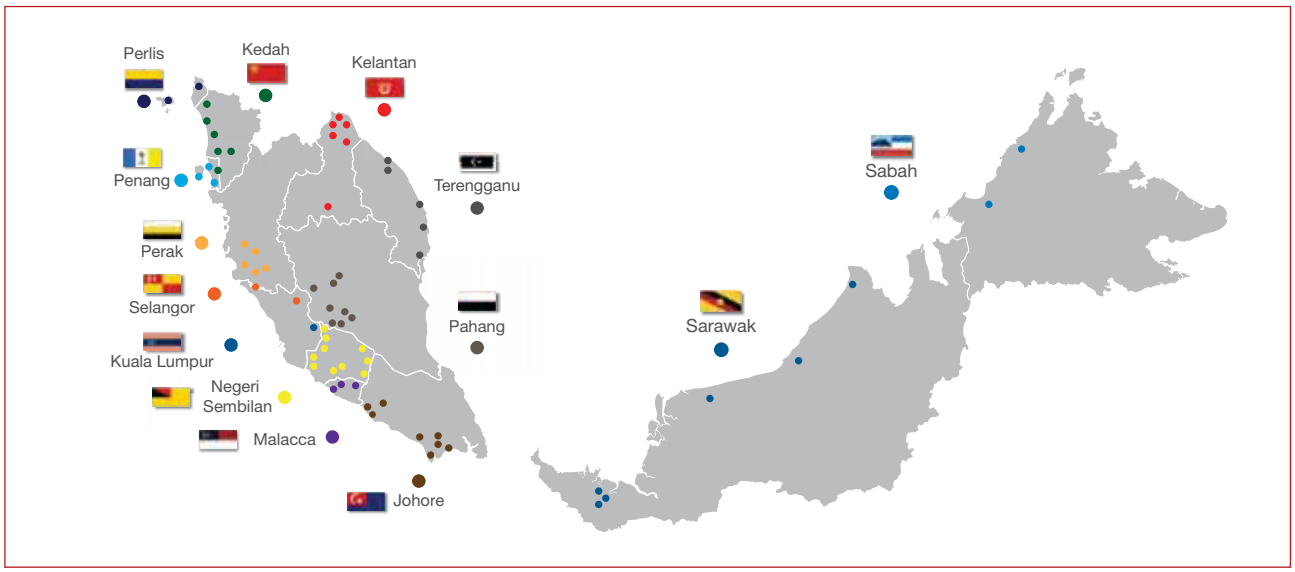
MYEG is a leading digital services provider that offers e-government and complementary commercial services to the public. In addition to its leading domestic market position, MYEG also continues to expand its international presence in the chosen markets of the Philippines, Indonesia and Bangladesh.

In Malaysia, we are the preferred provider of services related to key government agencies such as the JPJ, Immigration Department, Royal Malaysian Police, National Registration Department and others. Services provided range from online payments of various Government services such as renewal of road tax and foreign worker permits to complex integrated machines and machine solutions.

MYEG has also successfully expanded into the provision of value-added commercial services such as online insurance renewal and online motor vehicle trading and financing.

Please refer to the "Our Services in Malaysia" and "Our Services in International Markets" sections for our portfolio of solutions and offerings.

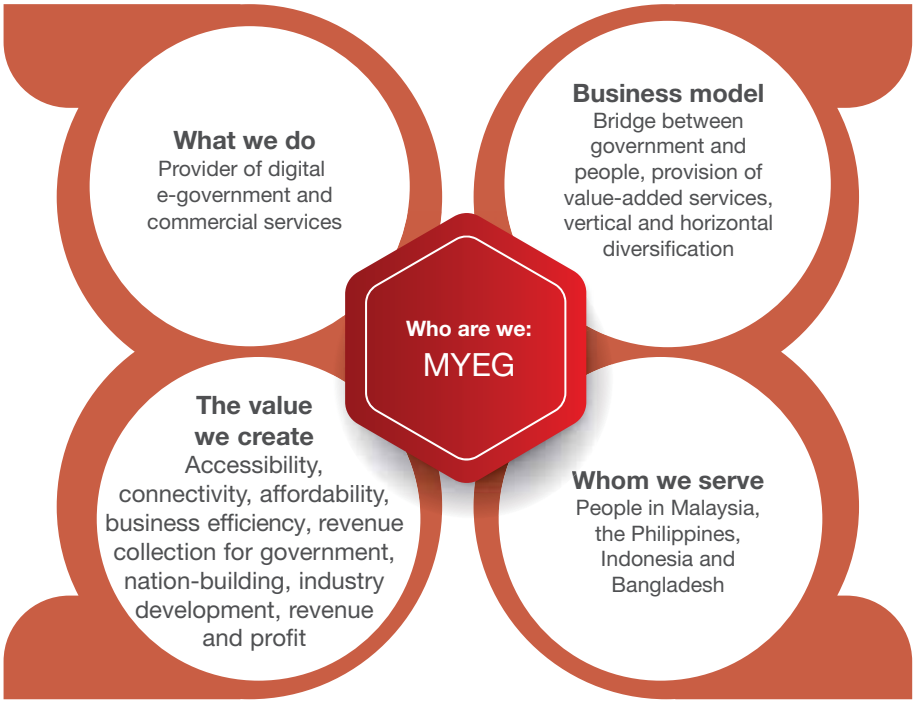
We operate more than 100 service centres across Malaysia providing both e-government and commercial services to consumers and businesses.



OUR BUSINESS FOOTPRINT AND PRESENCE



ABOUT MYEG
(CONT'D)



OUR SERVICES IN MALAYSIA

E-government Services

Concession Services

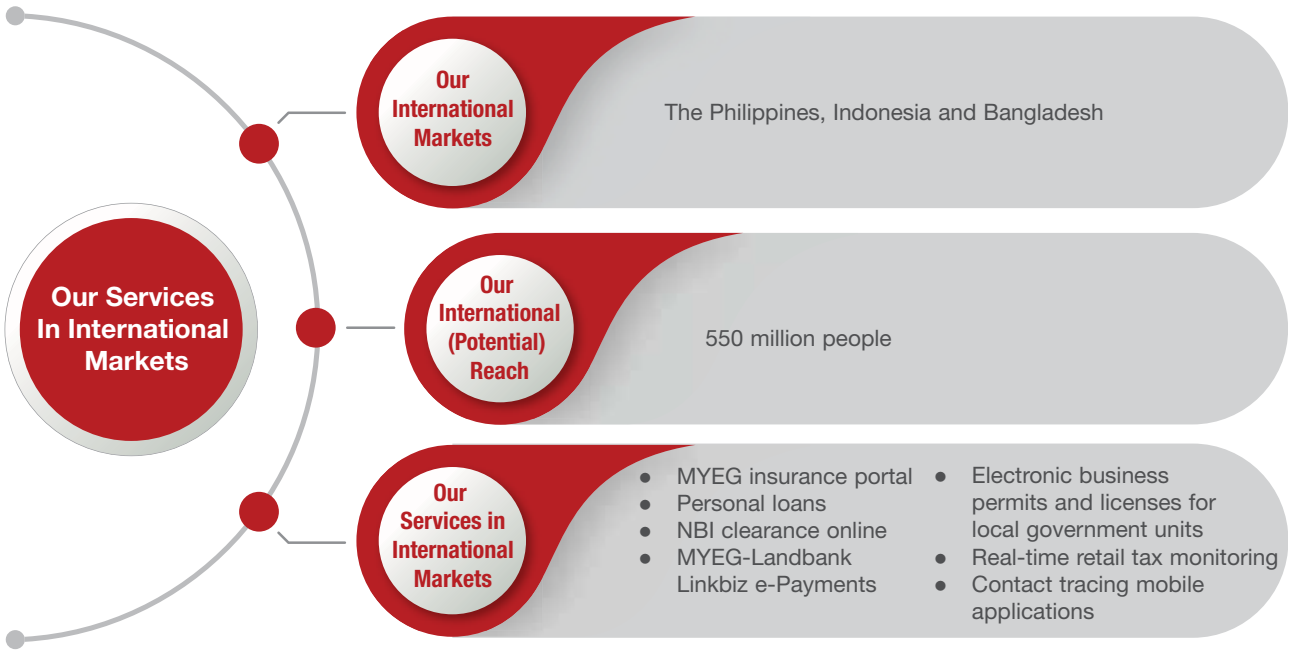
- Issuance and renewal of driver's license
- Drivers' Theory Test
- Renewal of road tax
- Vehicle ownership transfer
- Renewal of foreign worker's permit
- Insolvency search
- Application for replacement of MyKad
- Enquiry and payment of compound/ summons/assessment
- Assessment and payment of zakat
- DBKL license renewal for Premise License, Composite License and Premise Signboard
- MYDATA-SSM Services

Commercial Services

- Auto Insurance
- MyAssist 24/7 roadside assistance services
- MyMotor transactional portal
- Auto financing
- Foreign worker insurance
- Foreign worker recruitment
- Payroll management
- Remittance
- Online media
- Payment solution services
- Personal and business financing

ABOUT MYEG
(CONT'D)

OUR SERVICES IN INTERNATIONAL MARKETS



INVESTOR RELATIONS

Investor relations is a key aspect of our overall stakeholder management and engagement strategies and also part of our value creation process. Ensuring a true and fair understanding of our business model and prospects is vital to enhancing our brand image and generating strong interest in MYEG among local and international investors.

Our approach to investor relations is centred on enabling effective two-way engagement with shareholders, potential investors, local and global indices such as the FTSE4 Good index (of which MYEG is a constituent) and other related stakeholders. Our investor outreach programme is centred on the following:

- Timely, accurate and transparent disclosures;
- A dedicated Investor Relations portal on our corporate website, which houses a comprehensive depository of investor related information. These include share price and stock info, corporate info, governance policies, annual and interim financial info, press releases and news clippings, corporate announcements as well as reports and presentations that are kept up to date;
- Dialogue session between shareholders, the Management and the Board at the AGM;
- One-on-one and group meetings, conference calls, and e-mail correspondences with domestic and foreign institutional shareholders, retail shareholders, the Minority Shareholder Watchdog Group and potential investors;
- Engagement with investment and research houses, market analysts and other key stakeholders from the investment and financial community; and
- Participation in investment-related conferences and roadshows in global financial centres hosted by leading local and international investment banks.

INVESTOR RELATIONS CONTACT

Feedback or queries can be channelled to our Investor Relations unit at (Tel) +603 - 7664 8000 or via e-mail to investors@myeg.com.my. We always welcome open dialogue with the investment community.

AWARDS AND ACCOLADES

Our efforts at value creation as reflected in our various economic, environmental and social ("**EES**") achievements have been duly recognised by various stakeholders. These include governments, the industry, regulators and others.

The various awards received is clear recognition of our business model and the progress we have brought to communities and nations.

Past awards and recognitions include the honour of receiving The Edge Billion Ringgit Club – Best Performing Stock Award in 2015. This award honours excellence in companies with a market capitalisation of above RM1 billion across various categories.

Following is a list of awards MYEG has secured in recent years:

- FTSE4Good Certificate of Membership –2017, 2018 and 2019
- Edge Billion Ringgit Club – Best Performing Stock Award – 2015
- FinanceAsia Asia's Best Companies 2015 – (Rank #2), Best Mid Cap
- FinanceAsia Asia's Best Companies 2015 – (Rank #4), Best Managed Public Companies Category
- FinanceAsia Asia's Best Companies 2015 – (Rank #5), Best Corporate Governance

We also look to strengthen our existing ranking under the FTSE4Good Bursa index. The FTSE4Good Bursa Index constituents are selected from the top 200 Malaysian stocks and is designed to recognise Malaysian companies with strong corporate responsibility practices across a wide range of environment, social and governance ("**ESG**") indicators.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL







Essentially, MYEG strives to provide a convenient customer experience or journey in the consumption of its services. Customers literally have a wide range of services readily available.

Consumers need only access the MYEG website through any electronic device and follow the step-by-step process to apply for relevant permits, renew licenses or access other services.

Payment is made via the portal and the necessary documentation is then delivered to the doorstep via courier.

By serving as a dependable and reliable "bridge" between consumers / businesses and the government via the digitisation of various essential services, MYEG offers accessibility, convenience and affordability to consumers and businesses.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

The benefit to consumers as illustrated includes reduced time and effort spent on services, as they are able to procure essential services anytime and anywhere. Users can transact safely, securely and with complete peace of mind, without having to leave the confines of their own premises. By reducing the need to travel to physical counters, we have also helped customers reduce their carbon footprint, besides avoiding the risks of being in crowded settings.

Our services help to increase business efficiency and reduce operational costs. With this, we have helped to stimulate economic growth and enhance business opportunities for across the country.

For the Government, we deliver an efficient channel for revenue collection while improving the renewal rate of essential documents.

Since MYEG commenced operations, the Government has benefitted via the efficient collection of taxes made possible through our e-government services. Taxes are vital for the development of the nation, the execution of government policies and ultimately nation building towards a peaceful, equitable society.

As an industry leader, we continue to set new benchmarks with the introduction of proprietary, homegrown technologies.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

The value creation model below illustrates how MYEG consumes various resources (capitals) through its business model and the results and outcomes produced for the benefit of stakeholders.

The results generated constitute both financial and non-financial outcomes, which for the most part, are positive. We are cognisant that our business model may have some minor negative impacts on the natural environment such as electricity consumption, which could lead to greenhouse gas emissions.

However, we believe this has been offset to a large extent as our online services have reduced travel time, fuel consumption and paper usage for customers. Further studies will be considered to evaluate the environment impacts of our business model going forward.

The depicted value creation model allows us to better understand our value creation processes and key aspects that include: the capitals and resources that we are dependent upon; the effective and sustainable allocation of said resources and the impact of EES materiality topics and stakeholder concerns and aspirations as well as their impacts on our value creation approach and model.

We will continue to measure our business performance against the perspective of capitals consumed, used and value created across a wide range of perspectives and for stakeholders.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

OUR CAPITALS	SPECIFIC INPUTS
Financial capital Shareholders' equity, debt and reinvested capital – are critical input in executing our business activities and in generating, accessing and deploying other forms of capital. Balancing the short-term interests of investors with longer-term growth objectives, and with some of the interests of other stakeholder groups, remains an essential objective.	RM884.25 million in assets RM360.63 million share capital RM110.23 million cash and cash equivalents at beginning of year RM3.08 billion market capitalisation
Manufactured capital Our physical assets drive our best value creation capabilities. They include our headquarters that houses our corporate office and customer service centre. Other key manufactured capital include our motor fleet to support delivery services and operating branches across Malaysia.	351,780 square feet ("**sf**") corporate MYEG Tower 45,328 sf of customer service centre in MYEG Tower Fleet size of motorcycles and vans, etc. 101 operating e-services centre and 907 kiosk nationwide.
Intellectual capital Our proprietary, self-developed, Malaysian made technology and intellectual properties power our business model. It is the intangible quotient of our idea generation and innovation processes that allow us to maintain our competitive edge in a dynamic market, both locally and internationally.	Self-developed technology Logo copyright Online finance services made possible via our moneylender's license. Road safety diagnostic kit
Human capital The technical and managerial skills, productivity and wellbeing of our people – coupled with a company culture and governance systems that foster innovation and compliance – are critical to our long-term success. Investing in our people is one of the most significant costs to our business.	2,750 staff strength - 17 customer facing staff - 13 management staff Long-standing industry knowledge, experience and expertise Empowered organisational culture Talent development and retention programmes
Social and relationship capital The innate partnerships, collaborations and interactions that we have developed over time that allows us to best understand our marketplace and many stakeholders and how best to develop our value creation approach from a shared perspective.	Proactive stakeholder engagements, dialogues, development of joint ventures and strategic agreements, etc. with governments, regulators, communities, vendors and others.

BUSINESS OPERATING MODEL

Our purpose and definition of value is defined by our Vision and Mission

Vision

To be a high value-added provider of globally competitive IT services

Mission

To realise our vision, we strive to:

- optimise our current technological capabilities
- develop employee potential
- enhance stakeholders' confidence
- increase revenue growth through market and product expansion and continuous innovation

Our Business Strategies Realise Our Vision and Mission

Short / Present Term (1-3 years)

Improve existing product
Enhance customer experience
Innovate and grow
Develop capable employee

Long Term/Future Orientation (4-10 years)

Customer oriented
Invest in the future
Sustainable business
Moderate risk profile

We are cognisant of and continue to mitigate against financial, business and operational risks and sustainability related matters:

Please see Sustainability Statement on page 41 for mitigation measures

Our Opportunities Going Forward

We adapt and Leverage on relevant macro factors in key markets.

Digitalisation to enhance e-government services delivery. Emerging technology like blockchain and AR. Technology to improve delivery of financial services.

Our model takes into account the aspirations, demands, rights and perspectives of multiple stakeholders:

STAKEHOLDERS



VALUES WE CREATE	OUTCOMES
Financial Values Created Revenue RM593.58 million Profit before Tax: RM306.94 million Cash and cash equivalents: RM63.86 million	**Financial Outcomes** Dividend payout of 2.5 sen per share for FP2019 subject to shareholders' approval. RM4.78 million paid in income tax Total assets of RM1.03 billion RM490.61 million distributable retained profits RM33.15 million paid to financiers in repayment of term loans, lease liabilities and revolving credit.
Manufactured Values Created Successful roll-out of new services including zakat salary deductions, DBKL license renewal, MYDATA-SSM Services and MyAssist 24/7 roadside assistance services	**Manufactured Outcomes** Improved efficiency of our one-stop, door-to-door, service experience for customers. Expansion of services to more customers nationwide. Around 363,500 customers was served in FP2019 via counter services, live chat and phone call Further strengthening our value proposition as a one-stop service provider and the go-to provider for a wide range of necessary and important services. Promote use and proliferation of e-services in Malaysia, including e-government services.
Intellectual Values Created Introduction of MyMotor and MyAssist as well as online vehicle auction platform towards further cementing MyEG as a one-stop centre that covers the entire needs of drivers. This ranges from providing a large range of new and used vehicles to choose from, providing financial assistance via multiple vehicle financing options, car insurance and road tax as well as roadside vehicle assistance packages. Other benefits (related and unrelated) created via the business model include: • Enabling foreign worker permit and insurance renewal. • Road tax renewal in one click and delivery of road tax to the preferred destination. • Varieties of IT related services and products that are attractive to investors. • Positive technology investment that is expected to perform well in the future. • Enhancing road safety and facilitating more effective regulation and enforcement. • Provision of online finance services via MYEG Finance Technology Sdn Bhd • Launch of iPayEasy Wallet	**Intellectual Outcomes** Provides convenience to customers saving time, travel and contributing to reduced environmental footprint across the customer value chain. Further enhancement of our unique business model and value proposition. The ability to retain our market leadership position and to continue setting the pace for the industry. The ability to operate as a market disruptor and leader through new technology and new offerings.
Human Values Created • Competent employees • Increase in employee engagement • Long service employee • Growth in workforce	**Human Outcomes** 2,594 staff strength Low attrition rate Development of highly, skilled knowledge-based workers to drive Malaysia's digital economy.
Social and Relationship Values created Greater understanding among key government and business stakeholders on our business model and prospects going forward. Greater investor interest in our company. Sharing of resources to achieve a common goal in a business value chain	**Social and Relationship Outcomes** Investment in local and China-based technology start-ups, including AR/ VR companies such as Guangdong Virtual Reality Technology Co., Ltd. who owns Ximmerse. Invested in blockchain project by collaborating with University of Malaya and Universiti Utara Malaysia in exploring opportunities, to promote and foster the development of academic and research projects in blockchain. Joint Ventures ("**JV**") in Indonesia, the Philippines and Bangladesh.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

OUR STRATEGY

Our Business Strengths, Business Strategies and Value Creation Model

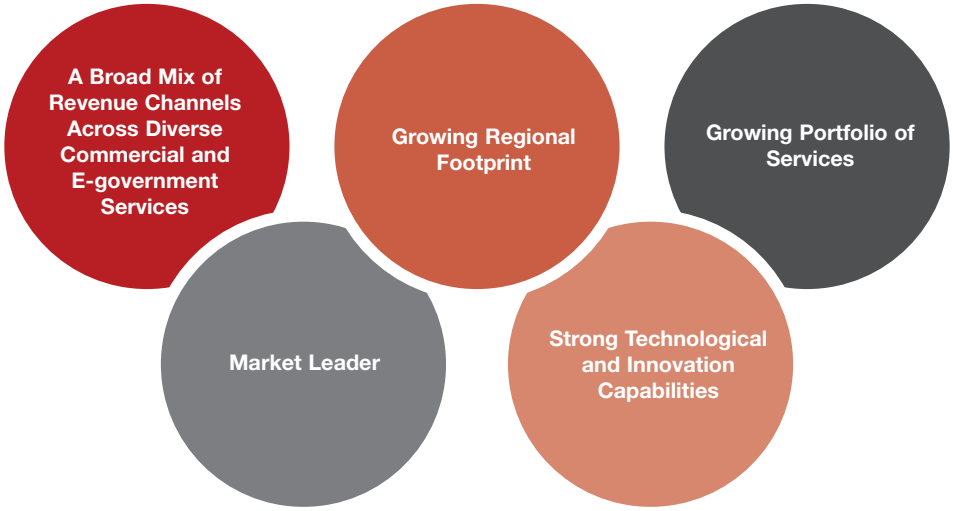
The Group's value creation model is centred on leveraging its inherent strengths and competitive advantages towards delivering an effective response to present market trends and forces.

External factors include both positive developments such as emerging opportunities within our industry and chosen geographic markets as well as business risks and potential threats.

A sound knowledge of our strengths allows the Group to formulate effective strategies that enable us to best leverage on our inherent advantages as a value-creating organisation and to reduce / mitigate our risk exposure.

Our business strengths are a core component of our value creation model and hence, we continue to bolster them as identified below:

Our Business Strengths



STRENGTHS	DESCRIPTION/SIGNIFICANCE	STRATEGIES TO LEVERAGE OUR BUSINESS STRENGTHS
Broad mix of revenue channels across diverse commercial and e-government services.	MYEG derives revenue from multiple revenue streams, ranging from e-government concession services to commercial services, both from within as well as international operations. Consequently, the Group is not overly dependent on a single market or product/ service. This enables greater market penetration, reduces exposure to market volatility and the cyclical nature of our business while enabling stronger possibility to leverage on emerging growth opportunities across multiple segments. We can offer a one-stop consumer oriented model, where from a single platform, consumers can access multiple services, thereby having greater convenience, ease and comfort and productivity.	Continued product development to create new service offerings to customers in established markets. Introduction of existing products into new markets.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

STRENGTHS	DESCRIPTION/SIGNIFICANCE	STRATEGIES TO LEVERAGE OUR BUSINESS STRENGTHS
Market leader	MYEG is the largest e-government service provider in Malaysia and continues to build on its leadership position. The Group has a strong and growing brand profile that is recognised by customers for having high credibility and assurance. Consumers are confident of using MYEG's services. Our size gives us the advantage of economies of scale. We can leverage on a single platform rather than having to develop multiple platforms for consumers. This prevents duplication of investments. As a market leader, we have the unique position as an opinion leader to shape and contribute to the development of the e-services industry, e-government services and the digital economy.	To continue building our market leadership position via branding activities, to engage consumers in all markets and to constantly develop new and innovative offerings that better meet consumer demands and lifestyle aspirations. The goal is to build brand equity among key stakeholders and to generate higher traffic. Cumulatively, a strong brand and increased traffic will lead to revenue growth and a stronger market leadership position. Continued active engagement with governments, regulatory bodies and other key stakeholders to shape policies and strategies that facilitate more robust development of nations' digital economies.
Growing portfolio of services	Leveraging on our strong, internal technological capabilities, we continue to innovate and create new product offerings that are customised to local requirements. Going further, tapping our innate understanding of consumer behaviours, we offer both unmatched and useful bundle of value-added services within a single platform.	In FP2019, we introduced various new services. New e-government services were: • Zakat salary deductions • Renewal of DBKL licenses, i.e. Premise License, Composite License, Premise Signboard License. New commercial services were: • Payroll solutions • Micro and personal financing • Expansion of insurance products • Vehicle auction • MyAssist – roadside assistance services breakdown service • MYEG jobs • MYDATA-SSM Services

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

STRENGTHS	DESCRIPTION/SIGNIFICANCE	STRATEGIES TO LEVERAGE OUR BUSINESS STRENGTHS
Growing regional footprint	Our presence in various emerging markets with a high and fast-growing population progressively has reduced our dependence on our home market in Malaysia. Thus, MYEG continues to diversify revenues as we expand our geographical base. Regional expansion drives more efficient capital and resource allocation and optimises potential returns on equity and investments (technology as well as other capitals invested). Regional growth also benefits overseas populations as they can enjoy the benefits that digital services offer. Governments and industries benefit from transfer of technology and knowledge sharing with local partners, which accelerates the digitalisation journey in these countries. This reduces any risk or downside associated with dependence on a single geographic location.	Leveraging on existing technologies allows for further penetration into existing markets with similar product concept while offering possibilities of venturing into new geographical locations i.e. e-government services to new and existing overseas markets Specific initiatives include establishing the following JVs: • Cartenz in Indonesia* • IPAY MYEG* • Similar partnerships inked in Bangladesh*
Strong technological and innovation capabilities	MYEG continues to be a pioneer in offering new technological solutions for all markets that we operate in.	MYEG continues to roll out various services, such as payroll services based on blockchain technology, Artificial Intelligence-based health risk profiling system.

* *Kindly refer to our Management Discussion and Analysis section for detailed information on these developments.*

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

Risk Likelihood and Severity Matrix



Risk	Description of Risk	Linkage/Impact to Business Strengths/ Strategy	Impacted Stakeholders (Aside from MYEG)	Mitigation Action Plans
Cyber threat	The risk of hacking, phishing, malware and other cyber threats could have an impact on service delivery resulting in downtime and affecting customer transactions. There would also be potential loss of brand trust and reputation	Broad mix of revenue channels across diverse commercial and e-government services	Customers Government and regulators Community and general public	Kindly refer to our Sustainability Statement on page 41
Customer data	Any breach of customer data could lead to loss of confidentiality or other issues, such as fraud, etc.		Customers	
Technology performance	Technology is a double-edged sword that could allow us to gain first mover advantages; or be impacted by others.	Growing portfolio of services Strong technological and innovation capabilities	Employees Investors	
Customer experience	Services that are below par may lead to customer frustration and loss of future business.	Broad mix of revenue channels across diverse commercial and e-government services	Customers	

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

Risk	Description of Risk	Linkage/Impact to Business Strengths/ Strategy	Impacted Stakeholders (Aside from MYEG)	Mitigation Action Plans
Economic	The economy is beyond MYEG's control, but as MYEG expands beyond Malaysia, macro-economic factors such as currency issues, etc. could have an impact on overall Group performance	Growing regional footprint Market leader	Government and regulators Employees Community and general public Investors	
Political and regulatory environment	Political factors are beyond the Group's control. However, the value of what we provide transcends the politics of the day and is meant to serve the citizens.	Growing regional footprint Strong technological and innovation capabilities	Customers Investors Employees	
Business strategy	The Group has set various targets for business performance and we remain confident of realising them. In the event that targets are not achieved, there will be clear implications on financial and non-financial results for stakeholders.	Broad mix of revenue channels across diverse commercial and e-government services Growing portfolio of services Market leader	Investors Employees	Kindly refer to our Sustainability Statement on page 41
Laws and legislation	Any change of legislation by governments may lead to MYEG not complying with local laws or having to remodel its services.	Growing regional footprint	Investors Community and general public Employees	
Litigation	Any legal suit against the Company would have a branding and possibly financial impact as well.	Growing regional footprint	Investors Employees Community and general public	

Going further in FP2019, we have mapped our risk factors to business strategy and affected stakeholders.

For detailed mitigation plans, please refer to our Sustainability Statement within this Annual Report. Our risk management framework and policy is ISO 31000 compliance. The Board oversees risk related matters, which include financial and operational risks as well as ESG related risks.

Integrated Thinking across Our Strategic Approach

In selecting our broad based business strategies, we believe that beyond meeting set objectives and how we wish to go to market, our strategies must take into account a wide range of variable factors. These factors include market opportunities, industry competition, inherent business, operational and financial risks as well as how our choice of strategies will enable MYEG to best leverage on its inherent business strengths.

Essentially, our strategies are devised and executed with due consideration based on the interrelated linkage and unique relationships between the aforementioned variable factors.

The strengths, opportunities, risks and threats ("**SORT**") diagramme below provides a summarised perspective of how business strategies interplay with factors, both positive and negative, internal and external.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

SORT Analysis

Assets, Resources and Business Strengths	Linkage to Materiality	Linkage to Risks and Threats	Identified Opportunities
Broad mix of revenue channels across diverse commercial and e-government services	• Business model • Customer satisfaction • Cyber security	• Customer Experience • Cyber threat • Customer data • Business Strategy	Opportunities to match products and create differentiated packages for consumers based on their behaviour, requirements and needs. The potential to offer personalised solutions and offerings, including journeying with them as their requirements change over time. The opportunity to create new markets and offerings presently not offered in the marketplace. To deliver further improvements in government service delivery and to enhance our matching between complementary e-government and commercial services.
Growing portfolio of services	• Intellectual property • Customer satisfaction • Talent retention and development • Cyber security	• Technology performance • Business Strategy	
Growing regional footprint	• Business model • Customer satisfaction • Talent retention and development	• Laws and legislation • Litigation • Overall economic performance • Political and Regulatory Environment	To leverage on our first mover advantage and expand within existing markets with additional offerings. Services with good consumer traction in one market can be replicated in other markets. New market penetration into countries or regions that have similar consumer profiles (i.e. developing economies with large populations and burgeoning economic growth).
Market leader	• Occupational health and safety • Talent retention and development • Customer satisfaction	• Business strategy • Economic	To leverage on our leadership position to strengthen brand visibility, penetrate new markets and contribute to national digital policies and to cement our place as a flagship / preferred e-services provider.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL
(CONT'D)

Assets, Resources and Business Strengths	Linkage to Materiality	Linkage to Risks and Threats	Identified Opportunities
Strong technological and innovation capabilities	• Intellectual property • Talent retention and development • Cyber security • Managing environmental footprint	• Political and regulatory environment • Technology performance	Investment into startup companies involved in AR, blockchain and other new technologies will allow MYEG to develop its expertise and knowledge base in these fields to shorten its learning curve and time to market. Start-up acquisition allows for greater and quicker exposure to these technology trends and at lower cost compared to developing these technologies from scratch. There is a growing demand for such technologies with greater incorporation into everyday consumer services.

Linking Strategic Response to Risks and Opportunities

We remain mindful of our business, financial, strategic and operational risks, more so in a dynamic industry where technological disruption and other changes occur rapidly.

Hence, beyond stand-alone mitigation measures, MYEG's risk response needs to be holistic. Risks are not viewed in silos, but from the perspective of potential cascading impacts on business and operational strategies. The relationship between risks and our material topics is also duly considered.

By considering risk from a more strategic and comprehensive perspective, the Group is better positioned to understand the connection between risks, business strategies and other dynamic components of our value creation model.

OVERVIEW

As a digital provider of government services, we have a responsibility to ensure that our business priorities align with the needs and considerations of the *rakyat* we serve. We firmly believe that our triple bottom line perspective and ESG approach to sustainability serves to strengthen our business model by allowing us to respond effectively to risks, opportunities and stakeholder concerns in a timely manner. Hence, we are eager to drive the sustainability agenda in MYEG, embedding it into every aspect of our business.

In this Sustainability Statement, we will discuss how we govern sustainability at MYEG, the stakeholders we impact, as well as the material matters of our sustainability. In particular, those relating to our business operations as a provider of e-government and digital commercial services, our progress as an equal opportunity employer, our philanthropic and social investments in community building for FP2019, and the measures we have put in place to manage our environmental impact.

We strive to be a force for good in the markets we operate in and are proud to have been included in Bursa Malaysia's FTSE4Good Index since 2017. We have also adopted the United Nations Sustainable Development Goals ("**UNSDG**") in FP2019 in a bid to do our part to contribute to these global goals at the local level. We have narrowed our focus of the UNSDGs to the following goals:

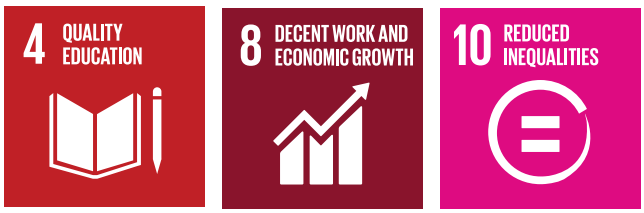
3 GOOD HEALTH AND WELL-BEING

- Prioritising work-life balance
- Providing employee medical benefits and health insurance
- Develop a smoke-free workplace
- Encourage more physical exercise by organising outdoor and sports activities for staff to participate in
- Provide shuttle service for staff

5 GENDER EQUALITY

- Creating an inclusive gender-diverse workplace
- Promoting gender equality with better job descriptions
- Having fair compensation practices
- Learning from exit interviews
- Considering leadership roles for both men and women

FUTURE ADOPTION TARGETS



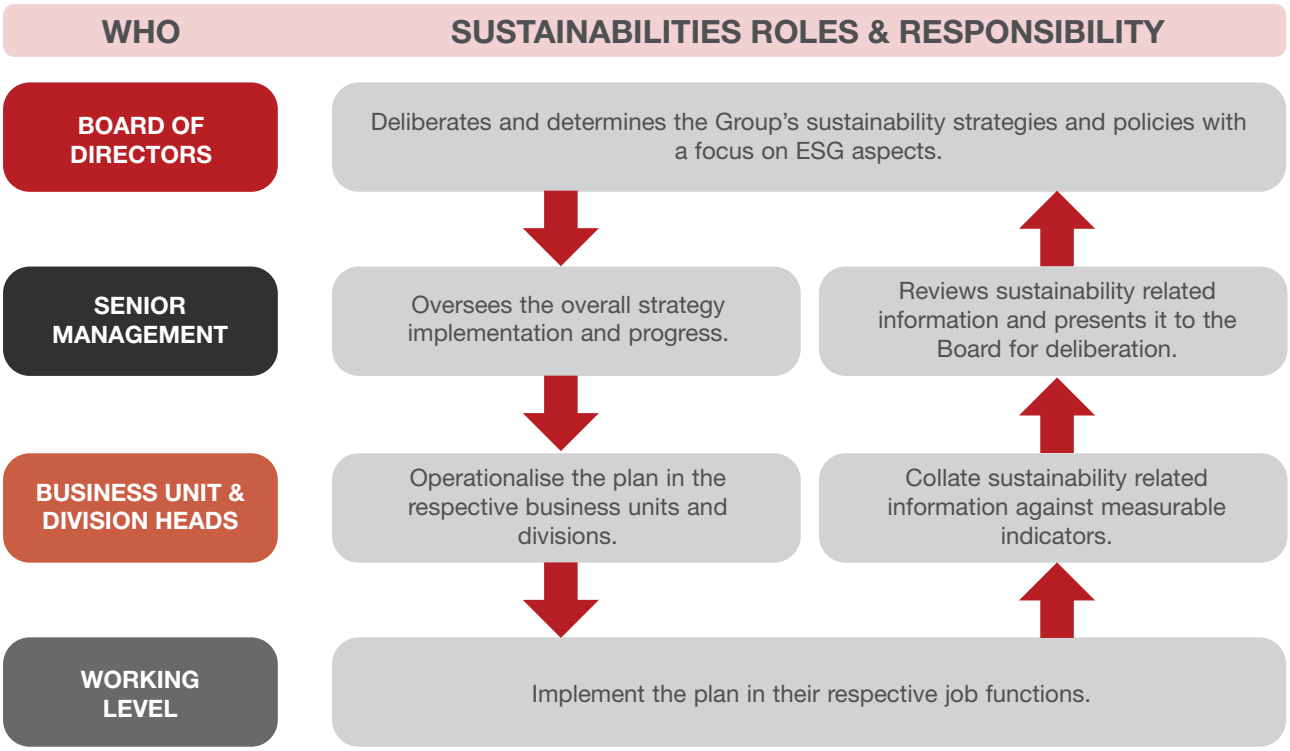
Going forward, we will endeavour to present quantifiable measures of our progress and performance wherever possible to make our disclosures more meaningful for our stakeholders.

SUSTAINABILITY IN ACTION

At MYEG, we believe that sustainability must be driven at the top-most tiers of leadership for it to be effectively embedded into every aspect of our business and cascaded down to the rest of the organisation.

For that reason, sustainability at MYEG is governed by the Board, who oversees risks, audit, remuneration and business continuity, as well as matters of corporate governance, business ethics, organisational culture, talent and manpower, health and safety, human rights and the environment.

ESG plans and strategies are trickled down the hierarchy for implementation, with its progress and performance reported back up the command chain to ensure sound decision making for MYEG's sustainability.



Together, we have put in place a comprehensive system of policies to manage sustainability at MYEG in FP2019:

Category	Policy
Environmental	Environmental Policy
Social	Safety & Health Policy
	Non-Discrimination & Equal Employment Opportunity Policy
	Human Rights Policy
Governance	Board Charter
	Code of Conduct
	Code of Ethics
	Whistle Blowing Policy
	Anti-Corruption Policy
	Directors and Senior Management's Remuneration Policy
	Terms of Reference of Audit Committee
	Terms of Reference of Risk Management Committee
	Terms of Reference of Nomination Committee
	Terms of Reference of Remuneration Committee

The policies above can be downloaded from our Investor Relations portal at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab). They are assessed annually to ensure its continued effectiveness.

STAKEHOLDER ENGAGEMENT

MYEG's involvement in the government sector puts us in contact with a diverse range of stakeholders, with whom we engage regularly as part of our sustainability process. Engagement with stakeholders helps us gain a more complete understanding of matters that may have a material impact on our business and sustainability and ensures that their interests and concerns are taken into consideration as we adapt and innovate our value creation model in an evolving landscape.

Listed below are key stakeholder groups who have the most influence on MYEG's business sustainability:

Stakeholder Group	Level of Engagement	Forms of Engagement	Issues of Concern	Outcome Achieved
Government & Regulators Governments of our key markets are both our principals/ partners, as well as regulators of our operating environments	High	Meetings at ministerial and working levels Discussions on services requirements Discussions with regulatory authorities Participation in government and regulatory events	Renewal of e-government service concession Change in legislation Approval of permits	We have an improved visibility of government policies and the nation's growth agenda, and the role MYEG can play in supporting the governments' digitalisation impetus.
Customers Users of MYEG services are the cornerstone of our business	High	Advertising and marketing efforts Website/social media Customer service channels Customer survey and feedback exercise Online feedback via www.myeg.com.my	User experience/ ease of navigation Customer service Timely delivery Product/service pricing and package	We gained a better understanding of issues faced by users and customer service experiences and identified areas of improvement leading to improved customer satisfaction.
Investors Institutional and retail investors, shareholders and investment analysts affect our capital acquisition	High	Investor briefings Announcement of financial results Announcement of company updates and developments Investor relations portal AGM	Business performance Sustainability of business model Dividend pay-out Good corporate governance Listing compliance	Investors achieved a stronger understanding of MYEG's value creation model, our strategies and the sustainability of our business, which in turn helps us attract capital investment.

STAKEHOLDER ENGAGEMENT
(CONT'D)

Stakeholder Group	Level of Engagement	Forms of Engagement	Issues of Concern	Outcome Achieved
Employees Employees are responsible for the day-to-day operations of our business	High	Company intranet Department meetings Performance appraisals Employee engagement events such as in-house talks, trainings, development programmes, and cultural events	Job satisfaction Talent development and career progression Recognition, remuneration and benefits Fair, safe and positive workplace Recruitment and retention of skilled staff	We gained an improved understanding of employees' workplace and job concerns, allowing us to provide fair and equitable benefits to help attract and retain top talents, improve team morale and strengthen MYEG's reputation as an employer of choice.
Community and General Public As a provider of e-government services, the governments we serve are chosen by the people – the local communities and the general public	High	News coverage and press releases Corporate social responsibility activities Community engagement and outreach programmes Social media channels	Ethical code of conduct and fair competition Community welfare Environmental and social impacts	We have maintained our reputation as a good corporate citizen and continued to improve our brand reputation as a company in service of the people and the community.

MATERIALITY

Matters which bear a direct or indirect impact on our ability to create and sustain value from an EES perspective are deemed material to MYEG. These issues are prioritised based on their potential impact on our sustainability and guides our strategic and disclosure decisions.

Through our stakeholder engagement and risk assessment processes, and taking our operating environment into consideration, the following are the material matters identified for FP2019, which are reported based on EES pillars.



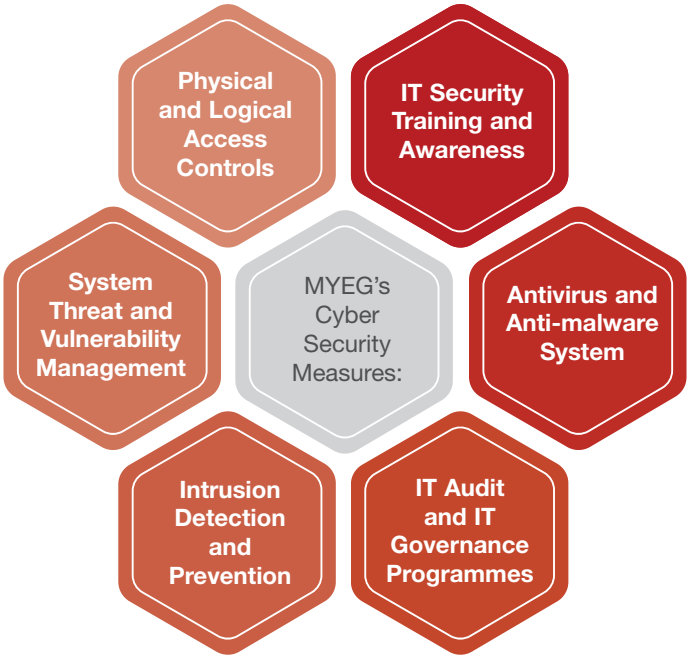
Cyber Security

Cyber threats on personal privacy, businesses and government functions have been escalating worldwide. Given the vast amount of customer data in our care and our nature of business as the digital extension of government services, we consider cyber security the foremost concern of MYEG.

Beyond tangible financial losses from service downtime, cyber-attacks can cause irreparable damage to brand reputation and credibility, and lead to a potential fallout with the public due to broken trust.

For that reason, we are proactive in our defence against cyber-attacks and have put in place a network of systems, policies and best practices designed to shield our IT infrastructure from security breaches.

MATERIALITY
(CONT'D)



MYEG's IT Security Protocols and Practices:

Data transmitted through our networks is encrypted using the latest encryption technologies to ensure confidentiality.

Regulations, standard operating procedures and enforceable regulations for use of corporate systems, confidential data, email, mobile devices and passwords.

The use of external hardware appliances such as thumb drives and other media are also restricted within MYEG premises.

Websites and social media portals with high risks in cyber security are restricted to prevent malicious attacks via the exploitation of vulnerabilities.

Constant training is provided to employees to ensure that employees are aware of the security standards that we need to adhere to.

Deployment of firewalls, antivirus and antimalware systems, access management systems and vulnerability systems throughout the entire IT infrastructure.

Adherence to Payment Card Industry Data Security Standard in the handling of credit card information for our e-services transactions.

Compliance with Malaysia's Personal Data Protection Act ("**PDPA**") in dealing with personal information collected in the course of commercial transactions.

Regular audit and penetration test to ensure the robustness of the entire IT infrastructure.

MATERIALITY
(CONT'D)

These practices and measures have proven to be effective in the defence of our IT system against cyber-attacks during FP2019 in which we have remained operational with zero unscheduled service downtime.

We are happy to report that we have successfully completed the implementation of our Content Security Policy (CSP) across MYEG in FP2019.

Going forward, we will continue to invest in security systems and staff training and ensure compliance with our technology security protocols to safeguard our IT infrastructure.

Business Model

Government Concessionaire

Due to the nature of our business as a government concessionaire, our business model is inevitably linked to the governments of countries we operate in. Any change in government, policies and legislature has the potential to impact how we conduct business and affect our financial and non-financial performance.

Though such developments are beyond MYEG's control, we have put in place several strategies as part of our robust risk mitigation measures in anticipation of these challenges:

1. Active engagement and management of relationships with government officials and regulatory authorities at the working and ministerial levels to mitigate potential change in legislation (see page 43 for more information on Stakeholder Engagement);
2. Remaining apolitical in our dealings with governments and officials and in our public communication to manage public perception;
3. Improving products, solutions, and customer experience to provide best-in-class services to maintain our market leadership in e-services (see page 49 for more information on our Intellectual Property);
4. Market diversification to reduce reliance on a single country;
5. Ensuring a balanced and diversified revenue mix between e-government and commercial services;
6. Employing sound ethical business practices aligned with the laws of countries we operate in (see pages 48 to 49 for more information on our Ethical Business Conduct); and
7. Conducting a comprehensive legal review and due diligence to ascertain the level of risk associated with governmental or legal issues (if any).

We are confident that our ethical business practices, our competitive edge as well as our relationship capital with our key stakeholders, place us in good stead to continue operating with the sanction of any government as long as we serve the needs of its citizens.

MATERIALITY
(CONT'D)

In an effort to help our partner governments contain the spread of COVID-19, in February 2020, MYEG developed an extensive AI-powered Covid-19 risk profiling system in response to the pandemic that has become a top priority for governments around the world. The smart health profiling and tracking system has capabilities that include historical geolocation and anomaly tracking for travelers, with a fully-automated system that analyses of a vast number available data points, to help authorities manage travel restrictions more effectively and conduct more detailed assessments on high health risk visitors. In April, the Group launched MyEGuard, a contact tracing smartphone application, in the Philippines to assist efforts undertake by various cities and local authorities in containing the spread of the virus. Furthermore, in an initiative to help the Government carry out monitoring and enforcement activities more effectively, the Group also launched a one-stop portal in Malaysia for employers to arrange COVID-19 on-site screening for their workers, with digital certificates issued as proof of testing.

Going forward, we will continue to leverage our skills and expertise as an e-government services provider to help our partner governments better serve its citizens.

E-government Services

The digital world, by its very nature, is disruptive. New and emerging technologies could upturn businesses and entire industries.

MYEG's success today is founded on our niche as a technology leader in e-government services in Malaysia. Nevertheless, we compete in a level playing field where there are no unfair barriers to entry.

Our ability to maintain our competitive edge is key to our survival, which is why we have continued investing in product development to ensure we are first to market with new and improved solutions that address the pain points of today's consumers and businesses (see page 49 for more information on our Intellectual Property).

While digitalisation remains high on the Government's agenda as a growth driver for the nation, we see opportunities to continue supporting this impetus and will work closely with the Government to support their goals and aspirations and the evolving needs of the nation.

MATERIALITY
(CONT'D)

At the same time, we will leverage our proven track record and experience in e-government services to position MYEG as a choice strategic partner to support the digitalisation journeys of governments around the world, as we already have in Malaysia, the Philippines, and Indonesia.

Ethical Business Conduct

Operating as an extension of the governments in the markets in which we operate, a strong ethical code of business conduct is imperative for MYEG's continued success. For that reason, the Group has taken a strong stance against corruption and strongly supports responsible and ethical business practices.

We have formalised a comprehensive set of policies to guide behaviour within our organisation and in our interaction with others:

CODE OF CONDUCT **CODE OF ETHICS**	Outlines the expected behaviour of all employees and vendors based on our core values and the principles of integrity and responsibility.
NON-DISCRIMINATION & EQUAL EMPLOYMENT OPPORTUNITY POLICY	Addresses issues of sexual harassment, racial, and other forms of discrimination and other types of unsavoury and threatening behaviours considered unsuitable for MYEG's work environment.
ANTI-CORRUPTION POLICY	Addresses behaviours and practices that are considered corrupt, may lead to corruption or potentially expose the organisation to corrupt practices. This includes, but is not limited to, elements of bribery, gifts, receiving favours of any kind, misuse of power, theft, fraud, forgery of documents, money laundering, blackmail, using insider information for personal gain, and more.
WHISTLE BLOWING POLICY	Outlines a fully confidential channel through which employees, vendors and any stakeholder can report corruption or any other undesirable behaviour or practices, in good faith, without fear of punitive measure such as retaliation, dismissal, victimisation, demotion, suspension, intimidation, discrimination and so on. All whistleblowing reports will be received and investigated by an internal auditor, or by an appointed third-party investigator.

* The policies above can be downloaded from our Investor Relations portal at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

All employees are briefed on these policies during their induction and the policies are again communicated to all employees periodically throughout the course of their employment. Employees of business units considered to be at high risk of exposure to corruption also sign a document acknowledging their understanding of our Anti-Corruption Policy.

Aside from employees, intermediaries of MYEG such as vendors, contractors and agents are also held to the same level of ethical conduct and must be agreeable with our governance policies before dealing with us. The company's internal audit function conducts periodic assessment of our operations to ensure compliance with these codes and

MATERIALITY
(CONT'D)

policies, and ensures our whistle blowing channels remain open and accessible for any party to report malpractices and grievances. All whistleblowing reports will be received and investigated by an internal auditor, unless a third-party investigator is appointed.

Intellectual Property

Technology has been the driving force of the Group's business, with our Intellectual Property ("**IP**") serving as MYEG's key competitive edge. Our approach in maintaining our IP advantage is two-pronged:

	IP Development	IP Protection
HOW	• Via product and service innovation that seeks new ways to meet existing needs of customers and improve user experience. • Explore new business areas and technologies relevant to Fourth Industrial Revolution (IR 4.0). • With convenience and cost effectiveness as key considerations of our innovations. • Tapping on external knowledge via collaborations and partnerships with local universities and promising tech start-ups.	• Internal policies to ensure legal protection of our IP. • Application and filing of patents on innovations developed by the Group. • Registering our trademarks and brand logos as IP.
RESULT	• We have initiated collaborations with Universiti Utara Malaysia and Universiti Malaya and will strengthen this relationship while looking to explore similar arrangements with other parties.	• IP license obtained for road safety diagnostic kit from Malaysia in FP2019. • Trademarks received: o MyMotor logo o MYEG logo

MATERIALITY
(CONT'D)

Customer Satisfaction

Customer satisfaction is vital to our aim of becoming a high value-added provider of globally competitive IT services.

At MYEG, we are committed to ensuring the best customer experience at every touchpoint. Aside from enhancing user experience through tech innovation, customer service is also a key area of focus for us to effectively attract, retain and grow our customer base.

We use a combination of predictive-centred leading and outcome-based lagging indicators to monitor and measure customer satisfaction. With an average of 23 online, phone and Live Chat helpdesk staff and 27 over-the-counter customer relations personnel employed as customer service front-liners in FP2019, we're happy to report that our Live Chat recorded an average of 89% response rate. The Live Chat analysis has also shown continuous improvement with chat answered recorded as high as 97% as at December 2019. For immigration over-the-counter performance, we managed to lower the serving time per customer to an average of 9.5 minutes, which is a significant improvement compared with past record of 15 minutes per customer. We target to achieve the serving time for immigration over-the-counter services to less than 5 minutes by the end of year 2020. Call log analysis has shown improvements in call handle times from 51% to 85% over the course of the year through FP2019 with the same amount of manpower.

Our interactions with customers are a crucial means by which we gain a better understanding of the needs and challenges of our customers and cultivate lasting relationships. To sustain the high level of customer satisfaction, our customer service personnel undergo etiquette, communication skills, product knowledge and problem-solving skills training to ensure they can provide timely, professional and accurate resolutions to any issues our customers may be experiencing. For FP2019, we conducted 7 customer service trainings, attended by most of the personnel.

Notably, feedback solicited from the Government on our services acknowledges MYEG as a "fast and efficient service provider". We have initiated a Customer Satisfaction Survey through our website in FP2019, which measures overall customer satisfaction scores, breakdown of new and returning customers, most popular engagement channel and common complaint issues to help us identify areas of improvement. A total of 795 responses were collected through this exercise. We plan for the next phase of our customer satisfaction assessment to evaluate our online services for both e-government and commercial offerings, including brand awareness and appeal assessment, to ensure we remain the preferred e-services partner.

Customers can also channel their feedback to our general helpline at help@myeg.com.my or call 03-7801 8888.

MATERIALITY
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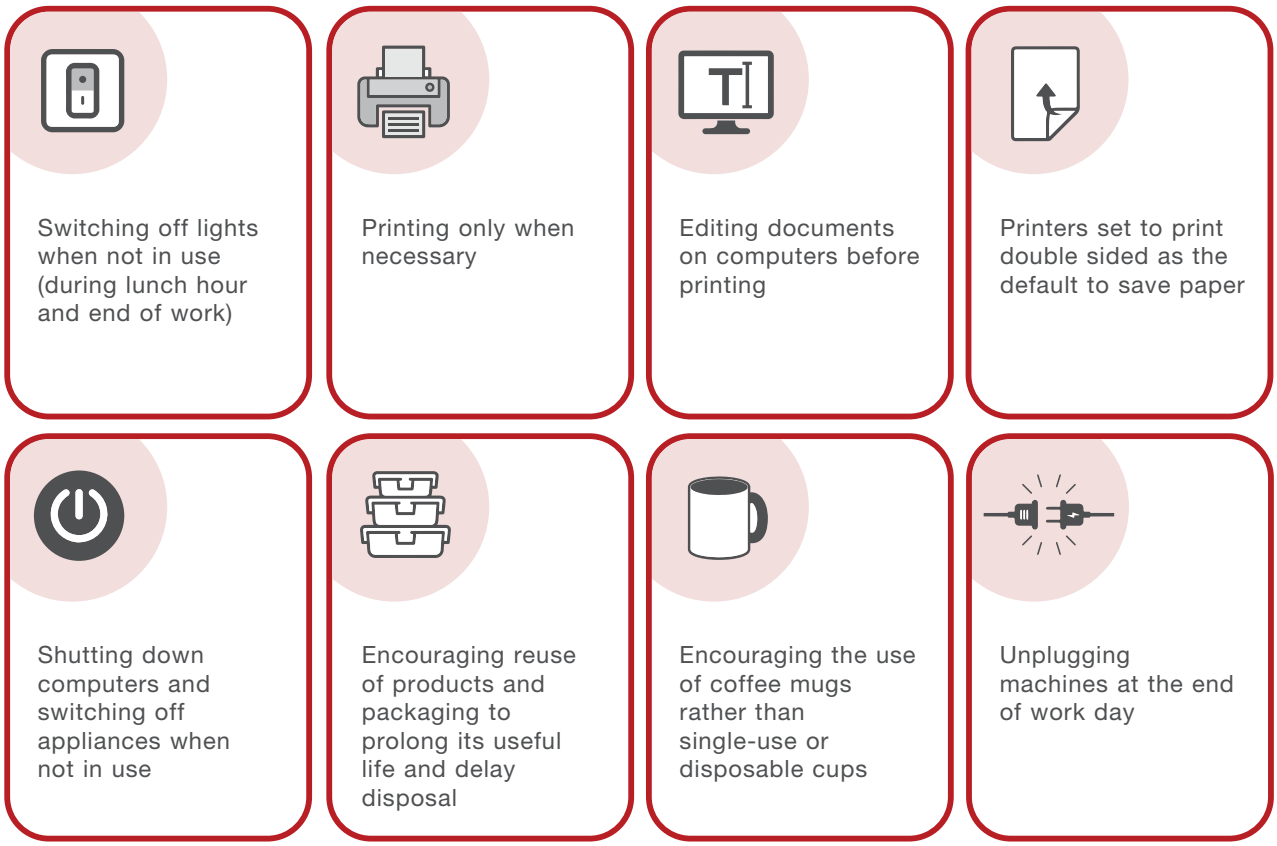
ENVIRONMENT

Managing Environmental Footprint

As a technological solutions provider, MYEG's carbon footprint is limited to the energy and resources we consume within the office environment. Our business does not impact biodiversity in any significant or measurable manner.

Nevertheless, we believe that every little bit we do to manage our impact on the environment makes a big difference in the fight against climate change.

As such, we have put in place a Waste Management Statement and an Environmental Policy, benchmarked against international best practices. The policy has been cascaded across our entire organisation, beginning at MYEG Tower to set best practices standards. These measures include:



Computers are some of the biggest energy users in office buildings, especially for an e-service organisation such as MYEG. As such, many of our initiatives revolve around being mindful of the energy usage of office equipment, in addition to water savings and waste reduction. Employees are briefed on these practices and procedures during staff induction, and periodic reminders are also sent out to keep these initiatives alive and at the forefront.

Going forward, we will continue to explore new ways to better manage our electricity consumption, in particular of our ICT hardware such as data centres.

As the public becomes increasingly conscious of their environmental impact, MYEG can further leverage our proposition as an e-services provider and wide network of kiosks to service a more diverse spectrum of commercial sectors and government departments, offering the public greater convenience, reduced travel distance and lesser carbon emissions.

MATERIALITY
(CONT'D)

SOCIAL

Talent Retention and Development

Overview

A company is only as strong as its workforce; more so a tech-based company like MYEG where IP development relies heavily on a talented and committed workforce. To ensure our sustainability, we focus our human resources efforts to recruit, upskill, engage and reward our employees accordingly to safeguard the continuity and enhancement of knowledge and know-how of MYEG.

We target our recruitment to attract people with vast experience and industry background who can support us in our growth areas, with competitive remuneration, talent development opportunities, performance-based work culture and inclusive hiring policies being the draw. Our recruitment efforts extend even to young talents from the undergraduate pool, where internship programmes are provided for promising students who have the potential to join MYEG's workforce as entry-level hires upon graduation in an effort to reduce youth unemployment. We mentored a total of 29 interns in FP2019.

Other than evaluations based on key performance indicators, MYEG also has a performance-based rewards programme, The Abdullah Ahmad Awards, that recognises excellence and individual performance. The winners for FP2019 are Louisa Rosenita Daui from our Customer Relations Department and Noor Thaniah Wafa Binti Hamdan from the Data Processing Department.

Labour Standards

At MYEG, we pledge our support for the United Nations' International Bill of Human Rights and are committed to applying the UN Guiding Principles on Business and Human Rights in our everyday conduct. These treatises inform our policy development at the governance level and is integrated into our processes to guide our behaviour with our employees.

Our Human Rights Policy and Non-Discrimination & Equal Opportunity Employment Policies help us mould a workplace that celebrates merit, professionalism and mutual respect in accordance to local labour laws and global human rights practices. Our policies support the elimination of all forms of forced or compulsory labour, effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

As such, our employees are treated fairly and with dignity, and are not discriminated based on gender, religion, age, disability, pregnancy, socio-economic background or any other demographic factor, personal characteristic or belief. They are also provided equal opportunity to participate in training programmes offered by MYEG. Decisions related to promotions and pay increases, as well as terminations, are made based on specific performance-based criteria.

Our employees' rights, benefits and general working conditions are outlined in the employee handbook to provide clarity on MYEG's standard operating procedures, grievance mechanisms, and the labour standards we subscribe to. In the event of non-compliance, employees may face disciplinary action which includes, but are not limited to, an inquiry, warning, suspension of duty, or dismissal and termination of contract. We are in the midst of translating the employee handbook to the local language of Bahasa Malaysia so that the information can be more clearly communicated to our employees.

We also prioritise the hiring of local manpower wherever we operate, with foreigners accounting for only 2% of the workforce at our Malaysian home base. To ensure our labour practices are aligned with our needs and the local laws, our Human Relations Department conducts employee risk assessments for existing and potential new operations or projects to assess various labour issues, employees' conduct, abscondment, and other risk factors which may affect MYEG's financial and non-financial performance.

As a member of the Malaysian Employer Federation, MYEG participated in the following programmes in FP2019:

- Termination of Employment
- Disciplinary Procedure

MATERIALITY
(CONT'D)

Our Company does not practice nor support child labour. This commitment towards human rights of children extend across our supply chain and is further reflected in maternity and paternity privileges provided for our employees.

We take great care in ensuring consistency in the application and enforcement of company policies which is integral to the operation of a non-discriminatory business. Our managers continue to receive training on handling reports and dealing with cases of bullying and harassment, with 4 managers trained in FP2019.

In FP2019, our confidential whistleblowing reporting channel was successful in directing the Company's attention to possible incidences of bullying, harassment, human rights violations and labour law non-compliance. The nature of the cases and actions recommended by the investigator are as shown below:

Nature of Cases	No. of Cases	Actions Recommended
Sexual harassment	2	Dismissal for the accused and counselling provided to the staff who was harassed to avoid trauma.
Unfair treatment at work (maternity & pregnancy)	1	Investigated and mediated a case of potential unfair treatment. No instances of discrimination found. Behaviours deemed unacceptable by the superior were outlined to the staff, and the procedures that should be followed explained.
Demotion, transfer, or dismissal without a fair disciplinary procedure	4	The cases were investigated and evaluated on a case to case basis, and appropriate courses of action proposed based on the findings.
Overlooked for a promotion for no good reason	3	Re-looked into the performance appraisal of the individuals, investigated the cases and proposed possible action.
Making offensive comments, emails, or social media posts to or about Management and staff	4	Staff that were found guilty were given a final warning or termination

New Hires and Attrition Rates

MYEG recruited a total of 369 new hires in FP2019, bringing our active manpower to 2,594 personnel across the region.

Our staff hires are significantly lower than our attrition of 594 employees. This is due to the release of contract staff and high attrition of operational staff in alignment with our emphasis on productivity, that is focused on enhancing skills and processes of our employees to increase efficiency in the delivery of service. We have only a total of 79 active contract employees as of December 2019.

The table below shows our attrition rate for FP2019, with a healthy employee turnover rate comparable to our industry peers. Crucially, MYEG has been successful in retaining our top talents, with 87% of those ranked in the managerial sector and above continuing their service with MYEG.

Category (as at December 2019)	Resignation	Active	Attrition Rate (%)
Managerial and above	23	176	13.07%
Executive and below	571	2418	23.61%

MATERIALITY
(CONT'D)

Talent Development & Training

In FP2019, MYEG spent a total of approximately RM250,000 on training and development for our employees, completing 25,879 training hours for 1,405 employees and averaging 18.41 hours per employee.

The training sessions conducted were in the areas of safety and health, harassment and discrimination prevention for employees, teamwork and collaboration, ethics and integrity, privacy and security, problem solving, customer service, time management, interpersonal skills as well as communication skills to strengthen MYEG's quality of service.

The full list of training programmes held during FP2019 are as follows:

- Seminar on Companies Act 2016: Share Registration Practical Issue
- RHCIA - Rapid Track Course – Huawei
- Induction Training for New Employees
- Emergency Response Plan Training
- Understanding Financial Statement in relation on MFRS Report
- Basic Firefighting Training
- Corporate Liability Provision under the MACC Act: Mitigating a New Risk for your Company
- CPR/First Aid & AED
- SOP Training for Permit Printing
- Pembentukan Personaliti Unggul & Budaya Kerja Cemerlang
- Frontline Customer Service and Telephone Techniques
- Integrity at Workplace & Loss of Document
- Industrial Relation – Standard Operating Procedure
- MYEG IR & PDPA Refreshed – Logistics Officer, Customer Service Officer Training
- MYEG IR & PDPA Refreshed – CRE, CSE, Corporate Sales Training
- ESS training: Performance Appraisal
- Associate Qualification in Islamic Finance (AQIF)

Staff Remuneration

We maintain a competitive wage structure as part of our talent attraction and retention strategy, with remuneration packages that commensurate with their respective qualifications, expertise, experience and performance.

Aside from wages, employment benefits provided by MYEG includes contribution to retirement funds, health and medical coverage, paid and unpaid leave, discounted car insurance, marriage and baby gifts, bereavement benefits and more.

Full time employees are entitled to annual, medical (sick and hospitalisation), maternity (60 consecutive days for each confinement period), paternity (2 working days), marriage, compassionate and exam leave. The entitlement for full-time employees' paid sick and hospitalisation leave are as follows:

- Statutory sick pay leave without hospitalisation, depending on the period of service: 14 days for less than 2 years; 18 days for between 2 - 5 years; 23 days for between 5 - 8 years; and 24 days for more than 8 years; and

- A period up to 60 days is granted if hospitalisation is necessary

Employees who qualify for overtime claims are compensated accordingly, either by overtime pay or leave, if and when they operate beyond the normal hours, as stipulated by Labour Laws. We are also in compliance with the minimum wage structure implemented by the governments of our respective operating markets, recognising this as a fundamental human right of our employees.

Employee Engagement

In today's competitive market environment, employee engagement has emerged as a critical driver of an organisation's success. In FP2019, MYEG continued to invest in employee engagement initiatives and events to foster stronger bonds among employees, and between staff and Management.

MATERIALITY
(CONT'D)

A Back-to-School themed annual dinner was held in December 2019, bringing the whole organisation together for a night of food and fun. Meanwhile, the Company's Sports Club held the following activities during FP2019:

- Anak- anak Malaysia Walk 2019
- Go kart challenge 2019
- Futsal Challenge 2019
- Paintball Challenge 2019
- Blastacar Challenge 2019
- Bowling Tournament 2019
- Badminton Tournament 2019
- Skytrex Challenge 2019
- Laser Tag Challenge 2019
- White Water Rafting 2019

Employees from all levels of the organisation participated actively in the recreational activities, including 39 people from the Management tier. A total of 167 employees turned up for the Blood Donation Campaign 2019.

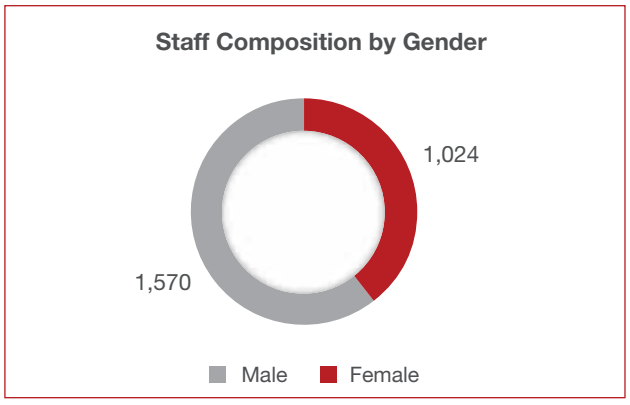
These activities will help build an engaged workforce at MYEG that leads to enhanced productivity and talent retention and ensure the sustainability of our workplace.

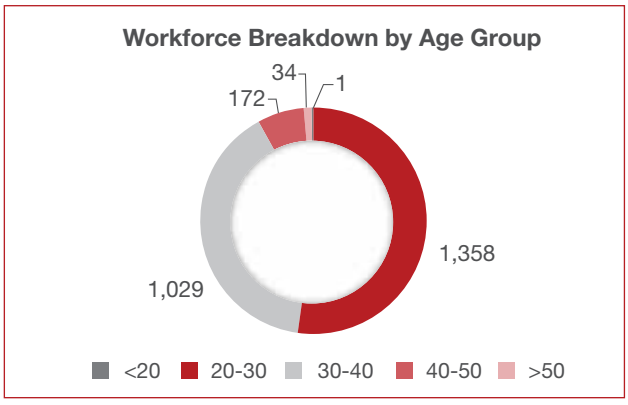
Workplace Diversity

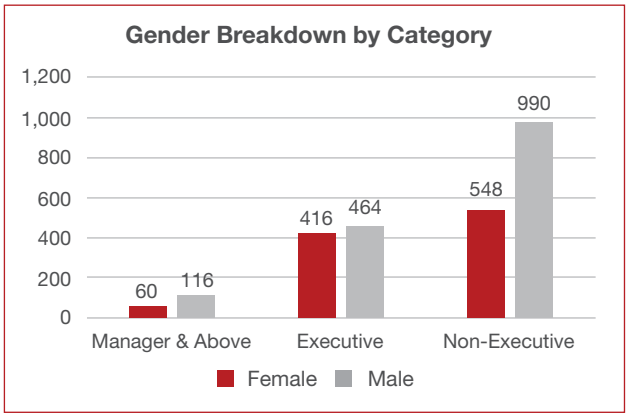
At MYEG, we have made investing in workforce diversity a priority as we believe it contributes to a higher performing culture that results from inclusivity of contrasting perspectives and diversity of ideas.

With our Non-Discrimination and Equal Employment Opportunity Policy providing the blueprint for our hiring practices, we aim to create a workforce at MYEG that represents the microcosm of multi-racial and multi-cultural Malaysia, where the only hiring criteria is capability, and alignment with our core values and shared commitment of excellence. We have also established a company policy to hire talent from socially disadvantaged backgrounds.

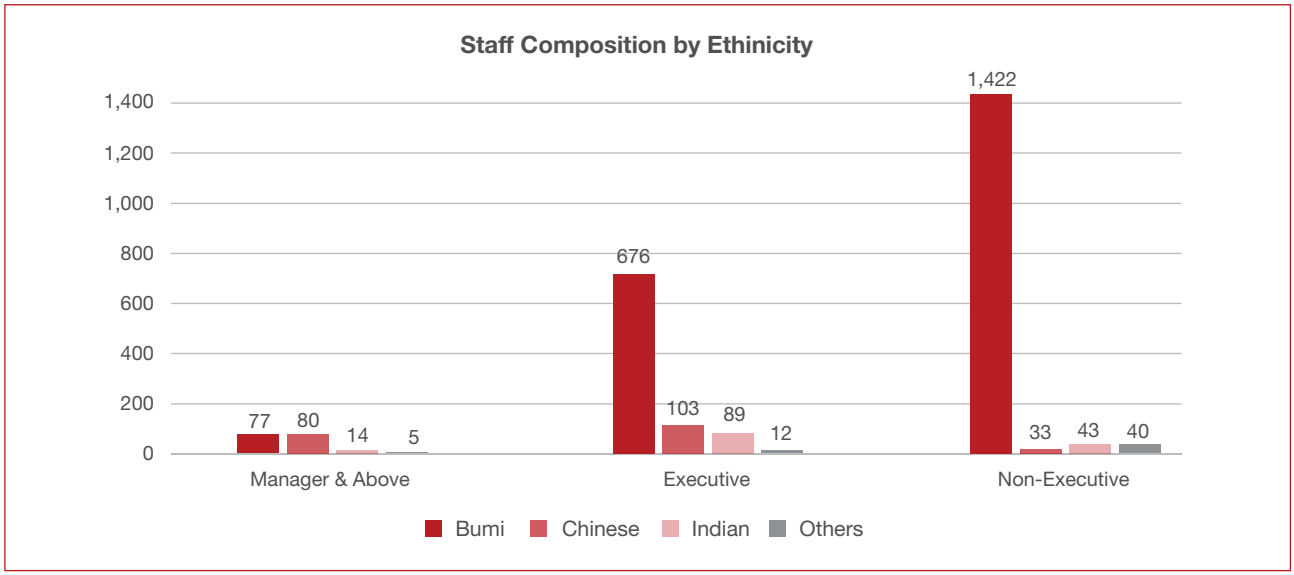
The following is the gender, ethnicity and age breakdown of our workforce:







MATERIALITY
(CONT'D)



Occupational Health and Safety

At MYEG, the Board and the Group Managing Director have oversight on Occupational Health and Safety ("**OHS**"). We believe that a fit and productive workforce is of paramount importance to MYEG's sustainability and strive to promote a safe and healthy working environment at all our premises.

Due to the nature of our business in the technology industry, MYEG has low exposure to accidents or incidents that lead to injuries or fatalities. Typically, staff working in the logistics and customer service departments as well as despatchers would have the highest health and safety risks within MYEG.

With the COVID-19 pandemic, the risks for personnel working in these departments may have increased due to exposure to the general public. A large number of services provided by MYEG are regarded as essential services and hence must be provided during the period of the Movement Control Order (MCO).

Various precautionary measures have been introduced to reduce our frontliners' exposure to COVID-19. These include provision of face masks and hand sanitisers, body temperature checking of all customers and staff, and distribution of informational material to staff containing dos and don'ts to ensure they stay safe during the outbreak.

Nevertheless, our Safety and Health Policy sets guidelines, standards and best practices for employees' safety, health and wellbeing at the workplace. Aside from safety aspects, we also promote a healthy work-life balance to counteract the sedentary work profile of our predominantly office-based positions, with recreational activities held frequently throughout the year. We make a conscious effort to prevent mental health issues such as stress and job burnout among our employees.

We set up an Employee Health and Safety Committee in 2014, which comprises 10 members of Management representing the employer and 15 employee representatives for a fair and balanced discussion on employee health and safety matters. The committee assesses the health and safety risks of existing operations and weighs the OHS risks of potential new projects and advises the Board and Management accordingly. The committee is also responsible for collecting Health and Safety data in accordance with Occupational Safety and Health Act standards for benchmarking against the industry.

A total of 6 meetings were held in FP2019, with the following decisions made on the matters deliberated:

- Creation of a new programme based on safe practices and accident reporting.
- Awareness programme on prevention of workplace injuries.
- Policies and procedures on handling violence at the workplace.

MATERIALITY
(CONT'D)

- Drug testing to be used as a tool for investigating accidents – employees using drugs at work are far more likely to get injured. There are many harmful implications of drug use while working. Examples include job turnover, loss of time, reduced alertness and productivity, unexplained absences, and increased vulnerability to accidents.
- Train workers on hazard identification and controls – providing workers with an understanding of hazard recognition and controls and actively involving them in the process can help to eliminate hazards before an incident occurs.
- Train workers on their specific roles in the safety and health programme – the workers who are assigned to specific roles within the safety and health programme should be able to carry out those responsibilities, including:

    - Hazard recognition and controls
    - Participation in incident investigations
    - Programme evaluation and improvement

For the financial period under review, a total of 22 and 130 staff attended OSH and Emergency Response Team training respectively.

Community Investment

As a community-centred organisation, we aim to make a positive difference in the lives of the communities in which we live and work. It is our belief that information technology is a powerful tool with which we can help to uplift the lives of those less fortunate; by extension, our role as an e-services provider fulfils that purpose as well. We are proud to serve the various segments of society, providing a one-stop e-services platform that offers conveniences that empower the community and improve their quality of life.

Aside from that, we also invest our time and money to develop a robust corporate social responsibility ("**CSR**") programme as part of our sustainability strategy, which is tailored to the immediate needs of the community while striving towards creating lasting positive change.

With our tagline of "*Bersatu Hati, Ikhlas Memberi*", Komuniti MYEG is responsible for spearheading the CSR efforts of our Group, which are organised into the three pillars of community service, entrepreneurship, and environmental sustainability. We are particularly passionate about children's rights, as they will one day inherit the responsibilities of this world, and socio-economic community investment for the underprivileged.

In the financial period under review, we committed 42 volunteer hours and supported 14 charities through a range of CSR activities that were planned, executed and championed by our employees and supported by MYEG's Senior Management, who were also in attendance. We spent a total of RM102,777 on the following community investment activities for FP2019:

MYEG Blood Donation Drive 2018
23-24 Oct 2018

For the second year running, MYEG collaborated with Pusat Darah Negara to organise a two-day blood donation campaign to replenish the nation's blood bank and towards ensuring the health and wellness of the *rakyat*.



MATERIALITY
(CONT'D)



Deepavali Celebration at Pusat Jagaan Siddharthan, PJ
31 Oct 2018

Komuniti MYEG volunteers celebrated an early Deepavali with 16 children from Pusat Jagaan Siddharthan in Petaling Jaya. The children participated in a Kolam making activity where they helped design beautiful masterpieces which were then displayed with a lit tealight. They each received a Deepavali money packet and enjoyed morning snacks consisting of sweet desserts and curry puffs. MYEG contributed groceries including items such as rice, powdered drinks, jams, toothpaste and biscuits for the home. The children were also given a lunch treat of pizzas, chicken wings and drinks.

Christmas Celebration with Residents of En Yuan Old Folks Home, PJ
14 Dec 2018

Komuniti MYEG volunteers held an early Christmas celebration with the residents of En Yuan Old Folks Home in Petaling Jaya. The volunteers decorated the home and set up a Christmas tree with colourful ornaments, sang Christmas carols and enjoyed a play with the residents. The play was performed by the children of Zotung Refugee Catholic Learning Centre to raise funds in aid of the Monfort Boys Town and Little Sisters of The Poor establishments. At the end of the programme, the residents and children each received goodie bags from Komuniti MYEG. The home also received a sponsorship of items including a gas stove, a rice cooker, bed sheets, pillowcases and groceries, while the children received cash.



Chinese New Year Celebration at the House of Joy, Puchong
29 Jan 2019



Chinese New Year came early for the children of House of Joy in Puchong. Komuniti MYEG volunteers brought the festive spirit with a CNY art and craft activity for the primary school children, where they spent the afternoon making a lion head decoration. At the end of the session, they were treated to some light refreshments.

Each of the 50 children received a red packet and stationery for their schooling session. Komuniti MYEG also contributed groceries and electrical items including a chest freezer, a rice cooker, powdered and boxed drinks, oats, sugar, canned foods, assorted biscuits and more.

MATERIALITY
(CONT'D)

World Cancer Awareness Day visit to PPUKM
20 Feb 2019

In conjunction with World Cancer Awareness Day in February, Komuniti MYEG volunteers spent an afternoon with children at the pediatric ward of PPUKM (also known as Hospital Canselor Tuanku Muhriz UKM) in Cheras, Kuala Lumpur. The children were entertained by a balloonist clown together with the special appearance of two mascots, Minnie Mouse and Spiderman, who posed for photos with the children which were printed on the spot. Each child also received a cupcake and goodie bag containing a towel, boxed drinks, biscuits and body and hair shampoos.





International Women's Day with Persatuan Qaseh Bonda
23 Mar 2019

Komuniti MYEG celebrated International Women's Day with 50 single mothers of Persatuan Qaseh Bonda in Kuala Lumpur. The programme kicked off with an inspiring personal sharing by motivational speaker Dr Kamari Kasan, followed by celebrity cum entrepreneur, Balkisyh Semundur Khan, and three members of Persatuan Qaseh Bonda. At the end of the programme, Komuniti MYEG presented each single mother with groceries which included a 10kg rice bag, 5kg cooking oil, biscuits, flour, sugar, salt, soy sauce and canned food. All attendees were also served with boxed lunches and refreshments.

World Autism Awareness Day Outing with Akademi Autisme Insani Selayang to KL Bird Park
22 Apr 2019

Komuniti MYEG volunteers brought 50 children from Akademi Autisme Insani Selayang for an outing to the KL Bird Park. They spent 2 hours walking through the entire park where the kids and their caretakers were led by a tour guide and learned about bird species. At the end of the programme, each child received a goodie bag which contained stationery, snacks, drinks and toys, followed by a scrumptious lunch box for everyone.



MATERIALITY
(CONT'D)

Ihya' Ramadan Programme with Residents of Baitus Salam Safe House and the Public
10 May 2019



Komuniti MYEG volunteers, together with the assistance of residents from Baitus Salam Safe House in Jalan Kebun and Lembaga Zakat Selangor, prepared the famous Ramadan dish of Bubur Lambuk. This marked the start of MYEG's 2019 Ihya' Ramadan Programme. The packets of Bubur Lambuk were then distributed to over 100 community members of the Jalan Kebun area including the mosque and old folks home close by. The programme continued with the handing out of Raya packets and goodie bags to the residents of Baitus Salam Safe House by MYEG's Project Director Dato' Raja Haji Munir Shah Bin Raja Mustapha to make the festive season more meaningful. The programme ended with the breaking of fast and Maghrib prayer.

Distribution of Ramadan Food Packs to the Residents of PPR Lembah Subang
15 May 2019

MYEG was delighted to sponsor food packs for the residents of PPR Lembah Subang during the Ramadan month once again. This marks the fourth year of MYEG sponsorship towards this worthy cause. A total of 2,500 food packs were prepared and delivered for 5 days between 13-15 May and 17-18 May 2019 by the committee members of Surau At-Taufiqiah, Ara Damansara. Komuniti MYEG volunteers spent the afternoon assisting in the packing and distribution of food packs to residents for the breaking of fast. The menu for the five days included rice sets with chicken curry, spicy chicken sambal, fried fish with soy sauce and assorted desserts.





Raya Donation to Rumah Amal Suci Rohani, Bandar Utama
17 May 2019

Komuniti MYEG sponsored the 30 children of Rumah Amal Suci Rohani, Bandar Utama with goodie bags in conjunction with the Raya celebration. They were also presented with Raya packets by MYEG's Project Director, Dato' Raja Haji Munir Shah Bin Raja Mustapha.

MATERIALITY
(CONT'D)

Raya Donation to Fire Victims of Kg Sungai Penchala
3 June 2019

MYEG visited the 17 families in Kg. Sungai Penchala who were affected by the fire on 29 May 2019 which destroyed their homes and disrupted their Raya preparations. Present to hand out the donations were MYEG Executive Chairman, Dato' Dr. Norraesah Binti Haji Mohamed, and MYEG Project Director, Datuk Nor Adnan Bin Zainal Abidin. All 17 families received daily necessities such as rice, canned drinks, assorted kuih raya, pillows, mattresses and Raya packets.





MYEG Blood Donation Drive 2019
20 June 2019

On 20 and 21 June 2019, MYEG again collaborated with Pusat Darah Negara to organise a blood donation campaign. This marks the third year in a row that MYEG has stepped up to give the gift of life.

Electrical Items Sponsorship to Refugee School
31 Jul 2019

Komuniti MYEG stepped in to assist Safe School for Refugees, Gombak by sponsoring and installing 3 new air conditioning units and 3 ceiling fans to provide the students with a more comfortable learning environment which will hopefully motivate them in their studies.





Anak-Anak Malaysia Walk 2019
31 Aug 2019

For the fourth year running, 50 MYEG team members participated in the #AnakAnakMalaysia Walk 2019 in conjunction with Hari Kebangsaan 2019. The MYEG team members were among thousands of people celebrating Malaysia's diversity as they walked together as one nation, solidified in harmony and unity.

MATERIALITY
(CONT'D)



Donation to Rumah Amal Asnaf Al Barakh, KL
30 Sep 2019

Following the relocation of 16 male residents of Rumah Amal Asnaf Al Barakh from Keramat to a new building in Pandan Indah, Kuala Lumpur, Komuniti MYEG stepped in to help furnish their accommodation with the sponsorship of bedding items such as mattresses, pillows, pillowcases, bed sheets, towels and a shoe rack. Additionally, the home also received a donation of groceries such as rice, cooking oil, onions, milk, powdered drinks, creamer, chicken meat, eggs and assorted biscuits.

Deepavali Celebration at Pertubuhan Kebajikan Anak Yatim Mary, KL
24 Oct 2019

Komuniti MYEG brought Deepavali cheer to the children of Pertubuhan Kebajikan Anak Yatim Mary, Kuala Lumpur, hanging up colourful Deepavali decorations ahead of the celebrations. Komuniti MYEG donated daily essential items such as rice, cooking oil, milk powder, powdered drinks, sugar, flour, eggs and diapers for the home while the 55 children received Deepavali packets each. The programme ended with the children enjoying a mouth-watering KFC meal for lunch and home-made desserts consisting of cupcakes, cakes and cookies donated by generous home bakers.





Back to School Programme for Pusat Jagaan Telaga Kasih Nur Muhammad, Kota Damansara
19 Dec 2019

Komuniti MYEG brought the children of Pusat Jagaan Telaga Kasih Nur Muhammad, Kota Damansara for a special year end back to school shopping session. A total of 30 children received school supplies for the 2020 school year which included a pair of school uniform and t-shirt, and additional gloves for the female students. To end the day, they were served with hi-tea which included fried noodles, assorted desserts and drinks. Komuniti MYEG also donated groceries to the home consisting of items such as rice, powdered milk, sweetened creamer, detergent, fabric softener, air freshener, hand sanitiser and antiseptics.

CORPORATE GOVERNANCE OVERVIEW

INTRODUCTION

The Board recognises the importance of corporate governance and is committed to ensure that the principles and best practices in corporate governance as set out in the MCCG are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG:-

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement is prepared in compliance with MMLR of Bursa Securities and it is meant to be read together with the Corporate Governance Statement and Corporate Governance Report. The Corporate Governance Report provides details on how the Group has applied each practices as set out in the MCCG for the FP2019, a copy of which is available on the Group's website: www.myeg.com.my/investor_relations (under the "Reports & Persentations" tab) as well as via an announcement on Bursa Securities website.

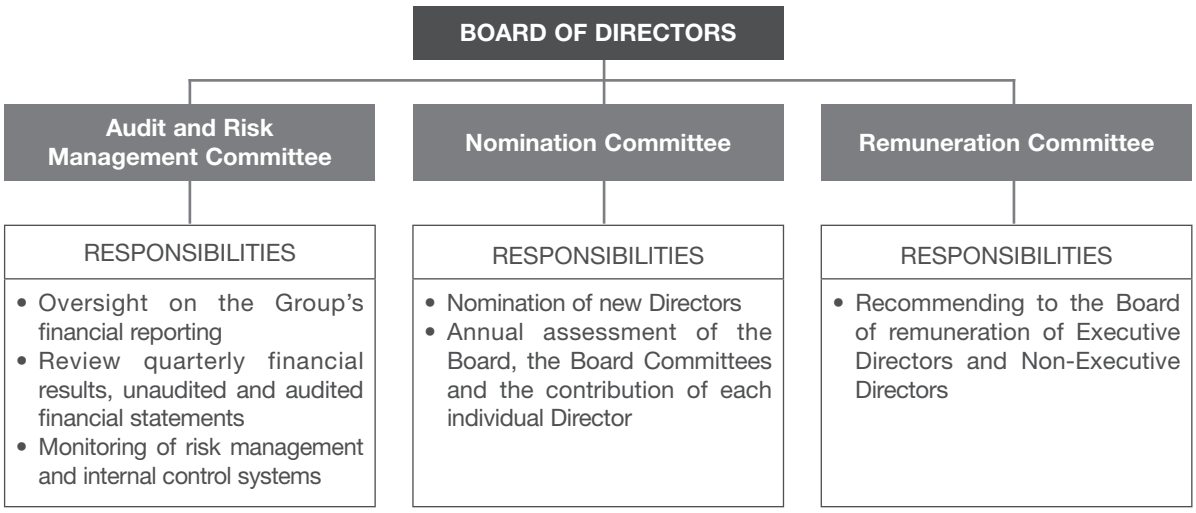
The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the FP2019, including strategic decisions and the reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board sought to ensure that the decisions were taken in a way that was fair and consistent with the Group's values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established various committees where specific powers of the Board are delegated to the relevant Board Committees as depicted below:-



* *The Board had on 27 February 2020 approved the separation of Audit and Risk Management Committee into two (2) committees, namely Audit Committee and Risk Management Committee in line with the recommendation under the Step-up Practice 9.3 of the MCCG. The members of the Audit Committee and Risk Management Committee will carry out their respective role starting 27 February 2020 onwards.*

CORPORATE GOVERNANCE OVERVIEW
(CONT'D)

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. BOARD RESPONSIBILITIES *(CONT'D)*

The Board has a formal schedule of matters reserved for deliberation as set out below, to ensure good governance is in place for the Group:-

a) Conflict of interest issues in relation to a substantial shareholder or a Director including approving related party transactions
b) Material acquisition and disposal of assets not in the ordinary course of business including significant CAPEX
c) Strategic investments, mergers and acquisitions and corporate exercises
d) Limits of authority
e) Treasury policies
f) Risk management policies
g) Key human resource issues
h) Business plans

II. BOARD COMPOSITION

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thoughts, perspectives, cultural and geographical backgrounds, age, ethnicity and gender to ensure that the Group has a competitive advantage.

In evaluating the suitability of individual Board members, the Nomination Committee ("**NC**") takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contribution, background, character, integrity and competence. In the case of candidates for the position of Independent Non-Executive Directors, the NC will evaluate the candidates' ability to discharge their responsibilities and bring in their independent judgement, provide constructive challenge, strategic guidance, offer specialist advice and impartiality.

The Board evaluates each individual in the context of the Board as a whole. The ultimate objective is to recommend a team which can best perpetuate the success of the Group's businesses and represent shareholders' interests through the exercise of sound judgement.

The Board has no specific policy in place on setting targets on female candidates to be appointed to the Board. The Board currently has one (1) female Director. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. Moving forward, the Board, being in line with the national target of having 30% women on the boards of listed issuers, will maintain a register of potential directors which includes high-calibre female candidates to be appointed when the need arises.

III. REMUNERATION

The Board has in place a Directors and Senior Management's Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. In this regard, the Remuneration Committee ("**RC**") is responsible to formulate and review the remuneration policies for the Directors of the Company to ensure the same remains competitive, appropriate, and in line with the prevailing market practices.

The Board carries out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Group continues to retain and attract the best talents in the industry. The proposed salary structure, is duly considered by the RC, is subsequently brought to the Board to be approved for implementation.

Further details on how the Board operates effectively and discharges its collective responsibility for the long-term sustainable success of the Group can be obtained in the Corporate Governance Statement set out on pages 67 to 81 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW
(CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("**ARMC**") comprises three (3) Independent Non-Executive Directors and plays a key role in ensuring integrity and transparency of corporate reporting. The ARMC's role is to review and where necessary, to challenge Management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The ARMC has a duty to provide assurance to the Board that robust risk management, internal controls and assurance processes are in place. It continues to monitor the potential risks of the Group and ensures that mitigating measures are in place to safeguard the health, safety and business continuity of the Group.

The ARMC with the assistance of the internal audit function had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management processes are in place:-

a) Management information system
b) Operation – Security Paper Printing Process
c) Operation Management
d) Tele-Marketing

Annually, the composition of the ARMC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective ARMC, the NC ensures that only Independent Non-Executive Directors who have the appropriate level of expertise and experience and have a sound understanding of the Group's business would be considered for membership on the ARMC.

Further details pertaining to the activities undertaken by the ARMC can be obtained in the ARMC Report set out on pages 82 to 88 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board's decision-making was supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the Management was also critical in ensuring that appropriate monitoring and mitigations were embedded to support the proposals under discussion.

The Board fulfils its responsibilities in the risk governance and oversight functions through its ARMC in order to manage the overall risk exposure of the Group. In addition to reviewing the adequacy and effectiveness of the internal control in relation to internal audit function of the Group, the ARMC also assessed and monitored the efficacy of the risk management and controls. The Board is satisfied with the performance of the ARMC in discharging its responsibilities, based on the results of the Board's evaluation undertook during the year.

The Board will continue to drive a proactive risk management approach and ensure that the Group's employees have a good understanding of the application of risk management principles in order to work towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

The Board is of the view that the system of risk management and internal control in place during the FP2019 is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interest of its stakeholders. The details of the Risk Management and Internal Control Framework can be obtained in the Risk Management and Internal Control Statement set out on pages 89 to 91 of this Annual Report.

In line with the recommended practice of the MCCG, the Board had on 27 February 2020 approved upon the recommendation from the NC to separate ARMC into two committees, namely the Audit Committee and Risk Management Committee. Subsequent to the separation, the Audit Committee would assist the Board on financial reporting and accounting policies while the Risk Management Committee would assist the Board on risk management framework, policies and internal controls.

CORPORATE GOVERNANCE OVERVIEW
(CONT'D)

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement leading to the long-term sustainability of its businesses. As a responsible corporate citizen, the Group must interact with stakeholders and also acknowledge the potential impact that its operations may have on a wide range of stakeholders. For an engagement to be constructive and meaningful, each matter considered by the Board ought to be in the context of the relevant economic, social and environmental factors. The Group has heightened its engagement efforts with stakeholders by engaging with analysts, fund managers and shareholders, both locally and overseas, upon request.

The Group has embarked on its first Integrated Reporting this year by adopting the International Integrated Reporting Council Integrated Reporting Principles Based Framework and is at a nascent stage of the Integrated Reporting journey. The Group is committed to enhancing the disclosures in Annual Reports by adopting the international reporting framework based on a global recognised framework in order to provide systematic and comprehensive disclosures of the Group's value creation.

II. CONDUCT OF GENERAL MEETINGS

The Group's AGM is an important means of communicating with its shareholders. To ensure effective participation and engagement with the shareholders at the AGM of the Group, all members of the Board would be present at the meeting to respond to questions raised by shareholders and proxies. In addition, the Chairman of the Board would chair the AGM in an orderly manner and encourage the shareholders and proxies to speak at the meeting. The overall performance of the Group would be presented at the meeting.

In line with good governance practices, the notice of the AGM would be issued at least 28 days before the AGM date and the AGM is conducted through an electronic polling system. The Group will continue to explore and leverage on the use of technology, to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the AGM of the Group.

PRELUDE

The following pages cover the Board, its role, performance and oversight. Details on the Board's activities and discussions during the financial period along with the actions arising from these and the progress made, are provided. In addition, insights on director independence, evaluation on the effectiveness of our Board, succession planning and other on-going developments, are also provided.

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of corporate governance and is committed to ensure that the principles and best practices in corporate governance as set out in the MCCG are observed and practised throughout the Group. This is to ensure that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board is pleased to provide the following statement on how the Group has adopted and applied the principles and complied with the best practices outlined in the MCCG and Paragraph 15.25 of the MMLR of Bursa Securities.

A. BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors

The Group is led by an effective and experienced Board, with members from diverse background and specialisation possessing a wide range of expertise in areas such as finance, corporate affairs, accounting and marketing. Collectively, they bring broad range of skills, experience and knowledge which gives added strength to the leadership in managing and directing the Group's operations.

The Directors, individually have a legal duty to act in the best interest of the Group and are collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's responsibilities, amongst others, include:-

- working together with the Senior Management to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- reviewing, challenging and deciding on Management's proposals for the Group, and monitoring its implementation by the Management;
- ensuring that the strategic plan of the Group supports long-term value creation which includes strategies on ESS considerations underpinning sustainability;
- supervising and assessing Management performance to determine whether the business is being properly managed;
- ensuring there is a sound framework for risk management and internal controls;
- understanding the principal risk of the Group's business and recognising that business decisions involve the taking of appropriate risks;
- setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate Risk Management Framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensuring that Senior Management has the necessary skills and experience, and that there are measures in place to provide for the orderly succession of the Board and Senior Management;
- ensuring that the Group has in place procedures to enable effective communication with stakeholders; and
- ensuring the integrity of the Group's financial and non-financial reporting.

To assist in the discharge of its responsibilities, the Board has established the following board committees to perform certain of its functions and to provide recommendations and advice:-

(i) NC
(ii) RC
(iii) ARMC

Each board committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the chairman and members of each board committee.

The chairman of the respective board committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. Ultimate responsibility for the final decision on all matters, however, lies with the Board.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

1. Board of Directors *(cont'd)*

The Board may form other committees delegated with specific authorities to act on its behalf when the needs arise. These committees will then operate under approved terms of reference or guidelines.

Board meeting agenda comprises statutory matters, governance and management reports, which includes strategic risks, strategic projects and operational items.

The profile of each Director is presented on page 19 to page 23 of this Annual Report.

2. Separation of Positions of Chairman and Group Managing Director

The Board recognises the importance of having clear division of power and responsibilities between the roles of the Chairman of the Board and Group Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The role of the Chairman of the Board and the Group Managing Director are distinct and separate to engender accountability and facilitate a clear division of responsibilities to ensure there is a balance of power and authority in the Group. This segregation of roles also facilitates a healthy open exchange of views between the Board and Management in their deliberation of businesses, strategies and key activities of the Group.

The Chairman of the Board, Dato' Dr Norraesah Binti Haji Mohamad, an Executive Director, is primarily responsible for the effective and efficient conduct and working of the Board. She leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings. The Chairman of the Board's key responsibilities, amongst others, include:-

- providing leadership for the Board so that the Board can perform its responsibilities effectively;
- setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- leading Board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between Board and Management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- leading the Board in establishing and monitoring good corporate governance practices in the Group.

The Board delegates the Group Managing Director, Mr. Wong Thean Soon, and the Management, to oversee the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board to achieve the Group's objective of creating long term value for its shareholders.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner which enables them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and members of the board committees in advance of the scheduled meetings. Notices of meetings are sent to each Director at least seven (7) days before the meeting date. Upon conclusion of the meeting, the Company Secretary will draft the minutes of meeting and circulate them in a timely manner.

Generally, the Board papers circulated would include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of board committees' meetings, acquisition and disposal proposals, related party transactions and/or recurrent related party transactions, updates from Bursa Securities, list of directors' circular resolutions passed and reports on the Directors dealings in securities, if any. In addition, the Management is often invited to be present and provide detailed explanation on any agenda at Board meetings.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

3. Supply of and Access to Information *(cont'd)*

The external auditors would brief the Board members on the financial reporting standards that would affect the Group's financial statements during the period. As and when necessary, the Board may obtain independent professional advice, at the Group's expense, in the furtherance of their duties.

Technology is effectively used in the Board and board committees' meetings. The agenda and meeting materials are sent online to the Directors before the hardcopy versions of the same. Where the Directors are in remote areas or overseas, they are encouraged to participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled at the onset of the financial period to help facilitate the Directors in planning their meeting schedule for the period. Additional meetings are convened where necessary to deal with urgent and important matters that require the attention of the Board.

All pertinent issues discussed in Board meetings are properly recorded by the Company Secretaries.

The Board met six (6) times during the FP2019. Details of attendance are as follows:

Directors	Number of meetings attended	%
Dato' Dr Norraesah Binti Haji Mohamad	6/6	100%
Mr Wong Thean Soon	6/6	100%
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	6/6	100%
Datuk Mohd Jimmy Wong Bin Abdullah	6/6	100%
Mr Wong Kok Chau	6/6	100%

The Board is satisfied with the level of time commitment given by each Director towards fulfilling their roles and responsibilities as evidenced by the satisfactory attendance recorded.

It is the Directors' duty to notify the Board before accepting any new directorship notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the Board of a maximum of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR of Bursa Securities where they do not sit on the board of more than five (5) listed issuers.

5. Continuous Development of the Board

The Board acknowledges the importance of constantly updating itself on the industry's directions and developments. The Board is provided with the opportunity for training in areas such as new laws and regulations, financial reporting, risk management and investor relations in order to equip themselves with the knowledge to effectively discharge their duties.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they shall continue to enhance their skills and knowledge to maximize their effectiveness as Directors during their tenure. During the financial period under review, the Directors have attended seminar(s), conference(s) and/or training(s) individually or collectively as set out below to continuously upgrade their skills and to keep abreast of current developments:-

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

5. Continuous Development of the Board *(cont'd)*

Directors	List of training/seminar/conference/ workshop attended
Dato' Dr Norraesah Binti Haji Mohamad	• Women Business Network (World Islamic Economic Forum) Women Workshop Program ISTIC/UNESCO - Connecting Women Through The Use of Technology for Social & Economic Development • Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018 • Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures
Mr Wong Thean Soon	• Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018 • Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	• Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018 • Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures
Datuk Mohd Jimmy Wong Bin Abdullah	• Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018 • Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures
Mr Wong Kok Chau	• MyFintech Week 2019 • Digital Innovation Conference • Session on Corporate Governance and Anti-Corruption • Briefing on Corporate Liability Provision in Relation to Malaysian Anti-Corruption Commission (Amendment) Bill 2018 • Internal Training on Leadership: Intercultural Understanding and Collaboration Across Cultures

Furthermore, the Company Secretaries also highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors on the other hand, brief the Board on changes to the MFRS that affect the Group's financial statements during the period. In addition, the Directors also receive regular briefings and updates on the Group's businesses, operations, risk management activities and human resource matters.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

6. Board Committees

ARMC

The ARMC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The ARMC maintains direct, unfettered access to the Group's external auditors, internal auditors and Management.

The ARMC Report is set out on page 82 to page 88 of this Annual Report.

Subsequent to FP2019 and in line with the recommendation under step-up practice 9.3 of the MCCG, the ARMC have been separated into two committees, namely the Audit Committee ("**AC**") and the Risk Management Committee ("**RMC**") with effect from 27 February 2020.

A copy of the AC and RMC's Terms of Reference can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

NC

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identifies candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises of two (2) members, all of whom are Independent Non-Executive Directors. The members of the NC for the FP2019 are as follows:

NC Members	Designation
Datuk Mohd Jimmy Wong Bin Abdullah	Chairman
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Member

During the FP2019, the NC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the NC in the discharge of its duties:-

(a) Reviewed the Terms of Reference;
(b) Determined Directors who are subject to re-election by rotation;
(c) Reviewed the composition of the Board;
(d) Reviewed the independence of the Independent Directors;
(e) Conducted annual assessment on effectiveness and performance of the Board, the Board Committees and the individual Directors;
(f) Reviewed the performance and term of office of ARMC; and
(g) Considered the recommendation of MCCG to separate the ARMC into two committees, namely AC and RMC.

A copy of the NC's Terms of Reference can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

RC

The RC is responsible for recommending the remuneration principles and the framework for members of the Board and Senior Management to the Board.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

6. Board Committees *(cont'd)*

RC *(cont'd)*

The RC comprises three (3) members and are composed as follows for the FP2019:-

RC Members	Designation
Tan Sri Dato' Dr. Muhammad Rais Bin Abdul Karim	Chairman
Datuk Mohd Jimmy Wong Bin Abdullah	Member
Mr Wong Thean Soon (resigned on 27 September 2019)	Member
Mr Wong Kok Chau (appointed on 27 September 2019)	Member

During the FP2019, the RC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the RC in the discharge of its duties:-

(a) Reviewed the remuneration package of the Executive Directors and Senior Management within the Group;
(b) Reviewed and recommended the Directors' fees and benefits payable to the Independent Non-Executive Directors of the Company to the Board of Directors;
(c) Reviewed the Directors' and Senior Management Remuneration Policy; and
(d) Reviewed the Terms of Reference of the RC.

A copy of the RC's Terms of Reference can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

7. Board Charter

The Group has established a Board Charter to promote high standards of corporate governance which is designed to provide guidance and clarity to Directors and the management with regard to the role of the Board and its Committees. The Board Charter clearly sets out the key values and principles of the Group and further sets out the duties and responsibilities of the Board, the Chairman of the Board, the Group Managing Director, the Independent Director and the board committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices.

The Board has a formal schedule of matters reserved for the deliberation as set out below, to ensure good governance is in place for the Group:-

- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions
- Material acquisitions and disposal of assets not in the ordinary course of business including significant capital expenditures
- Strategic investments, mergers and acquisitions and corporate exercises
- Limits of authority
- Treasury policies
- Risk management policies
- Key human resource issues
- Business plans

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

8. Code of Conduct and Code of Ethics

The Group has established a Code of Conduct and Code of Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. Whereas, the Board is focused on the creation that imbues throughout the Group. The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Where else the Code of Ethics is based on the principles in relation to sincerity, integrity, transparency, accountability and corporate social responsibility.

The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training on the Code of Conduct, Code of Ethics and general workplace behavior is provided to the Group's employees to ensure they continuously uphold high standard of conduct when performing their duties.

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/ requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Group has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be deemed as interested or conflicted. The Directors of the Company are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests for the Group's monitoring on a half yearly basis or as and when required.

Notices on the closed period for trading in the ordinary shares of MYEG ("**MYEG Share(s)**" or "**Share(s)**") are sent to Directors and Senior Management and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in MYEG Shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR of Bursa Securities.

A copy of the Code of Conduct and Code of Ethics can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

9. Whistle Blowing Policy and Procedures

The Group has adopted a Whistle Blowing Policy as the Board believes that a sound whistle blowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about genuine or suspected instances of wrongdoing at the Group. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the ARMC, the Group Managing Director or Head of the Human Resource Department.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

I. Board Responsibilities *(cont'd)*

9. Whistle Blowing Policy and Procedures *(cont'd)*

Besides the abovementioned policies, the Group has also put in place the following:

- Insider Dealing Policy
- Sustainability Policy
- Corporate Disclosure Policy and Procedures
- Directors and Senior Management's Remuneration Policy
- Directors' Assessment Policy
- Succession Planning Policy
- Risk Management Policy
- Share Buy Back Policy
- Anti-Corruption Policy
- Human Rights Policy
- Environmental Policy
- Non-Discrimination and Equal Employment Opportunity Policy
- Safety and Health Policy

10. Company Secretary

Every Director has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. In the event that the Company Secretaries fail to fulfil their functions effectively, the terms of their appointment do permit their removal and appointment of a successor by the Board.

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. Both Company Secretaries are fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and have obtained Practicing Certificate from the CCM. All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the CCM and MAICSA for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

In addition, the Company Secretaries are also accountable to the Board and are responsible for the following:

- Advising the Board on its roles and responsibilities.
- Advising the Board on matters related to corporate governance and the MMLR of Bursa Securities.
- Ensuring that Board procedures and applicable rules are observed.
- Maintaining records of the Board and ensuring effective management of the Company's statutory records.
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded.
- Assisting communications between the Board and Management.
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.
- Preparing agendas and co-coordinating the preparation of Board papers.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the scope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

The Board consists of one (1) Executive Chairman, one (1) Group Managing Director and three (3) Independent Non-Executive Directors, wherein majority of the Board comprises Independent Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Group.

The Board of Directors' profile can be found on page 19 to page 23 of this Annual Report.

2. Independency of Independent Directors

For Independent Directors which exceeds a cumulative term of nine (9) years, the Board would justify and seek annual shareholders' approval for re-appointment.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually.

During the period, the NC assessed and endorsed Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

a. they have fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities, and therefore were able to bring independent and objective judgment to the Board;

b. their experience enables them to provide the Board with a diverse set of experience, expertise, skills and competence;

c. they have been with the Company long and therefore understand the Group's business operations which enable them to participate actively and contribute independent judgement yet providing strategic guidance during deliberations or discussions at ARMC and Board meetings;

d. they have contributed sufficient time and efforts and attended all the NC, RC, ARMC and Board meetings for informed and balanced decision making; and

e. they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Group and shareholders.

The NC is satisfied that the Independent Directors are independent of the Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Group.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

II. Board Composition *(cont'd)*

3. Appointment of Board and Senior Management

The Board comprises of a collective number of individuals with extensive complementary knowledge and competencies, as well as expertise to make active, informed and positive contribution to the Management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given to whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, board committees and AGM.

4. Gender Diversity

While the Board acknowledges the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. With the current composition of one (1) female Director who is also the Executive Chairman, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The NC will however continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.

5. Identifying Suitable Candidates

Any proposed appointment of a new member to the Board will be deliberated by the full Board based on the qualifications and experience of the proposed director. The NC would be guided by an internal policy on criteria and skill sets for the Board members in assessing the suitability of the potential candidates for appointment to the Board.

During FP2019, there was no new appointment of Director. Nonetheless, the Board would utilise independent search firms in identifying suitable candidates for appointment in the future when the need arises.

6. Chairman of the NC

The NC is led by Datuk Mohd Jimmy Wong Bin Abdullah, the Independent Non-Executive Director, who directs the NC for succession planning, appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the NC with relevant information of the Group's needs, allowing it to source for suitable candidates when the need arises.

7. Annual Evaluation

The NC is responsible in evaluating the performance and effectiveness of the entire Board, the board committees and individual Director on a yearly basis. The evaluation process is led by the NC's Chairman and supported by the Company Secretary via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

On 27 February 2020, the NC assessed the effectiveness of the Board, its committees and the contribution of each Director by identifying the strengths and weaknesses of the Board.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

II. Board Composition *(cont'd)*

7. Annual Evaluation *(cont'd)*

The assessment criteria used in the assessment of Board and individual Directors includes mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The board committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board evaluation comprises performance evaluation of the Board and various board committees, Directors' peer evaluation and assessment of the independence of the Independent Directors. The assessment is based on three (3) main areas relating to:-

- the Board structure;
- the Board operations; and
- Roles and responsibilities of:-
  - (i) the Board
  - (ii) the Chairman; and
  - (iii) board committees.

For Directors' peer evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at board and committee meetings including his/ her contribution to Board processes.

Any appointment of a new Director to the Board or board committee is recommended by the NC for consideration and approval by the Board. In accordance with the Constitution of the Company, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The existing Constitution of the Company also provides that all directors shall retire at least once every three (3) years.

During the period, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and board committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman of the Board possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement of the Directors standing for re-election at the forthcoming AGM of the Company. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Mr Wong Thean Soon and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim.

III. Remuneration

The objectives of the Directors and Senior Management's Remuneration Policy and Terms of Reference of the RC are to provide fair and competitive remuneration to its Directors and Senior Management in order for the Group to attract and retain Directors and Senior Management of calibre to run the Group successfully. The responsibilities for developing the Directors and Senior Management's Remuneration Policy, determining the remuneration packages of Directors, Group Managing Director and Senior Management, lies with the RC. Nevertheless, it is ultimately the responsibility of the Board to determine the remuneration of Directors and Senior Management.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS *(CONT'D)*

III. Remuneration *(cont'd)*

Based on the Directors and Senior Management's Remuneration Policy, the remuneration packages for the Executive Directors comprises a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind-and etc.) which is determined by the Group's overall financial performance in each financial year and is designed to support the Group's strategy and provides a balance between motivating and challenging the Board to deliver the business priorities and strong performance while also driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of board committees, with the Chairman of the ARMC, RC or NC receiving a higher fee in respect of his/her service as Chairman of the respective committees. The fees for Non-Executive Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

During the financial period under review, the RC had reviewed the remuneration for the Directors, and Senior Management which reflects their level of responsibilities as well as the performance of the Group, and considered their remuneration packages to be comparable within the industry norm.

The details of the remuneration of the Board (on named basis) of the Company comprising remuneration received/receivable from the Company and the Group for the FP2019 are set out below:-

	Group/ Company					
	Fees	Salaries	Bonuses	Benefit in Kind	Others	Total
Executive Directors	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dato' Dr Norraesah Binti Haji Mohamad	193	-	-	-	-	193
Mr Wong Thean Soon	257	-	-	-	-	257
Dato' Raja Haji Munir Shah Bin Raja Mustapha *(resigned on 29 January 2019)*	90	-	-	-	-	90
Non-Executive Director						
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	107	-	-	-	-	107
Datuk Mohd Jimmy Wong Bin Abdullah	107	-	-	-	-	107
Mr Wong Kok Chau	90	-	-	-	-	90

Note: The Directors of the Company only received fees from the Group

A copy of the Directors and Senior Management's Remuneration Policy can be found on the Group's website at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

During FP2019, the ARMC consists of three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of the Group's business. All the members of the ARMC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The composition of the ARMC is presented in the ARMC Report on page 82 of the Annual Report.

The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact.

The ARMC's Terms of Reference has adopted a terms of reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the ARMC which includes a former key audit partner of the Group to observe a cooling-off period of at least two (2) years before being able to be appointed as a member of the ARMC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The ARMC is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the ARMC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The ARMC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The external auditors would meet the ARMC without the presence of the executive Board members and Management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the external auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the ARMC or the Board.

The ARMC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

For the FP2019, fees paid to the external auditors, Messrs Crowe Malaysia PLT and its affiliated firms by the Group are stated in the table below:-

Nature of Services	**Company (RM'000)**	**Subsidiaries (RM'000)**
Audit	68	291
Non-Audit:		
Review of the Risk Management and Internal Control Statement	3	-

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT *(CONT'D)*

I. ARMC *(cont'd)*

The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the ARMC may be found in the ARMC Report on page 82 to page 88 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage, mitigate and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the ARMC. This covers all material controls including financial, operational, compliance and risk management systems. The ARMC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. The independent third party service provider of the internal audit services for the FP2019 was Vaersa Advisory Sdn. Bhd. ("**Vaersa**"), which reported directly to the ARMC as specified in the Terms of Reference of the ARMC. The internal auditors carry out its function in accordance with the approved annual Internal Audit Plan approved by the ARMC. Vaersa has approximately eight (8) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are as set out below:-

Name	Ramnath R Sundaram
Qualification	Associate of Chartered Certified Accountant
Independence	Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period.

Further information may be found in the Risk Management and Internal Control Statement on page 89 to page 91 and the Management Discussion and Analysis on page 12 to page 18 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT
(CONT'D)

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a Corporate Disclosure Policy and Procedure not only to comply with the discourse requirements as stipulated in the MMLR of Bursa Securities, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Board recognises the importance of facilitating effective two-way communication with investors and analysts to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to enhance mutual understanding.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analysts and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Group's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relations page.

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Group's annual report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the annual report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the AGM, a presentation is shown to the shareholders on the Group's performance and major activities carried out during the financial period under review. The Board also encourages participation from shareholders by having a question and answer session during the AGM in the presence of the Directors (inclusive of the Chairman of the AC, RMC, NC and RC) to provide meaningful response to questions raised by the shareholders.

In line with the MMLR of Bursa Securities, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will be appointed to validate the votes cast at any general meeting of the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC had diligently carried out its duties and responsibilities in accordance with its Terms of Reference and discussions were held with the internal auditors, external auditors as well as Management for the FP2019. In the course of its duties during the financial period, the ARMC is of the view that no material misstatement or loss, contingencies or uncertainties have emerged.

MEMBERSHIP

During the period, the members of the ARMC are as follow:-

Name of ARMC Members	Position
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Chairman, Independent Non-Executive Director
Datuk Mohd Jimmy Wong Bin Abdullah	Member, Independent Non-Executive Director
Mr Wong Kok Chau	Member, Independent Non-Executive Director

All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARMC.

ARMC MEETINGS

The ARMC convened seven (7) meetings during the FP2019. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification and attached with comprehensive information on matters to be discussed. The details of attendance of the ARMC members during the FP2019 are as follows:

ARMC Members	Meetings attended
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman)	7/7
Datuk Mohd Jimmy Wong Bin Abdullah	7/7
Mr Wong Kok Chau	7/7

Details of the members of the ARMC are contained in the Profile of Directors as set out on pages 19 to 23 of this Annual Report.

The Company Secretaries or their representative was present at all the meetings. Upon invitation, representatives of the external auditors and the Senior Management also attended specific meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group.

Minutes of the ARMC meetings were disseminated electronically as well as in hardcopy to all the members of the Board. The Chairman of the ARMC reported to the Board on key matters deliberated during the ARMC meetings.

For the financial period under review, the ARMC held two (2) meetings with the internal auditors and two (2) meetings with the external auditors without the presence of the Management to discuss any issues or significant matters, which the internal and external auditors wished to raise.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

COMPOSITION AND TERMS OF REFERENCE

The Terms of Reference of the ARMC, during FP2019 were as follows:

1. Objectives

The ARMC was established by the Board with the objective of assisting the Board in meeting its responsibilities in the following areas:-

- In complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- In presenting a balanced and understandable assessment of the Group's financial position and prospects;
- In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Group's external and internal auditors; and
- In maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets.

2. Composition

The ARMC shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all shall be non-executive directors, and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities. A former key audit partner is required to observe a cooling-off period of at least two (2) years. No alternate director shall be appointed as a member of the ARMC.

In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three (3), the Board shall upon the recommendation of the NC fill the vacancy within two (2) months, but in any case, not later than three (3) months. Therefore, a member of the ARMC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

The NC reviews the terms of office and performance of the ARMC members annually through an effectiveness evaluation exercise. The NC had assessed the ARMC's performance for FP2019 and is satisfied that the ARMC members have discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference.

3. Chairman of ARMC

The Chairman of the ARMC, who shall be elected by the ARMC, shall be an independent director and is not the Chairman of the Board. In the event of the Chairman of the ARMC's absence, the meeting shall be chaired by another independent director.

4. Secretary

The Company Secretaries or his/her representative shall act as the secretary of the ARMC. The said secretary, in conjunction with the Chairman of the ARMC, shall draw up an agenda, which shall be circulated together with the relevant discussion papers, at least one (1) week before the meeting to the members of the ARMC.

The Company Secretaries shall also be responsible for keeping the minutes of meetings of the ARMC and circulating them to the ARMC members. The ARMC members may inspect the minutes of the ARMC at the registered office or such other place may be determined by the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

COMPOSITION AND TERMS OF REFERENCE *(CONT'D)*

The Terms of Reference of the ARMC, during FP2019 were as follows: *(cont'd)*

5. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The ARMC may call for a meeting as and when required with reasonable notice as the ARMC members deem fit. The ARMC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment that is audible to all persons participating in the meeting. Such participation in a meeting shall constitute presence in person at such meeting.

By invitation of the ARMC, the Group Managing Director and other appropriate officers may be invited to attend the ARMC meeting, where their presence are considered appropriate as determined by the Chairman of the ARMC.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The ARMC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

The ARMC shall meet at least two (2) times a year with the external and internal auditors to discuss any matters without the presence of the Management and any executive members of the Board.

6. Rights

The ARMC shall:-

a) have the authority to investigate any matter within its Terms of Reference;
b) have the resources which are required to perform its duties;
c) have full and unrestricted access to any information pertaining to the Group which is required for the purpose of discharging its functions and responsibilities;
d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and Senior Management of the Group;
e) have the right to obtain independent professional or other advice at the Group's expense;
f) have the right to convene meetings with the external auditors and the persons carrying out the internal audit function, excluding the attendance of the executive members of the Board, whenever deemed necessary;
g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board resulting in a breach of the MMLR of Bursa Securities;
h) have the right to pass resolutions by a simple majority vote from the ARMC and that the ARMC Chairman shall have the casting vote should a tie arise;
i) meet as and when required on a reasonable notice; and
j) the ARMC Chairman shall call for a meeting upon the request of the external auditors or internal auditors.

7. Annual General Meeting

The Chairman of the ARMC should attend the annual general meeting to answer any shareholders' questions on the ARMC's activities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

COMPOSITION AND TERMS OF REFERENCE *(CONT'D)*

The Terms of Reference of the ARMC, during FP2019 were as follows: *(cont'd)*

8. Duties

a) To review with the external auditors on:-
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
- the assistance given by the officers of the Group to external auditors, including any difficulties or disputes with Management encountered during the audit; and
- any other matters the external auditors may wish to discuss in the absence of the Management, if necessary.

b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

c) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme, processes, the results of the internal audit programme and process where necessary to ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- review the independency of members of the internal audit function;
- approve any appointment or termination of the internal auditors;
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- review the necessary budget allocated to internal audit function;
- investigate or cause to be investigated any activity within its Terms of Reference; and
- to have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

d) To review with Management: -
- audit reports and management letters issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Group to external auditors.

e) To review and monitor related party transactions entered into by the Group and to determine if such transactions are undertaken on an arm's length basis, normal commercial terms, on terms not more favourable to the related parties than those generally available to the public, not detrimental to the interests of minority shareholders, to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.

f) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board, focusing particularly on:-
- changes in or implementation of major accounting policy and practices;
- significant and/or unusual matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are being addressed;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major areas.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

COMPOSITION AND TERMS OF REFERENCE *(CONT'D)*

The Terms of Reference of the ARMC, during FP2019 were as follows: *(cont'd)*

8. Duties *(cont'd)*

g) To consider the appointment and/or re-appointment of external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors. In considering the appointment and/or re-appointment of the external auditors, to consider among others:-
- the adequacy of the experience and resources of the accounting firm;
- the persons assigned to the audit;
- the accounting firm's audit engagements;
- the size and complexity of the Group being audited; and
- the number and experience of supervisory and professional staff assigned to the particular audit.

The ARMC shall also consider the performance of the external auditors and its independence annually as below:-
- the competence, audit quality and resource capacity of the external auditors in relation to the audit;
- the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee;
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors; and
- obtaining written assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement and in accordance with the terms of all relevant regulatory requirements.

h) To review and approve the non-audit services provided by the external auditors and/or its network firms to the Group for the financial period, including the nature of the non-audit services, fees for the non-audit services relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.

In the event that the non-audit fees paid to the Group's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Group's external auditors) the Group is required to state the details on the nature of non-audit services-rendered in the ARMC Report.

i) To review the adequacy of Group's risk management framework, monitor principal risks that affect the Group and evaluate risk management and mitigation measures in place.

j) To assess the adequacy and effectiveness of the risk management process, system of internal controls and accounting control procedures of the Group.

k) To review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the annual report and report the same to the Board.

l) Communication and monitoring of risk management results to the Board.

m) To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC

During the FP2019, the ARMC carried out the following activities in discharging its functions and duties, including the deliberation on and review of:-

a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa Securities.
b) the annual report and annual audited financial statements of the Group prior to submission to the Board for their consideration and approvals.
c) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of the annual audit.
d) the external auditors' report in relation to audit and accounting issues arising from the audit; matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and Management.
e) the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval.
f) the internal audit reports which outlined the recommendations towards correcting areas of weaknesses and ensure that there were management action plans established for the implementation of the internal auditors' recommendation.
g) the effectiveness of the internal auditors and the re-appointment of internal auditors and made the appropriate recommendation to the Board.
h) the ARMC Report and Risk Management & Internal Control Statement before recommending the same to the Board for approval.
i) the related party transactions entered into by the Group to ensure that they were not detrimental to the interests of minority shareholders.
j) the report on the risk management of the Group presented by the Management.
k) the extent of the Group's compliance with the provisions set out under the MCCG for the purpose of preparing the Corporate Governance Statement and Risk Management and Internal Control Statement pursuant to MMLR of Bursa Securities and the MCCG.

TRAINING AND EDUCATION

During the financial period, the ARMC members attended individually or collectively seminar(s), conference(s) and/or training(s) to continuously upgrade their skills and to keep abreast of current developments to enhance their knowledge and enable them to discharge their duties more effectively.

INTERNAL AUDIT FUNCTION

The internal audit function is designed based on a risk-based approach to evaluate and enhance the Group's risk management, controls and governance processes to assist the Management in achieving its corporate goals.

During the FP2019, the internal audit function of the Group is outsourced to an independent professional firm, Vaersa, which reports directly to the ARMC and assists the Board in monitoring and managing risks and internal controls. The ARMC is satisfied that Vaersa's independence have been maintained as adequate measures are in place. The ARMC is contented that Vaersa has sufficient resources and is able to access information to undertake its duties effectively.

The internal audit reviews were carried out in accordance with the approved internal audit plan which covered the adequacy and effectiveness of the operational controls in mitigating risks, compliance with established policies and procedures, authority limits and applicable laws. The results of the reviews were formally reported to the ARMC and in this regard Management has taken note of the findings and duly acted upon the recommendations made by Vaersa. The internal audit reviews did not reveal any significant weaknesses and consequential provides reasonable assurance on the effectiveness of the Group's systems of internal control and the adequacy of these systems to mitigate business risks and to safeguard the Group's assets and resources.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

INTERNAL AUDIT FUNCTION *(CONT'D)*

The total cost incurred for the internal audit function for the financial period under review was approximately RM30,000. Further details of the internal audit function are set out in the Risk Management and Internal Control Statement on pages 89 to 91.

MOVING FORWARD

The Board had on 27 February 2020 approved the separation of ARMC into two (2) committees, namely Audit Committee and Risk Management Committee in line with the recommendation under the Step-up Practice 9.3 of the MCCG.

The members of the Audit Committee and Risk Management Committee will carry out their respective role starting 27 February 2020 onwards.

Membership of Audit Committee

Name of Audit Committee Members	Position
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Chairman, Independent Non-Executive Director
Datuk Mohd Jimmy Wong Bin Abdullah	Member, Independent Non-Executive Director
Mr Wong Kok Chau	Member, Independent Non-Executive Director

Functions

The Audit Committee assists the Board in the following areas:

- In complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- In presenting a balanced and understandable assessment of the Group's financial position and prospects; and
- In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's external auditors.

Its revised Terms of Reference to reflect the duties and responsibilities of Audit Committee is available on the Company's website: www.myeg.com.my/investor_relations under "Corporate Governance" tab.



RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

The Board is pleased to present its Risk Management and Internal Control Statement for FP 2019 which has been prepared pursuant to paragraph 15.26(b) of the MMLR and as guided by Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers ("**the Guidelines**"). This statement outlines the nature and state of the internal controls of the Group.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls, and for reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded.

Given the inherent limitations in the risk management and internal control system, such a system put into effect by the Management is designed to manage rather than eliminate risks that may impede the Group's achievement of the corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management should be an integral part of the business operation. On a day-to-day basis, respective Heads of Departments are responsible for managing and mitigating risks related to their functions or departments.

Weekly management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the senior management team.

The Board, through the ARMC, provides oversight of the entire risk management framework of the Group. The formation of the Risk Management Working Group ("**RMWG**") is to assist the ARMC in fulfilling its oversight responsibilities with respect to the Group's risk management processes including assessment of key strategic and operational risk. The RMWG comprising of key management staff and an Independent Non-Executive Director is to carry out the risk management activities and identify any significant risks that are brought to the attention of the ARMC and subsequently to the Board at their scheduled meetings. Where necessary, special meetings will be convened to discuss specific matters that require immediate attention.

During the financial period under review, the RMWG had met five (5) times to update, review, highlight the key risk areas affecting the Group and recommended risk management strategies to manage and mitigate the identified risks. The activities of the RMWG undertaken were reported to the ARMC at the quarterly ARMC meetings.

The Group Risk Management Policy established in October 2013 was reviewed by the Board at their scheduled meeting held on 27 February 2020 where it was assessed to be adequate and no further amendments were required by the Board.

The abovementioned risk management practices of the Group are the on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its corporate objectives for the period under review and up to the date of approval of this Risk Management and Internal Control Statement by the Board.

INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provider, namely Vaersa together with our in-house internal audit team to carry out the internal audit function, which provides the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The internal audit function assists the Board and ARMC in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
(CONT'D)

INTERNAL AUDIT FUNCTION *(CONT'D)*

The assessment of the adequacy and effectiveness of the internal controls established by the Management in mitigating risks is carried out through interviews and discussions with key management staffs, review of the relevant established policies and procedures, and authority limits and observing and testing of the internal controls on a sample basis. The results of the internal audit reviews including action plans to be taken by the Management to address the identified weaknesses and recommendation of enhancement opportunities are then reported to the ARMC, which in turn reports these matters to the Board.

During the FP2019, internal audits were carried out in accordance with the risk based internal audit plan which has been reviewed and approved by the ARMC. The business processes reviewed were Management Information System and E-Service Centre operations processes of the Group. The results of the internal audit reviews were discussed with Senior Management and subsequently, the internal audit findings, including the recommendations for improvement were reported to the ARMC at the quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. The total costs incurred for the internal audit function for FP2019 was approximately RM30,000.

In addition, internal auditors met with ARMC on 30 May 2019 and 29 August 2019 without the presence of executive board members and the Management to discuss audit related matters.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are:

(i) Quarterly review of the financial performance of the Group by the ARMC and the Board.
(ii) Clearly defined and structured lines of reporting and responsibility.
(iii) Operations review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.
(iv) Documented internal policies as set out in a series of memorandums to various departments within the Group.
(v) Whistle Blowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secured and confidential manner.

ASSURANCE

The Group Managing Director and Chief Financial Officer have provided assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal controls, in all material aspects. Taking into consideration the assurance from the Management and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes are operating adequately and effectively to safeguard the shareholders' investment, customer's interests, and Group's assets.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of risk management and internal controls practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal controls. The Group's risk management and internal controls systems do not apply to the associate companies. The Group's interest in the associate companies is served through Board representation and periodic review of the associate companies' management accounts by Senior Management and the Board.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
(CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Risk Management and Internal Control Statement included in this Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Risk Management and Internal Control Statement: Guidelines for Directors of Listed Issuers and Practice Note 9.1 and 9.2 of Malaysian Code of Corporate Gorvernance 2017 to be set out, nor is factually inaccurate.

Moving Forward

The Board had on 27 February 2020 approved the separation of ARMC into two (2) committees, namely Audit Committee and Risk Management Committee in line with the recommendation under Step-up Practice 9.3 of the MCCG.

The members of the Audit Committee and Risk Management Committee will carry out their respective role starting 27 February 2020 onwards.

Membership of Risk Management Committee

The MCCG has recommended that the members of Risk Management Committee shall comprise a majority of independent directors.

Name of Risk Management Committee Members	Position
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Chairman, Independent Non-Executive Director
Datuk Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director
Mr Wong Kok Chau	Independent Non-Executive Director

Functions

The Risk Management Committee assists the Board in the following areas:
- evaluate the Group's level of risk tolerance, risk appetite and risk profile;
- assess and monitor risks to be within its risk appetite;
- review the Company's internal controls and engage with management to periodically test the adequacy and effectiveness of the risk management framework and internal control system; and
- in maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Company's assets.

The new Terms of Reference to reflect the duties and responsibilities of Risk Management Committee is available on the Company's website: www.myeg.com.my/investor_relations (under the "Corporate Governance" tab).



DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 30 September to 31 December during the current financial period.

RESULTS

	The Group	The Company
	RM'000	RM'000
Profit after taxation for the financial period	302,156	265,885
Attributable to:-		
Owners of the Company	303,090	265,885
Non-controlling interests	(934)	-
	302,156	265,885

DIVIDENDS

Dividends paid or declared by the Company since 30 September 2018 are as follows:-

	RM'000
In respect of the financial period ended 30 September 2018	
A final dividend of 1.40 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 14 March 2019, paid on 5 June 2019	48,781
In respect of the financial period ended 31 December 2019	
A first interim dividend of 0.50 sen per ordinary share, paid on 23 August 2019	17,421
	66,202

At the forthcoming Annual General Meeting, a final dividend of 2.0 sen per ordinary share amounting to approximately RM69.3 million in respect of the current financial period will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2020.

DIRECTORS' REPORT
(CONT'D)

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial period:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial period, the Company purchased 86,165,100 of its issued ordinary shares from the open market at an average price of RM1.07 per share. The total consideration paid for the shares purchased was RM91,938,193 including transaction costs. The ordinary shares purchased were being held as treasury shares in accordance with Section 127(6) of the Act and were presented as a deduction from equity.

As at 31 December 2019, the Company held as treasury shares a total of 140,165,100 of its 3,606,305,993 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM144,742,516. The details of the treasury shares are disclosed in Note 26 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT
(CONT'D)

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period 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 when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows:-

Dato' Dr Norraesah Binti Haji Mohamad
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Wong Thean Soon
Datuk Mohd Jimmy Wong Bin Abdullah
Wong Kok Chau
Dato' Raja Haji Munir Shah Bin Raja Mustapha (Resigned on 29 January 2019)

The names of directors of the Company's subsidiaries who served during the financial period and up to the date of this report, not including those directors mentioned above, are as follows:-

Dato' Raja Haji Munir Shah Bin Raja Mustapha
Datuk Nor Adnan Bin Zainal Abidin
Chong Chien Ming
Chong Mei Yee
Cheong Kok Leong
Khow Siong Long
Leon Loo Ee Han
Malcolm Caesar Leong Sze Kwong
Tan Seong Yeau
Sean Cornelius Yoong Wan Yen
Zulhelmi Bin Othman
Tan Kai Jie
Wong Thean Chye
Elaine Daly (Appointed on 16 October 2018)
Shum Khai Yeap (Appointed on 8 November 2018 and resigned on 17 October 2019)
Lim Gian Huang (Resigned on 8 November 2018)

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares of the Company and its related corporations during the financial period are as follows:

	Number of Ordinary Shares			
	At 1.10.2018	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
Dato' Dr Norraesah Binti Haji Mohamad	25,960,000	300,000	-	26,260,000
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	12,028,000	41,000	(850,000)	11,219,000
Wong Thean Soon	307,008,030	68,931,100	(73,000,000)	302,939,130
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	-	-	3,312,000
Indirect Interests				
Dato' Dr Norraesah Binti Haji Mohamad [1]	1,039,280,444	174,166,667	(1,213,447,111)	-
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	4,610,000	41,000	(350,000)	4,301,000[2]
Wong Thean Soon	1,093,680,444	187,166,667	(514,733,334)	766,113,777[3]

(1) Indirect interest through her interests in Asia Internet Holdings Sdn. Bhd. ("AIH") by virtue of Section 8 of the Companies Act 2016.
(2) Indirect interests through his spouse and son, by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.
(3) Indirect interests through his interests in AIH by virtue of Section 8 of the Companies Act 2016.

By virtue of his shareholdings in the Company, Wong Thean Soon is deemed to have interests in shares in its related corporations during the financial period to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial period had no interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or 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 46 to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial period are disclosed in Note 45 to the financial statements.

DIRECTORS' REPORT
(CONT'D)

INDEMNITY AND INSURANCE COST

During the financial period, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 52 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 53 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 40 to the financial statements.

Signed in accordance with a resolution of the directors dated 29 June 2020.

Wong Thean Soon

Dato' Dr Norraesah Binti Haji Mohamad

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

We, Wong Thean Soon and Dato' Dr Norraesah Binti Haji Mohamad, being two of the directors of MY E.G. Services Berhad, state that, in the opinion of the directors, the financial statements set out on pages 102 to 205 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 2019 and of their financial performance and cash flows for the financial period ended on that date.

Signed in accordance with a resolution of the directors dated 29 June 2020.

Wong Thean Soon **Dato' Dr Norraesah Binti Haji Mohamad**

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

I, Wong Thean Soon, being the director primarily responsible for the financial management of MY E.G. Services Berhad, do solemnly and sincerely declare that the financial statements set out on pages 102 to 205 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Wong Thean Soon
at Kuala Lumpur
in the Federal Territory
on this 29 June 2020

Wong Thean Soon

Before me

Datin Hajah Raihela Wanchik
No: W-275
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MY E.G. SERVICES BERHAD
(Incorporated in Malaysia) Registration No: 200001003034 (505639 - K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MY E.G. Services Berhad, which comprise the statements of financial position as at 31 December 2019 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 205.

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 2019, and of their financial performance and their cash flows for the financial period 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 period. 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MY E.G. SERVICES BERHAD
(Incorporated in Malaysia) Registration No: 200001003034 (505639 - K)
(CONT'D)

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

Key Audit Matters *(cont'd)*

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

Impairment of Financing Receivables Refer to Notes 5.1(d) and 16 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
As disclosed in Note 16 to the financial statements, financing receivables as at the reporting date amounted to approximately RM319 million. The management assessed the level of allowance for impairment losses on financing receivables based on management's application of judgement and use of subjective assumptions. This assessment involves significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance for impairment losses. Due to the significance of financing receivables (representing 31% of total assets of the Group) and the uncertainty inherent in determining the level of allowance for impairment losses, we considered this as a key audit matter.	Our audit procedures included, amongst others:- • reviewed recoverability of financing receivables; • reviewed management's basis of assessment on impairment loss on financing receivables; • reviewed the management assessment on the borrowers' creditworthiness and guarantor or collaterals for the financing receivables; • enquired management on procedures in place for the approval of financing receivables; • reviewed the repayment of principal and interest during the financial period; and • considered the adequacy of the Group's disclosures in this area.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MY E.G. SERVICES BERHAD
(Incorporated in Malaysia) Registration No: 200001003034 (505639 - K)
(CONT'D)

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

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 a 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 skepticism throughout the audit. We also:-

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MY E.G. SERVICES BERHAD
(Incorporated in Malaysia) Registration No: 200001003034 (505639 - K)
(CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 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 Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Onn Kien Hoe
01772/11/2020 J
Chartered Accountant

Kuala Lumpur
29 June 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

		The Group		The Company	
		31.12.2019	30.9.2018	31.12.2019	30.9.2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	18,895	16,895
Investments in associates	7	13,714	-	-	400
Investments in joint ventures	8	4,756	2,006	6,359	2,726
Property and equipment	9	302,883	283,848	192,370	146,448
Investment properties	10	30,966	31,783	110,104	120,095
Right-of-use assets	11	10,623	-	762	-
Other investments	12	34,600	28,527	-	-
Development costs	13	854	2,990	569	1,797
Goodwill on consolidation	14	18,454	18,454	-	-
Deferred tax asset	15	-	710	-	-
Financing receivables	16	288,357	157,791	-	-
		705,207	526,109	329,059	288,361
CURRENT ASSETS					
Inventories	17	3,245	3,397	-	-
Financing receivables	16	30,674	13,900	-	-
Trade receivables	18	156,785	150,855	313	340
Other receivables, deposits and prepayments	19	56,258	78,947	34,670	44,665
Amount owing by subsidiaries	20	-	-	429,771	318,044
Amount owing by an associate	21	6	-	-	-
Amount owing by joint ventures	22	95	13	95	13
Current tax assets		1,540	800	-	91
Fixed deposits with licensed banks	23	12,439	10,066	7,688	7,250
Cash and bank balances	24	63,781	100,164	39,894	26,000
		324,823	358,142	512,431	396,403
TOTAL ASSETS		1,030,030	884,251	841,490	684,764

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019
(CONT'D)

	Note	The Group		The Company	
		31.12.2019	30.9.2018	31.12.2019	30.9.2018
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	25	360,630	360,630	360,630	360,630
Treasury shares	26	(144,743)	(52,804)	(144,743)	(52,804)
Reserves	27	497,045	260,119	450,283	250,600
Equity attributable to owners of the Company		712,932	567,945	666,170	558,426
Non-controlling interests		(4,937)	(4,043)	-	-
TOTAL EQUITY		707,995	563,902	666,170	558,426
NON-CURRENT LIABILITIES					
Lease liabilities	28	3,941	-	153	-
Long-term borrowings	29	132,574	94,683	120,009	92,598
Deferred tax liabilities	33	2,223	2,277	1,910	1,910
		138,738	96,960	122,072	94,508
CURRENT LIABILITIES					
Trade payables	34	102,237	159,510	1,440	887
Other payables and accruals	35	30,484	28,696	13,421	6,017
Deferred revenue	36	1,159	1,091	-	-
Current tax liabilities		235	1,679	14	-
Lease liabilities	28	5,755	-	633	-
Short-term borrowings	37	43,427	32,413	37,740	24,926
		183,297	223,389	53,248	31,830
TOTAL LIABILITIES		322,035	320,349	175,320	126,338
TOTAL EQUITY AND LIABILITIES		1,030,030	884,251	841,490	684,764

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

		The Group		The Company	
		1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	38	593,578	562,270	310,829	312,364
COST OF SALES		(161,477)	(149,312)	(11,012)	(10,432)
GROSS PROFIT		432,101	412,958	299,817	301,932
OTHER INCOME		15,327	6,586	27,082	7,990
		447,428	419,544	326,899	309,922
ADMINISTRATIVE EXPENSES		(92,919)	(77,811)	(33,715)	(34,817)
OTHER EXPENSES		(35,247)	(108,631)	(16,776)	(88,895)
FINANCE COSTS		(8,762)	(7,912)	(8,054)	(7,167)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	39	(1,016)	(95,997)	-	(72,750)
SHARE OF NET LOSS ON EQUITY ACCOUNTED ASSOCIATES		(1,147)	#	-	-
SHARE OF NET LOSS ON EQUITY ACCOUNTED JOINT VENTURES		(1,398)	(720)	-	-
PROFIT BEFORE TAXATION	40	306,939	128,473	268,354	106,293
INCOME TAX EXPENSE	41	(4,783)	(2,503)	(2,469)	(84)
PROFIT AFTER TAXATION		302,156	125,970	265,885	106,209

represents an amount less than RM1,000

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

	Note	The Group 1.10.2018 to 31.12.2019 RM'000	The Group 1.7.2017 to 30.9.2018 RM'000	The Company 1.10.2018 to 31.12.2019 RM'000	The Company 1.7.2017 to 30.9.2018 RM'000
OTHER COMPREHENSIVE INCOME					
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		38	-	-	-
Recycle to profit and loss on disposal of an other investment		-	(299)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		302,194	125,671	265,885	106,209
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		303,090	128,952	265,885	106,209
Non-controlling interests		(934)	(2,982)	-	-
		302,156	125,970	265,885	106,209
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		303,128	128,653	265,885	106,209
Non-controlling interests		(934)	(2,982)	-	-
		302,194	125,671	265,885	106,209
EARNINGS PER SHARE (SEN)					
Basic	42	8.6	3.6		
Diluted	42	8.6	3.6		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

		← Non-Distributable →				Distributable			
	Note	Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group									
Balance at 1.7.2017		360,630	-	6,700	-	186,074	553,404	(1,463)	551,941
Profit after taxation/Total comprehensive income for the financial period		-	-	-	-	128,952	128,952	(2,982)	125,970
Other comprehensive income for the financial period:									
- Recycle to profit and loss on disposal of an other investment		-	-	(299)	-	-	(299)	-	(299)
Total comprehensive income for the financial period		-	-	(299)	-	128,952	128,653	(2,982)	125,671
Contributions by and distributions to owners of the Company:									
- Additional subscription of shares by non-controlling interest		-	-	-	-	-	-	402	402
- Purchase of treasury shares	26	-	(52,804)	-	-	-	(52,804)	-	(52,804)
- Dividends:									
- by the Company	43	-	-	-	-	(61,308)	(61,308)	-	(61,308)
Total transactions with owners		-	(52,804)	-	-	(61,308)	(114,112)	402	(113,710)
Balance at 30.9.2018		360,630	(52,804)	6,401	-	253,718	567,945	(4,043)	563,902

The annexed notes form an integral part of these financial statements.

		← Non-Distributable →				Distributable			
	Note	Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group									
Balance at 30.9.2018/1.10.2018		360,630	(52,804)	6,401	-	253,718	567,945	(4,043)	563,902
Profit after taxation/Total comprehensive income for the financial period		-	-	-	-	303,090	303,090	(934)	302,156
Other comprehensive income for the financial period:									
- Foreign currency translation differences		-	-	-	38	-	38	-	38
Total comprehensive income for the financial period		-	-	-	38	303,090	303,128	(934)	302,194
Contributions by and distributions to owners of the Company:									
- Additional subscription of shares by non-controlling interest		-	-	-	-	-	-	40	40
- Purchase of treasury shares	26	-	(91,939)	-	-	-	(91,939)	-	(91,939)
- Dividends:									
- by the Company	43	-	-	-	-	(66,202)	(66,202)	-	(66,202)
Total transactions with owners		-	(91,939)	-	-	(66,202)	(158,141)	40	(158,101)
Balance at 31.12.2019		360,630	(144,743)	6,401	38	490,606	712,932	(4,937)	707,995

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

	Note	Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
The Company					
Balance at 1.7.2017		360,630	-	205,699	566,329
Profit after taxation/Total comprehensive income for the financial period		-	-	106,209	106,209
Contributions by and distributions to owners of the Company:					
- Purchase of treasury shares	26	-	(52,804)	-	(52,804)
- Dividends	43	-	-	(61,308)	(61,308)
Total transactions with owners		-	(52,804)	(61,308)	(114,112)
Balance at 30.9.2018/1.10.2018		360,630	(52,804)	250,600	558,426
Profit after taxation/Total comprehensive income for the financial period		-	-	265,885	265,885
Contributions by and distributions to owners of the Company:					
- Purchase of treasury shares	26	-	(91,939)	-	(91,939)
- Dividends	43	-	-	(66,202)	(66,202)
Total transactions with owners		-	(91,939)	(66,202)	(158,141)
Balance at 31.12.2019		360,630	(144,743)	450,283	666,170

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	306,939	128,473	268,354	106,293
Adjustments for:-				
Allowance for impairment loss on goodwill	-	95	-	-
Amortisation of development costs	2,136	2,294	1,228	1,375
Bad debts written off	49	11	-	-
Depreciation of property and equipment	29,303	29,483	11,610	8,170
Depreciation of investment properties	817	345	2,899	2,526
Depreciation of right-of-use assets	7,280	-	1,000	-
Equipment written off	558	493	534	421
Impairment losses:				
- trade receivables	33	41	-	-
- financing receivables	1,014	549	-	-
- investment in an associate	-	-	400	-
- amount owing by an associate	-	95,450	-	72,750
- equipment	-	76,291	-	76,291
Interest expense on lease liabilities	659	-	67	-
Interest expense	8,505	7,908	8,048	7,167
Inventories written down	31	1	-	-
Share of net loss on equity accounted associates	1,147	#	-	-
Share of net loss on equity accounted joint ventures	1,398	720	-	-
Dividend income	-	-	(300,000)	(300,000)
Gain on disposal of equipment	(72)	#	-	-
Gain on partial disposal of an other investment	(3,553)	(1,198)	-	-
Interest income	(1,142)	(3,123)	(10,932)	(716)
Reversal of impairment loss on trade receivables	(31)	(43)	-	-
Reversal of deferred income	-	(19,940)	-	-
Reversal of inventories previously written down	(52)	-	-	-
Unrealised (gain)/loss on foreign exchange	(1)	(120)	5	(127)
Operating profit/(loss) before working capital changes/ Balance carried forward	355,018	317,730	(16,787)	(25,850)

- represents an amount less than RM1,000

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Operating profit/(loss) before working capital changes/Balance brought forward	355,018	317,730	(16,787)	(25,850)
Decrease/(Increase) in inventories	173	(1,586)	-	-
Increase in financing receivables	(148,354)	(158,049)	-	-
Decrease/(Increase) in trade and other receivables	16,708	(7,720)	10,022	6,699
(Decrease)/Increase in trade and other payables	(55,485)	36,198	7,956	1,927
Decrease/(Increase) in amount owing by subsidiaries	-	-	182,512	(104,753)
Increase in amount owing by joint ventures	(82)	(13)	(82)	(13)
Increase in amount owing by an associate	(6)	(9,923)	-	(9,923)
Increase in deferred revenue	68	608	-	-
CASH FROM/(FOR) OPERATIONS	168,040	177,245	183,621	(131,913)
Income tax (paid)/refunded	(6,311)	(496)	(2,363)	113
NET CASH FROM/(FOR) OPERATING ACTIVITIES	161,729	176,749	181,258	(131,800)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

	Note	The Group 1.10.2018 to 31.12.2019 RM'000	The Group 1.7.2017 to 30.9.2018 RM'000 (Restated)	The Company 1.10.2018 to 31.12.2019 RM'000	The Company 1.7.2017 to 30.9.2018 RM'000 (Restated)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of investment properties		-	(6,443)	-	(6,443)
Advances to subsidiaries		-	-	(283,930)	-
Dividend received		-	-	300,000	300,000
Interest income received		1,142	3,123	623	716
(Decrease)/Increase in pledged deposits with licensed banks		(2,370)	5,712	(438)	5,815
Proceeds from disposal of equipment		16,803	-	13,219	-
Purchase of property and equipment	44(a)	(69,865)	(47,485)	(64,192)	(33,998)
Proceeds from partial disposal of an other investment		5,779	1,769	-	-
Purchase of:					
- other investments		(8,299)	(19,579)	-	-
- a subsidiary		-	-	(2,000)	(2,000)
- associates		(14,861)	-	-	-
- a joint venture		(4,148)	(2,726)	(3,633)	(2,726)
Subscription of shares in a subsidiary by non-controlling interest		40	402	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(75,779)	(65,227)	(40,351)	261,364
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid	43	(66,202)	(61,308)	(66,202)	(61,308)
Drawdown of term loans	44(b)	50,053	-	50,053	-
Drawdown of revolving credit	44(b)	10,000	11,960	10,000	10,000
Drawdown of block discounting	44(b)	18,028	-	-	-
Interest paid	44(b)	(9,164)	(7,908)	(8,115)	(7,055)
Purchase of treasury shares	26	(91,939)	(52,804)	(91,939)	(52,804)
Repayment of hire purchase and finance lease obligations	44(b)	-	(2,676)	-	-
Repayment of lease liabilities	44(b)	(7,781)	-	(977)	-
Repayment of term loans	44(b)	(19,828)	(19,358)	(19,828)	(18,403)
Repayment of revolving credit	44(b)	(4,660)	(1,200)	-	-
Repayment of block discounting	44(b)	(876)	-	-	-
NET CASH FOR FINANCING ACTIVITIES		(122,369)	(133,294)	(127,008)	(129,570)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

	Note	The Group		The Company	
		1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
		RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(36,419)	(21,772)	13,899	(6)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		39	129	(5)	126
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		100,243	121,886	26,000	25,880
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	44(d)	63,863	100,243	39,894	26,000

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Level 43A, MYEG Tower, No. 8 Jalan Damansara, Empire City, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 June 2020.

2. CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 30 September to 31 December during the current financial period.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

4. BASIS OF PREPARATION

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 Companies Act 2016 in Malaysia.

4.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

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

MFRS 16 Leases

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

4. BASIS OF PREPARATION *(CONT'D)*

4.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):- *(cont'd)*

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios.

In addition, the Group has also early adopted MFRS 16 Leases which is effective for annual periods beginning on or after 1 January 2019, during the current financial period. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 54 to the financial statements.

4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 14 to the financial statements.

(c) Impairment of Property and Equipment, Investment Properties and Right-of-use Assets

The Group determines whether an item of its property and equipment, investment properties and right-of-use assets is 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 valuation reports and 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 amounts of property and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 9, 10 and 11 to the financial statements.

(d) Impairment of Trade and Financing Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade and financing receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade and financing receivables. The carrying amounts of trade and financing receivables as at the reporting date are disclosed in Notes 18 and 16 to the financial statements respectively.

For impaired loans, advances and financing ("loan(s)") which are individually assessed, judgement by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgements are made about the realisable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ from these, hence, resulting in changes to impairment losses recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

Key Sources of Estimation Uncertainty (cont'd)

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amounts owing by subsidiaries, amounts owing by joint ventures and amounts owing by an associate as at the reporting date are disclosed in Notes 19 ,20, 21 and 22 to the financial statements.

(f) Fair Value Estimates for Unquoted Financial Assets

The Group carries certain financial assets that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income. The carrying amounts of these financial assets as at the reporting date are disclosed in Note 12 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(b) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.2 BASIS OF CONSOLIDATION *(cont'd)*

(d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, 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 and joint ventures.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.4 FUNCTIONAL AND FOREIGN CURRENCIES *(cont'd)*

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations, if any, are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.5 FINANCIAL INSTRUMENTS *(cont'd)*

Financial instruments recognised in the statement of financial position are disclosed in the policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.5 FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.5 FINANCIAL INSTRUMENTS *(cont'd)*

(d) Derecognition *(cont'd)*

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.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs 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 amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 30 September 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 October 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:-

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

5.8 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.8 PROPERTY AND EQUIPMENT *(cont'd)*

Depreciation on other property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
IT terminals	20%
Motor vehicles	16 - 20%
Office and communication equipment	10 - 12%
Office furniture and renovation	10%
Computers	20%
Software	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.9 INVESTMENT PROPERTIES *(cont'd)*

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5.10 DEVELOPMENT EXPENDITURE

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of their expected benefits but not exceeding 20 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

5.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.11 IMPAIRMENT *(cont'd)*

(a) Impairment of Financial Assets *(cont'd)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 30 September 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 October 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their valueinuse, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.12 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.12 LEASES *(cont'd)*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 30 September 2018

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be 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 interest expense in profit or loss.

5.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity period of three months or less.

5.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial period, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.20 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.

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 are 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.

5.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.21 REVENUE FROM CONTRACTS WITH CUSTOMERS *(cont'd)*

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Interest Income

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

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(e) Rental Income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

5.22 DEFERRED REVENUE

The deferred revenue primarily relate to advance considerations received from customers for the rental of devices and advanced billings for other maintenance services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

5.23 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.24 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

5.25 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

Investments in joint ventures are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31.12.2019	30.9.2018
	RM'000	RM'000
Unquoted shares, at cost	18,895	16,895

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100	100	Provision of software solutions and maintenance services.
MY EG Sdn. Bhd. ("EGSB")	Malaysia	100	100	Development and implementation of the Electronic Government services project and provision of other related services.
MY E.G. Commerce Sdn. Bhd. ("MECSB")	Malaysia	100	100	Provision of auto insurance intermediary services and other related ancillary services.
MY E.G. Capital Sdn. Bhd. ("MYEGC")	Malaysia	100	100	Investment holding.
MY EG Management Services Sdn. Bhd. ("MYEGMS")	Malaysia	100	100	Provision of management and consultancy services.
MY EG International Sdn. Bhd. ("MYEGI")	Malaysia	100	100	To undertake investments and joint ventures in foreign countries.
Subsidiaries of MYEGC				
MY EG Ad Networks Sdn. Bhd. ("MYEGAD")	Malaysia	100	100	Provision of online advertisement.
Agensi Pekerjaan MY EG Jobs Sdn. Bhd. ("MYEGJOBS")	Malaysia	100	100	Provision of job matching and placement service to match Malaysian employers with foreign worker.
Car X Services Sdn. Bhd. ("CarX")	Malaysia	55	55	To operate and manage automotive classified web portal and other value added services for the automotive classified web portal.
MY EG Finance Technologies Sdn Bhd ("MYEGFT")	Malaysia	100	100	Provision of finance lease activities and other credit granting activities.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES *(CONT'D)*

The details of the subsidiaries are as follows:- *(cont'd)*

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Subsidiaries of MYEGC *(cont'd)*				
MY E.G. Alternative Payment Services Sdn. Bhd. ("MYEG ALT")	Malaysia	100	100	Providing and operating an electronic payment and remittance platform for the issuance, transfer, clearance, and settlement of Electronic Money and all ancillary products and services related to it.
Picasso Media Sdn. Bhd. ("Picasso Media")	Malaysia	60	60	Provision of diversified media solutions and related professional services.
CardBiz Holding Sdn. Bhd. ("CardBiz")	Malaysia	55	55	Investment holding.
Hurr Tv Sdn. Bhd. ("Hurr Tv")	Malaysia	60	60	Build, own and operate an online TV channel.
Essential Reviews Sdn. Bhd. ("ERSB")	Malaysia	67	67	Provision of digital platform for reviews and news on restaurant and food and beverage business, with advertising or marketing possibilities for related brands.
Mydigitalcoin Sdn. Bhd. ("MYDC")	Malaysia	100	100	Investment holding.
MY EG E-Settlement Sdn. Bhd. ("MYEGE")	Malaysia	100	-	Provision of payment settlement systems.
PayMe Sdn. Bhd. ("PayMe")	Malaysia	100	-	Provision of human resource management and payroll services.
MY EG Islamic Finance Sdn. Bhd. ("MYEGIF")	Malaysia	100	-	Provision of Islamic financial lease activities and other Islamic credit granting activities.
Subsidiaries of CardBiz				
CardBiz Solutions Sdn. Bhd. ("CSSB")	Malaysia	55	55	Computer software and hardware.
CardBiz Payment Services Sdn. Bhd. ("CPSSB")	Malaysia	55	55	Information technology and credit card terminal rental and other related activities.
CardBiz Technologies Sdn. Bhd. ("CTSB")	Malaysia	55	55	Trading of computer hardware, accessories and related products.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES *(CONT'D)*

The details of the subsidiaries are as follows:- *(cont'd)*

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Subsidiaries of CardBiz *(cont'd)*				
Buy Now Asia Sdn. Bhd. ("BNASB")	Malaysia	55	55	E-Commerce service provider, online purchase and redemption and other related activities.
CardBiz eServices Sdn. Bhd. ("CESB")	Malaysia	55	55	Dormant.
Subsidiaries of EGSB				
MYEG Trade Sdn. Bhd. ("MTSB")	Malaysia	100	100	Trading of motor vehicles and provision of ancillary services.
MY EG Lodging Sdn. Bhd. ("MLSB")	Malaysia	55	55	Build, own and operate hostels for foreign workers.
MYEG Auto Assist Sdn. Bhd. ("MYAA")	Malaysia	100	100	Provision of motor vehicle inspection and repairs, sale of removable motor vehicle spare parts and motor vehicle breakdown assistance.
Subsidiary of Hurr Tv				
Muca Wellness Sdn. Bhd. ("MUCA")	Malaysia	60	60	Electronic commerce.
Subsidiary of MYEGI				
MY EG (Indonesia) Sdn. Bhd. ("MYEGIND")	Malaysia	100	100	Activities of an investment holding company.
MY EG (Bangladesh) Sdn. Bhd. ("MYEGBD")	Malaysia	100	-	Activities of an investment holding company.
MY EG (Philippines) Sdn. Bhd. ("MYEGP")^	Malaysia	100	-	Activities of an investment holding company.
Subsidiary of MYEGIND				
PT MYEG Services Indonesia. ("PTMYEG")^	Indonesia	90	90	To build, own, and operate a digital platform for commercial services.

^ *These subsidiaries were unaudited as at the financial period ended.*

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES *(CONT'D)*

(a) During the financial period:-

(i) On 1 October 2018, MYEGC incorporated a wholly-owned subsidiary with 100 ordinary shares, representing 100% of equity interest in MYEGE for a total consideration of RM100.

(ii) On 8 October 2018, MYEGC incorporated a wholly-owned subsidiary with 100 ordinary shares, representing 100% of equity interest in PayMe for a total consideration of RM100.

(iii) On 15 November 2018, MYEGC subscribed for an additional 59,994 ordinary shares, representing 60% of equity interest in Hurr Tv for a total consideration of RM59,994.

(iv) On 26 June 2019, MYEGC incorporated a wholly-owned subsidiary with 10 ordinary shares, representing 100% of equity interest in MYEGIF for a total consideration of RM10. On 23 October 2019, MYEGC subscribed for an additional 1,999,990 ordinary shares of RM1 each, representing 100% of equity interest in MYEGIF for a total consideration of RM1,999,990.

(v) On 30 June 2019, the Company subscribed for an additional 1,999,999 ordinary shares, representing 100% of equity interest in MYEGI for a total cash consideration of RM1,999,999.

(vi) On 19 July 2019, MYEGC subscribed for an additional 10,000,000 ordinary shares, representing 83% of equity interest in MYEGFT for a total consideration of RM10,000,000.

(vii) On 21 November 2019, MYEGI incorporated and subscribed for a wholly-owned subsidiary with 10 ordinary shares, representing 100% of equity interest in MYEGP for a total consideration of RM10.

(b) In the previous financial period:-

(i) On 24 October 2017, EGSB subscribed for an additional 274,945 ordinary shares, representing 55% of equity interest in MLSB for a total cash consideration of RM274,945.

(ii) On 21 November 2017, MYEGC subscribed for an additional 450,000 ordinary shares, representing 90% of equity interest in MYEGJOBS for a total consideration of RM450,000.

(iii) On 6 December 2017, EGSB incorporated a wholly-owned subsidiary with 1 ordinary share, representing 100% of equity interest in MYAA for a total consideration of RM1.

(iv) On 31 December 2017, MYEGC subscribed for an additional 60,000 ordinary shares, representing 12% of equity interest in Picasso Media for a total consideration of RM60,000.

(v) On 26 January 2018, the Company incorporated a wholly-owned subsidiary with 1 ordinary share, representing 100% of equity interest in MYEGI for a total consideration of RM1.

(vi) On 30 March 2018, the Company subscribed for an additional 1,999,998 ordinary shares, representing 99% equity interest in MYEGMS for a total cash consideration of RM1,999,998.

(vii) On 31 March 2018, Hurr Tv subscribed for an additional 150,000 ordinary shares, representing 99% of equity interest in MUCA for a total cash consideration of RM150,000.

(viii) On 22 June 2018, MYEGI incorporated a wholly-owned subsidiary with 10 ordinary shares, representing 100% of equity interest in MYEGIND for a total consideration of RM10.

(ix) On 21 September 2018, MYEGIND incorporated a subsidiary with 2,250 ordinary shares, representing 90% of equity interest in PTMYEG Services Indonesia for a total consideration of Rupiah 2.25 billion.

(x) On 28 September 2018, MYEGC subscribed for an additional 2,500,000 ordinary shares, representing 33% of equity interest in MYEG ALT for a total consideration of RM2,500,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES *(CONT'D)*

(b) In the previous financial period:- *(cont'd)*

(xi) On 28 September 2018, MYEGC acquired 1 ordinary share, representing 100% of equity interest in MYDC for a total cash consideration of RM1.

(c) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

7. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	15,261	400	400	400
Share of post-acquisition losses	(1,547)	(400)	-	-
	13,714	-	400	400
Accumulated impairment losses	-	-	(400)	-
	13,714	-	-	400

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019	2018	
Associate of the Company				
MY E.G. Integrated Networks Sdn. Bhd. ("MINT")*	Malaysia	40%	40%	Provision of software and hardware solutions and related services.
Associate of MYEGC				
My AdMarket Sdn. Bhd. ("MYAM")	Malaysia	40%	40%	Investment holding.
Associate of MYEGIND				
PT Cartenz Inti Utama ("PT Cartenz")*	Indonesia	19%	-	Engaged in development, trading, industry and service.

* *These associates were audited by other firms of chartered accountants.*

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(CONT'D)

7. INVESTMENTS IN ASSOCIATES *(CONT'D)*

(a) Although the Group holds less than 20% of the voting power in PT Cartenz, the Group has determined that it has significant influence over the financial and operating policies of the associate through representation on the associate's board of directors.

(b) The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	MINT	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Non-current assets	786	1,206
Current assets	885	1,058
Non-current liabilities	(83)	(189)
Current liabilities	(142,289)	(142,283)
Net liabilities	(140,701)	(140,208)
15-month Period Ended 31 December/30 September		
Revenue	-	-
Loss during the financial period/Total comprehensive expenses	(493)	(70,583)
Group's share of losses for the financial period/Total comprehensive expense	-	-
Reconciliation of Net Liabilities to Carrying Amount		
Group's share of net liabilities	(56,280)	(56,083)
Share of losses recognised	400	400
Share of losses in excess of the interest in the associate not recognised	55,880	55,683
Carrying amount of the Group's interest in this associate	-	-

The Group has not recognised losses relating to MINT, where its share of losses exceeded the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM55.9 million (2018 - RM55.7 million), of which approximately RM197,000 relate to the share of the current financial period's losses. The Group has no obligations in respect of these losses.

7. INVESTMENTS IN ASSOCIATES *(CONT'D)*

(b) The summarised unaudited financial information for the associate that is material to the Group is as follows:- *(cont'd)*

	PT Cartenz 31.12.2019 RM'000
Non-current assets	6,906
Current assets	4,098
Non-current liabilities	(2,898)
Current liabilities	(1,775)
Net assets	6,331
5-month Period Ended 31 December	
Revenue	1,346
Loss for the financial period/Total comprehensive expenses	(6,048)
Group's share of losses for the financial period/Total comprehensive expense	(1,144)
Reconciliation of Net Assets to Carrying Amount	
Group's share of net assets	1,198
Goodwill	12,516
Carrying amount of the Group's interest in this associate	13,714

On 22 July 2019, MYEGIND entered into a share subscription agreement with PT Cartenz. The Company will hold 40% equity interest in PT Cartenz for a total cash consideration of USD10.0 million upon fulfilment of all conditions. As at the end of the financial period, the total paid-up cash consideration amounted to USD3.5 million (approximately RM14.9 million), representing 19% equity interest.

MYEGIND will further inject the required capitalisation subject to the fulfilment of the conditions as stated in the share subscription agreement.

(c) The summarised financial information has not been presented for MYAM as it is not individually material to the Group.

The Group has not recognised losses relating to MYAM, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM5,673 (2018 - RM3,687), of which RM4,986 (2018 - RM3,695) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

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8. INVESTMENTS IN JOINT VENTURES

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	6,874	2,726	6,359	2,726
Share of post acquisition losses	(2,118)	(720)	-	-
	4,756	2,006	6,359	2,726

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019	2018	
Joint Venture of the Company				
I-Pay MYEG Philippines Inc. ("MYEG Philippines")	Philippines	40%	40%	Development and implementation of Electronic Government Services projects and provision of other related services including payment services in the Republic of the Philippines.
Joint Venture of MYEGBD				
MYEG (BD) Ltd.	Bangladesh	40%	-	Investment holding.

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified these investments as joint ventures.

(b) In the previous financial period, the Company entered into a joint venture agreement with I-Pay Commerce Ventures Inc. to incorporate MYEG Philippines on 11 August 2017. The Company will hold 40% equity interest in MYEG Philippines for a total cash consideration of USD2,000,000. As at the end of the financial period, the total paid-up cash consideration amounted to USD1,500,000 (approximately RM6,359,000).

The Company will further inject the required capitalisation subject to the fulfilment of the conditions as stated in the joint venture agreement.

8. INVESTMENTS IN JOINT VENTURES *(CONT'D)*

(c) The summarised unaudited financial information for the joint venture of the Group is as follows:-

	MYEG PHILIPPINES	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Non-current assets	584	574
Current assets	3,797	2,523
Non-current liabilities	(5,220)	(1,467)
Current liabilities	(1,708)	(812)
Net (liabilities)/assets	(2,547)	818
15-month Period Ended 31 December/14-month Period Ended 30 September		
Revenue	11,812	7,043
Loss during the financial period/Total comprehensive expenses	(3,399)	(1,799)
Group's share of losses for the financial period/Total comprehensive expense	(1,360)	(720)
Reconciliation of Net (Liabilities)/Assets to Carrying Amount		
Group's share of net (liabilities)/assets above	(1,019)	327
Add: Deposits for future stock subscriptions in this joint venture	5,299	1,679
Carrying amount of the Group's interest in this joint venture	4,280	2,006

(d) The summarised unaudited financial information for the joint venture that is immaterial to the Group is as follows:-

	MYEG (BD) Ltd.
	31.12.2019
	RM'000
Financial year ended 31 December	
Group's share of losses for the financial period/Total comprehensive expense	(38)
Aggregate carrying amount of the Group's interest in this joint venture	476

9. PROPERTY AND EQUIPMENT

	1.10.2018								
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions (Note 44(a))	Reclassification*	Disposals	Written Off (Note 40)	Depreciation Charges (Note 40)	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group									
Carrying Amount									
IT terminals	6,988	-	6,988	1,782	-	(3,426)	(15)	(1,721)	3,608
Motor vehicles	3,632	(2,157)	1,475	-	-	(26)	(1)	(485)	963
Office and communication equipment	31,360	(2,081)	29,279	704	-	(60)	(6)	(10,664)	19,253
Office furniture and renovation	38,836	-	38,836	2,802	1,348	-	(534)	(5,872)	36,580
Computers	10,663	-	10,663	1,491	-	-	(2)	(4,866)	7,286
Software	1,847	-	1,847	631	-	-	-	(856)	1,622
Buildings	162,421	-	162,421	8,708	49,281	-	-	(4,839)	215,571
Capital work-in-progress	28,101	-	28,101	53,747	(50,629)	(13,219)	-	-	18,000
	283,848	(4,238)	279,610	69,865	-	(16,731)	(558)	(29,303)	302,883

* - mainly relates to buildings and renovations which were completed during the current financial period.

9. PROPERTY AND EQUIPMENT *(CONT'D)*

	At 1.7.2017	Additions (Note 44(a))	Reclassification*	Transfer To Investment Properties (Note 10)	Impairment (Note 40)	Written Off (Note 40)	Depreciation Charges (Note 40)	At 30.9.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
Carrying Amount								
IT terminals	3,057	5,556	-	-	-	(6)	(1,619)	6,988
Motor vehicles	2,606	2,673	-	-	-	(33)	(1,614)	3,632
Office and communication equipment	41,482	3,334	(563)	-	-	(25)	(12,868)	31,360
Office furniture and renovation	8,655	4,979	28,612	-	-	(425)	(2,985)	38,836
Computers	11,445	3,503	960	-	-	(4)	(5,241)	10,663
Software	1,286	1,328	-	-	-	-	(767)	1,847
Buildings	168,236	6,450	-	(7,876)	-	-	(4,389)	162,421
Capital work-in-progress	112,684	20,717	(29,009)	-	(76,291)	-	-	28,101
	349,451	48,540	-	(7,876)	(76,291)	(493)	(29,483)	283,848

* - mainly relates to renovations which were completed during the current financial period.

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9. PROPERTY AND EQUIPMENT *(CONT'D)*

	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying Amount
	RM'000	RM'000	RM'000	RM'000
The Group				
31.12.2019				
IT terminals	6,281	(2,673)	-	3,608
Motor vehicles	3,355	(2,392)	-	963
Office and communication equipment	95,238	(75,985)	-	19,253
Office furniture and renovation	50,487	(13,907)	-	36,580
Computers	29,259	(21,973)	-	7,286
Software	4,527	(2,905)	-	1,622
Buildings	222,470	(6,899)	-	215,571
Capital work-in-progress	44,102	-	(26,102)	18,000
	455,719	(126,734)	(26,102)	302,883
30.9.2018				
IT terminals	10,113	(3,125)	-	6,988
Motor vehicles	8,621	(4,989)	-	3,632
Office and communication equipment	97,851	(66,491)	-	31,360
Office furniture and renovation	46,990	(8,154)	-	38,836
Computers	27,796	(17,133)	-	10,663
Software	3,903	(2,056)	-	1,847
Buildings	166,595	(4,174)	-	162,421
Capital work-in-progress	104,392	-	(76,291)	28,101
	466,261	(106,122)	(76,291)	283,848

9. PROPERTY AND EQUIPMENT *(CONT'D)*

	At 1.10.2018	Additions (Note 44(a))	Reclassification*	Transfer From Investment Properties (Note 10)	Disposal	Written Off (Note 40)	Depreciation Charges (Note 40)	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
Carrying Amount								
Motor vehicles	2	-	-	-	-	-	(1)	1
Office and communication equipment	4,178	227	-	-	-	-	(1,328)	3,077
Office furniture and renovation	34,828	516	1,348	-	-	(534)	(4,968)	31,190
Computers	4,101	568	-	-	-	-	(1,983)	2,686
Software	1,129	427	-	-	-	-	(573)	983
Buildings	74,109	8,708	49,281	7,092	-	-	(2,757)	136,433
Capital work-in-progress	28,101	53,746	(50,629)	-	(13,218)	-	-	18,000
	146,448	64,192	-	7,092	(13,218)	(534)	(11,610)	192,370

* - mainly relates to buildings which were completed during the current financial period.

9. PROPERTY AND EQUIPMENT *(CONT'D)*

	At 1.7.2017	Additions (Note 44(a))	Reclassification*	Transfer To Investment Properties (Note 10)	Impairment (Note 40)	Written Off (Note 40)	Depreciation Charges (Note 40)	At 30.9.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
Carrying Amount								
Motor vehicles	3	-	-	-	-	-	(1)	2
Office and communication equipment	3,553	1,502	379	-	-	-	(1,256)	4,178
Office furniture and renovation	5,690	3,168	28,630	-	-	(421)	(2,239)	34,828
Computers	5,056	1,023	-	-	-	-	(1,978)	4,101
Software	774	843	-	-	-	-	(488)	1,129
Buildings	91,545	6,450	-	(21,678)	-	-	(2,208)	74,109
Capital work-in-progress	112,389	21,012	(29,009)	-	(76,291)	-	-	28,101
	219,010	33,998	-	(21,678)	(76,291)	(421)	(8,170)	146,448

* - mainly relates to renovations which were completed during the current financial period.

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(CONT'D)

9. PROPERTY AND EQUIPMENT *(CONT'D)*

	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying Amount
	RM'000	RM'000	RM'000	RM'000
The Company				
31.12.2019				
Motor vehicles	540	(539)	-	1
Office and communication equipment	18,331	(15,254)	-	3,077
Office furniture and renovation	41,074	(9,884)	-	31,190
Computers	12,239	(9,553)	-	2,686
Software	2,543	(1,560)	-	983
Buildings	141,249	(4,816)	-	136,433
Capital work-in-progress	44,102	-	(26,102)	18,000
	260,078	(41,606)	(26,102)	192,370
30.9.2018				
Motor vehicles	540	(538)	-	2
Office and communication equipment	18,104	(13,926)	-	4,178
Office furniture and renovation	39,863	(5,035)	-	34,828
Computers	11,671	(7,570)	-	4,101
Software	2,116	(987)	-	1,129
Buildings	75,974	(1,865)	-	74,109
Capital work-in-progress	104,392	-	(76,291)	28,101
	252,660	(29,921)	(76,291)	146,448

In the last financial period, the carrying amount of the assets acquired under hire purchase and finance lease terms were as follows:-

	The Group 30.9.2018 RM'000
Motor vehicles	2,210
Office and communication equipment	2,145
	4,355

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(CONT'D)

9. PROPERTY AND EQUIPMENT *(CONT'D)*

At the end of the reporting period, the carrying amount of the following assets have been pledged to licensed banks as security for banking facilities granted to the Group:-

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Buildings	122,107	79,290	122,107	67,670
Capital work-in-progress	-	9,998	-	9,998
	122,107	89,288	122,107	77,668

10. INVESTMENT PROPERTIES

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 October 2018/1 July 2017	32,654	17,839	123,275	94,658
Additions	-	6,443	-	6,443
Transfer from/(to) property and equipment (Note 9)	-	8,372	(7,286)	22,174
At 31 December 2019/30 September 2018	32,654	32,654	115,989	123,275
Accumulated depreciation:-				
At 1 October 2018/1 July 2017	(871)	(30)	(3,180)	(158)
Depreciation during the financial period	(817)	(345)	(2,899)	(2,526)
Transfer (from)/to property and equipment (Note 9)	-	(496)	194	(496)
At 31 December 2019/30 September 2018	(1,688)	(871)	(5,885)	(3,180)
	30,966	31,783	110,104	120,095
Represented by:-				
Buildings, at cost	30,966	31,783	110,104	120,095
Fair value	34,972	31,257	118,552	117,493

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

10. INVESTMENT PROPERTIES *(CONT'D)*

(a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 3 to 4 years.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group 31.12.2019 RM'000	The Company 31.12.2019 RM'000
Within 1 year	1,422	5,782
Between 1 and 2 years	847	4,799
Between 2 and 3 years	363	4,170
Between 3 and 4 years	-	3,117
	2,632	17,868

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(b) Certain buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 31 to the financial statements.

(c) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties, locations and category of properties. The most significant input into this valuation approach is the price per square foot of comparable properties. There have been no changes in the valuation technique during the financial period.

(d) Investment properties of the Company comprise buildings that are leased to companies within the Group to earn rental income. They are accounted for as property and equipment at the Group.

11. RIGHT-OF-USE ASSETS

	1.10.2018					
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000	As Restated RM'000	Additions RM'000	Depreciation Charges (Note 40) RM'000	At 31.12.2019 RM'000
The Group						
31.12.2019						
Carrying Amount						
Motor vehicles	-	2,157	2,157	-	(1,079)	1,078
Office and communication equipment	-	2,081	2,081	-	(480)	1,601
Office buildings	-	1,066	1,066	588	(822)	832
Premises	-	3,919	3,919	8,092	(4,899)	7,112
	-	9,223	9,223	8,680	(7,280)	10,623

Analysed by:-	
Cost	21,668
Accumulated depreciation	(11,045)
	10,623

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(CONT'D)

10. INVESTMENT PROPERTIES *(CONT'D)*

	1.10.2018					
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions	Depreciation Charges (Note 40)	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company						
31.12.2019						
Carrying Amount						
Office buildings	-	132	132	34	(93)	73
Premises	-	724	724	872	(907)	689
	-	856	856	906	(1,000)	762

Analysed by:-	
Cost	1,762
Accumulated depreciation	(1,000)
	762

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(a) The Group leases various office properties and motor vehicles of which the leasing activities are summarised below:-

(i)	Motor vehicles	The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
(ii)	Office and communication equipment	The Group has leased its office and communication equipment under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
(iii)	Office buildings	The Group has leased a number of office buildings that run between 1 year and 3 years.
(iv)	Premises	The Group has leased a number of premises that run between 1 year and 3 years.

(b) The Group also has leases with lease terms of 12 months or less and leases of premises with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts for premises that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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(CONT'D)

12. OTHER INVESTMENTS

	The Group	
	31.12.2019	30.9.2018
	RM'000	RM'000
Unquoted shares, at fair value	34,600	19,386
Unquoted shares, at cost	-	9,141
	34,600	28,527

Equity Investments at Fair Value through Other Comprehensive Income

(a) At 1 October 2018, the Group designated its investments in unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial period, these investments were classified as available-for-sale financial assets and certain investment were measured at cost.

The fair value of each investment is summarised below:-

	The Group	
	31.12.2019	30.9.2018
	RM'000	RM'000
Unquoted shares of Entity A	874	800
Unquoted shares of Entity B	7,923	7,923
Unquoted shares of Entity C	10,408	10,408
Unquoted shares of Entity D	30	30
Unquoted shares of Entity E	225	225
Unquoted shares of Entity F	9,141	-
Unquoted shares of Entity G	5,999	-
	34,600	19,386

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(CONT'D)

12. OTHER INVESTMENTS *(CONT'D)*

Other investments stated at fair value are analysed into level 3 fair value measurement.

The level 3 fair value of other investments have been determined using discounted cash flow approach performed by management based on the significant unobservable inputs.

The details of significant unobservable inputs of material investments are as follows:-

Investment in an entity engaged in online fashion boutique business (Entity B)

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa)	Revenue growth rates of 28% (2018 - 24%)	Based on management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM177,000.
(bb)	Pre-tax operating profit margins of 50% (2018 - 30%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% change in pre-tax operating profit margin would result in an increase/ decrease in the fair value by RM1,440,000.
(cc)	Discount rate of 9% (2018 - 11%)	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/ increase in the fair value by RM1,026,000.

Investment in an entity engaged in providing debt collection system, telecommunication services, computer software, hardware and related accessories (Entity C)

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa)	Revenue growth rates of 15% (2018 - 20%)	Based on management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM999,000.
(bb)	Pre-tax operating profit margins of 70% (2018 - 70%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM297,000.
(cc)	Discount rate of 14% (2018 - 28%)	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/ increase in the fair value by RM574,000.

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12. OTHER INVESTMENTS *(CONT'D)*

Investment in an entity engaged in providing industry solutions, software development, data management, hardware and related accessories (Entity F)

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa)	Revenue growth rates of 40%	Based on management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM297,000.
(bb)	Pre-tax operating profit margins of 60%	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM233,000.
(cc)	Discount rate of 21%	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/ increase in the fair value by RM226,000.

Management believes that no reasonable change in the above key assumptions would cause the carrying amount of other investments to exceed its recoverable amounts.

13. DEVELOPMENT COSTS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 October 2018/1 July 2017	20,624	20,730	10,267	10,267
Transfer during the financial period	-	(106)	-	-
At 31 December 2019/30 September 2018	20,624	20,624	10,267	10,267
Accumulated amortisation:-				
At 1 October 2018/1 July 2017	(17,634)	(15,340)	(8,470)	(7,095)
Amortisation during the financial period	(2,136)	(2,294)	(1,228)	(1,375)
At 31 December 2019/30 September 2018	(19,770)	(17,634)	(9,698)	(8,470)
	854	2,990	569	1,797

Development costs were incurred for the software development of the Electronic Government Services project and other related services.

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14. GOODWILL ON CONSOLIDATION

	The Group	
	31.12.2019	30.9.2018
	RM'000	RM'000
At cost	18,549	18,549
Accumulated impairment losses:-		
At 1 October 2018/1 July 2017	(95)	-
Impairment during the financial period	-	(95)
At 31 December 2019/30 September 2018	(95)	(95)
Carrying amount	18,454	18,454

Goodwill on consolidation is stated at cost and arose from the acquisition of the subsidiaries.

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

	The Group	
	31.12.2019	30.9.2018
	RM'000	RM'000
E-business activities	9,422	9,422
Provision of credit card terminal, hardware, solutions and other related services	5,689	5,689
Other cash-generating units without significant goodwill	3,343	3,343
	18,454	18,454

The Group has assessed the recoverable amount of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of 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 the operating segments 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 value-in-use are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2019	2018	2019	2018	2019	2018
E-business activities	85% - 86%	85% - 86%	5%	5%	13%	16%
Provision of credit card terminal, hardware, solutions and other related services	35% - 38%	25% - 45%	27% - 29%	35% - 40%	13%	16%

(a) Budgeted gross margin — Average gross margins achieved in the year immediately before the budgeted year.

(b) Growth rate — The growth rates used are based on the expected projection of e-business and provision of credit card terminal, hardware, solutions and other related services. There is no growth rate in perpetuity to arrive at terminal value.

(c) Discount rate (pre-tax) — Reflect specific risk relating to the relevant cash generating unit.

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14. GOODWILL ON CONSOLIDATION *(CONT'D)*

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash generating unit carrying amount of the goodwill to exceed its recoverable amounts.

15. DEFERRED TAX ASSET

In the last financial period, the deferred tax asset was in respect of the unrealised gains arising from the sales between the Group and an associate. The amount has been charged out accordingly as at the financial period.

16. FINANCING RECEIVABLES

	The Group	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Current assets		
Loan receivables (Secured)	11,111	6,482
Loan receivables (Unsecured)	3,654	2,513
Hire purchase and finance lease receivables	17,465	5,454
Micro financing receivables	7	-
	32,237	14,449
Non-Current assets		
Loan receivables (Secured)	224,630	93,518
Loan receivables (Unsecured)	26,746	31,304
Hire purchase and finance lease receivables	36,981	32,969
	288,357	157,791
Gross financing receivables	320,594	172,240
Allowance for impairment losses	(1,563)	(549)
	319,031	171,691

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16. FINANCING RECEIVABLES *(CONT'D)*

	The Group	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Allowance for impairment losses under MFRS 9 (2018 - MFRS 139):-		
At 1 October 2018/1 July 2017	549	-
Addition during the financial period	1,014	549
At 31 December 2019/30 September 2018	1,563	549

The maturity of the financing receivables is as follows:-

Non-Current		
Later than 1 year and not later than 5 years	154,949	81,718
Later than 5 years	133,408	76,073
	288,357	157,791
Current		
Not later than 1 year	30,674	13,900
	319,031	171,691

17. INVENTORIES

	The Group	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Used motor vehicles	692	185
New motor vehicles	-	619
Finished goods	2,553	2,593
	3,245	3,397
Recognised in profit or loss:-		
Amount written down to net realisable value	31	1
Reversal of inventories previously written down	(52)	-
Inventories recognised as cost of sales	31,937	35,868

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18. TRADE RECEIVABLES

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	156,053	150,187	313	340
Allowance for impairment losses	(15)	(13)	-	-
	156,038	150,174	313	340
Accrued income	747	681	-	-
	156,785	150,855	313	340
Allowance for impairment losses under MFRS 9 (2018 - MFRS 139):-				
At 1 October 2018/1 July 2017	(13)	(15)	-	-
Addition during the financial period	(33)	(41)	-	-
Reversal during the financial period	31	43	-	-
At 31 December 2019/30 September 2018	(15)	(13)	-	-

The Group's normal trade credit terms range from cash terms to 180 days (2018 - cash term to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Other receivables:-				
Third parties	29,465	20,850	16,205	5,554
Allowance for impairment losses under MFRS 9 (2018 - MFRS 139)	(20)	(20)	-	-
	29,445	20,830	16,205	5,554
Goods and services tax recoverable	494	1,030	-	126
	29,939	21,860	16,205	5,680
Deposits	3,297	3,534	1,691	1,894
Prepayments	23,022	53,553	16,774	37,091
	56,258	78,947	34,670	44,665
Breakdown as below:-				
Purchase of equipment	15,448	45,669	15,148	35,506
Advance payments for exhibition and marketing	-	4,350	-	-
Performance guarantee placed with gateway provider	26,930	17,775	14,099	3,681
Performance bond placed with government agency	99	99	-	-
Renovation works	-	374	-	312
Prepayment for leasehold land	5,081	5,081	-	-

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20. AMOUNT OWING BY SUBSIDIARIES

The non-trade balances represent unsecured interest-free advances and payment made on behalf. The amount owing is to be settled in cash.

21. AMOUNT OWING BY AN ASSOCIATE

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Amount owing by:				
- trade	65,450	65,450	42,750	42,750
- non-trade	30,006	30,000	30,000	30,000
	95,456	95,450	72,750	72,750
Less: Allowance for impairment losses	(95,450)	(95,450)	(72,750)	(72,750)
	6	-	-	-

The trade balance relates to the development work for the online tax monitoring project ("the Project") and is repayable upon the commencement of the said project. On 3 December 2014, the Company received a revised letter of award under the service tax regime to develop the Project. Nevertheless, the Goods and Services Tax ("GST") was implemented on 1 April 2015 and the service tax regime was replaced by the GST regime whereby the Project has been varied. Accordingly, the Project was being reviewed to cater for certain requirements and enhancements following the implementation of GST. A technical committee together with a steering committee have been established by the relevant authorities for this purpose.

The amendments to the relevant Act for the purpose of the implementation of the Project have been completed and came into effect from 1 January 2017. An internal trial run was carried out to ensure any further technical issues in relation to the Project are resolved prior to commercialisation in the near future.

Effective 1 June 2018, it was announced by the Ministry of Finance ("MOF") that a zero-rated GST will be imposed. Subsequent to this announcement, the GST regime has been abolished and replaced by the Sales and Services Tax ("SST"). Hence, the Project has been temporarily suspended. Accordingly, full impairment on the amount owing by the associate has been provided in the last financial period.

22. AMOUNT OWING BY JOINT VENTURES

The non-trade balances represent unsecured interest-free advances and payment made on behalf. The amount owing is to be settled in cash.

23. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 2.65% to 3.35% (2018 - 2.90% to 6.51%) per annum and 3.10% to 3.35% (2018 - 3.17% to 6.51%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2018 - 1 to 12) months and 12 (2018 - 12) months for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period were amounts of RM12,240,016 and RM7,688,096 (2018 - RM9,843,000 and RM7,218,808) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

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23. FIXED DEPOSITS WITH LICENSED BANKS *(CONT'D)*

(c) At the end of the reporting period, the fixed deposits of the Group and the Company amounting to RM316,000 and RM33,000 (2018 - RM216,000 and RM33,000) respectively were held in trust by a director of a subsidiary and a director of the Company.

The fixed deposits held in trust have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

24. CASH AND BANK BALANCES

Included in the cash and bank balances is the following:-

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Short-term cash investments	1,193	21,102	618	517

The short-term cash investments represent investment in highly liquid money market. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

The short-term cash investments' unit price range from RM0.51 to RM1.33 (2018 - RM1.00 to RM1.25).The short-term cash investments have maturity periods ranging from 1 to 30 (2018 - 1 to 30) days.

At the end of the reporting period, the bank balances of the Group and the Company amounting to RM100,000 (2018 - RM67,000) was held in trust by a director of the Company and a director of a subsidiary.

25. SHARE CAPITAL

	The Group/The Company			
	← 31.12.2019 →		← 30.9.2018 →	
	Number Of Shares	Share Capital	Number Of Shares	Share Capital
	'000	RM'000	'000	RM'000
Issued and Fully Paid-Up				
Ordinary shares	3,606,306	360,630	3,606,306	360,630

The holders of ordinary shares (except treasury 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. The ordinary shares have no par value.

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26. TREASURY SHARES

	The Group/The Company			
	2019		2018	
	Number Of Shares	Treasury Shares	Number Of Shares	Treasury Shares
	'000	RM'000	'000	RM'000
At 1 October 2018/1 July 2017	54,000	52,804	-	-
Buy back	86,165	91,939	54,000	52,804
At 31 December 2019/30 September 2018	140,165	144,743	54,000	52,804

During the financial period, the Company purchased 86,165,100 (2018 - 54,000,000) of its issued ordinary shares from the open market at an average price of RM1.07 (2018 - RM0.98) per share. The total consideration paid for the shares purchased was RM91,938,193 (2018 - RM52,804,323) including transaction costs. The ordinary shares purchased were held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at the end of the reporting period, the Company held as treasury shares a total of 140,165,100 of its 3,606,305,993 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM144,742,516.

27. RESERVES

		The Group		The Company	
	Note	31.12.2019	30.9.2018	31.12.2019	30.9.2018
		RM'000	RM'000	RM'000	RM'000
Fair value reserve	(a)	6,401	6,401	-	-
Foreign exchange translation reserve	(b)	38	-	-	-
Retained profits		490,606	253,718	450,283	250,600
		497,045	260,119	450,283	250,600

(a) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and the Group's share of an associate's and joint ventures' foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

28. LEASE LIABILITIES

	The Group	The Company
	31.12.2019	31.12.2019
	RM'000	RM'000
At 1 October 2018		
- As previously reported	-	-
- Initial application of MFRS 16	8,797	857
- As restated	8,797	857
Addition during the financial period	8,680	906
Interest expense recognised in profit or loss (Note 40)	659	67
Repayment of principal	(7,781)	(977)
Repayment of interest expense	(659)	(67)
At 31 December 2019	9,696	786
Analysed by:		
Current liabilities	5,755	633
Non-current liabilities	3,941	153
	9,696	786

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 11(a)(i) to the financial statements, with lease terms ranging from 4 to 7 (2018 - 4 to 7) years and bear effective interest rates ranging from 4.72% to 6.03% (2018 - 4.44% to 6.30%).

29. LONG-TERM BORROWINGS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 30)	-	2,085	-	-
Term loans (Note 31)	120,009	92,598	120,009	92,598
Block discounting (Note 32)	12,565	-	-	-
	132,574	94,683	120,009	92,598

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30. HIRE PURCHASE AND FINANCE LEASE PAYABLES (SECURED)

	The Group 30.9.2018 RM'000
Minimum hire purchase and finance lease payments:	
- not later than 1 year	1,886
- later than 1 year and not later than 5 years	2,199
	4,085
Less: Future finance charges	(273)
Present value of hire purchase and finance lease payables	3,812
Analysed by:-	
Current liabilities (Note 37)	1,727
Non-current liabilities (Note 29)	2,085
	3,812

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 28 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the last financial period, the hire purchase and finance lease payables of the Group were secured by the Group's motor vehicles, office and communication equipment under hire purchase and finance lease. The hire purchase and finance lease arrangements are expiring from 4 to 7 years.

(c) In the last financial period, the hire purchase and finance lease payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.44% to 6.30%. The interest rates were fixed at the inception of hire purchase and finance lease arrangements.

31. TERM LOANS (SECURED)

	The Group		The Company	
	31.12.2019 RM'000	30.9.2018 RM'000	31.12.2019 RM'000	30.9.2018 RM'000
Current liabilities (Note 37)	17,740	14,926	17,740	14,926
Non-current liabilities (Note 29)	120,009	92,598	120,009	92,598
	137,749	107,524	137,749	107,524

Details of the term loans are as follows:-

	Number of Monthly Instalments	Monthly Instalment RM'000	Date of Commencement of Repayment
Term loan 1	108	509	October 2016
Term loan 2	108	503	October 2016
Term loan 3	120	373	July 2017
Term loan 4	120	320	July 2019
Term loan 5	60	402	December 2019

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31. TERM LOANS (SECURED) *(CONT'D)*

The term loans bore effective interest rates ranging from 4.64% to 7.70% (2018 - 4.67% to 5.15%) per annum at the end of the reporting and are secured by:-

(i) a placement of certain Deposits of the Company; and
(ii) a specific charge over the buildings and investment properties of the Group and of the Company.

32. BLOCK DISCOUNTING

	The Group 31.12.2019 RM'000
Current liabilities (Note 37)	4,587
Non-current liabilities (Note 29)	12,565
	17,152

Details of the block discounting loan are as follows:-

	Number of Monthly Instalments	Monthly Instalment RM'000	Date of Commencement of Repayment
Block discounting loan 1	60	32	October 2019
Block discounting loan 2	60	32	October 2019
Block discounting loan 3	60	57	October 2019
Block discounting loan 4	60	32	October 2019
Block discounting loan 5	60	14	October 2019
Block discounting loan 6	60	24	November 2019
Block discounting loan 7	59	269	November 2019
Block discounting loan 8	60	33	December 2019

The block discounting of the Group at the end of the reporting period bore fixed effective interest rates ranging from 3.86% to 6.74% (2018 - Nil) per annum and are secured by:-

(a) Master agreement between a subsidiary of the Company and the bank;

(b) Assignment of Hire Purchase/Non-Act Leasing Agreements through a power of attorney in favour of the bank;

(c) Corporate guarantee of the Company; and

(d) Placement of certain fixed deposits of a subsidiary.

33. DEFERRED TAX LIABILITIES

	The Group		The Company	
	31.12.2019 RM'000	30.9.2018 RM'000	31.12.2019 RM'000	30.9.2018 RM'000
At 1 October 2018/1 July 2017	2,277	2,102	1,910	1,800
Recognised in profit or loss (Note 41)	(54)	175	-	110
At 31 December 2019/30 September 2018	2,223	2,277	1,910	1,910

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33. DEFERRED TAX LIABILITIES *(CONT'D)*

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	1,664	1,718	1,351	1,351
Development costs	559	559	559	559
	2,223	2,277	1,910	1,910

The Group has not recognised the deferred tax liabilities of the following items as the directors are of the opinion that the deferred tax liabilities will not crystalise in the foreseeable future as the business operations of which the deferred tax liabilities arose are operated by a subsidiary of which MSC status has been granted.

	The Group	
	31.12.2019	30.9.2018
	RM'000	RM'000
Accelerated capital allowances	3,783	3,142
Development costs	990	990
Others	1,262	754
	6,035	4,886

34. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from cash terms to 90 (2018 - cash term to 90) days.

35. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	6,863	9,640	5,817	2,911
Goods and services tax payable	48	1,143	-	28
Sales and services tax payable	385	468	78	-
	7,296	11,251	5,895	2,939
Accruals	21,049	16,014	7,328	2,834
Deposits	2,139	1,431	198	244
	30,484	28,696	13,421	6,017

36. DEFERRED REVENUE

The deferred revenue primarily relate to advance considerations received from customers for the rental of devices and advanced billings for other maintenance services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

37. SHORT-TERM BORROWINGS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 30)	-	1,727	-	-
Term loans (Note 31)	17,740	14,926	17,740	14,926
Revolving credits	21,100	15,760	20,000	10,000
Block discounting (Note 32)	4,587	-	-	-
	43,427	32,413	37,740	24,926

The revolving credits of the Group and of the Company at the end of the reporting period bore floating interest rates of 5.72% and 5.49% (2018 - 6.05% and 5.35%) per annum respectively and are secured by:-

(a) Facility Agreement between a subsidiary of the Company and bank, as principal instrument;

(b) Corporate guarantee of the Company and certain subsidiaries; and

(c) A specific charge over the building of the Company.

38. REVENUE

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Revenue from Contracts with Customers				
Concession Based Services	102,231	81,955	7,737	7,255
Commercial Based Services and Products:				
- sale of goods	182,376	39,866	-	-
- services rendered	271,787	400,074	1,200	3,200
- concession related services	13,150	24,734	1,892	1,909
Interest income derived from financing receivables	17,119	8,480	-	-
	586,663	555,109	10,829	12,364
Revenue from Other Sources				
Rental income	6,840	7,161	-	-
Dividend income	75	-	300,000	300,000
	593,578	562,270	310,829	312,364

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39. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
- financing receivables (Note 16)	1,014	549	-	-
- trade receivables (Note 18)	33	41	-	-
- amount owing by an associate (Note 21)	-	95,450	-	72,750
Reversal of impairment loss on trade receivables (Note 18)	(31)	(43)	-	-
	1,016	95,997	-	72,750

40. PROFIT BEFORE TAXATION

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Allowance for impairment loss on goodwill	-	95	-	-
Amortisation of development costs (Note 13)	2,136	2,294	1,228	1,375
Audit fee:				
- current financial period	359	293	68	60
- underprovision in the previous financial period/year	1	12	3	4
Bad debts written off	49	11	-	-
Directors' fee (Note 45)	845	1,058	845	1,058
Directors' non-fee emoluments (Note 45)	1,700	1,039	-	44
Depreciation:				
- property and equipment (Note 9)	29,303	29,483	11,610	8,170
- investment properties (Note 10)	817	345	2,899	2,526
- right-of-use assets (Note 11)	7,280	-	1,000	-
Equipment written off (Note 9)	558	493	534	421
Impairment loss on:				
- investment in an associate (Note 7)	-	-	400	-
- equipment (Note 9)	-	76,291	-	76,291
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- hire purchase and finance lease	-	343	-	-
- revolving credit	929	471	717	112
- term loans	7,331	7,094	7,331	7,055
- block discounting	245	-	-	-
Interest expense on lease liabilities (Note 28)	659	-	67	-
Inventories written down	31	1	-	-

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40. PROFIT BEFORE TAXATION *(CONT'D)*

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) (cont'd):-				
(Gain)/Loss on foreign exchange:				
- realised	(58)	(126)	-	-
- unrealised	(1)	(120)	5	(127)
Lease expenses:				
- short-term leases	2,407	-	396	-
- low-value assets	139	-	48	-
- rental of equipment	248	355	74	53
- rental of parking	7	1	-	1
- rental of premises	-	3,401	-	1,198
- others	-	#	-	-
Share of losses in associates	1,147	#	-	-
Share of losses in joint ventures	1,398	720	-	-
Staff costs:				
- salaries and other benefits	114,475	106,871	13,450	11,278
- defined contribution benefits	12,901	11,916	1,367	1,144
Dividend income from a subsidiary	-	-	(300,000)	(300,000)
Gain on disposal of an equipment	(72)	#	-	-
Gain on partial disposal of an other investment	(3,553)	(1,198)	-	-
Interest income on financial assets measured at amortised cost:				
- fixed deposits with licensed banks	(1,142)	(3,123)	(623)	(716)
- a subsidiary	-	-	(10,309)	-
Liquidated ascertained damages charged to a developer	(8,376)	-	(8,376)	-
Rental income from investment properties	(3,219)	(7,790)	(7,771)	(7,023)
Reversal of deferred income	-	(19,940)	-	-
Reversal of inventories previously written down	(52)	-	-	-

- represents an amount less than RM1,000.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

41. INCOME TAX EXPENSE

	The Group		The Company	
	1.10.2018 to 31.12.2019 RM'000	1.7.2017 to 30.9.2018 RM'000	1.10.2018 to 31.12.2019 RM'000	1.7.2017 to 30.9.2018 RM'000
Current tax:				
- for the current financial period	2,064	2,474	223	117
- under/(over)provision in the previous financial period	2,063	(146)	2,246	(143)
	4,127	2,328	2,469	(26)
Deferred tax (Note 33):				
- for the current financial period	(4)	81	-	110
- (over)/underprovision in the previous financial period	(50)	94	-	-
	(54)	175	-	110
- reversal of deferred tax assets	710	-	-	-
	656	175	-	110
	4,783	2,503	2,469	84

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	1.10.2018 to 31.12.2019 RM'000	1.7.2017 to 30.9.2018 RM'000	1.10.2018 to 31.12.2019 RM'000	1.7.2017 to 30.9.2018 RM'000
Profit before taxation	306,939	128,473	268,354	106,293
Tax at the applicable statutory tax rate of 24%	73,665	30,833	64,405	25,510
Tax effects of:-				
Tax-exempt income	(86,321)	(82,007)	(16)	(122)
Non-taxable income	(869)	(4,925)	(72,000)	(72,000)
Non-deductible expenses	9,404	47,518	4,817	38,688
Deferred tax assets not recognised during the financial period	6,491	11,136	3,017	8,151
Utilisation of deferred tax assets previously not recognised	(306)	-	-	-
Effects of differential in tax rates of a foreign subsidiary	(5)	-	-	-
Under/(Over)provision in the previous financial period:				
- current tax	2,063	(146)	2,246	(143)
- deferred tax	(49)	94	-	-
Reversal of deferred tax assets	710	-	-	-
	4,783	2,503	2,469	84

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
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41. INCOME TAX EXPENSE *(CONT'D)*

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial period.

On 10 August 2016, a subsidiary with MSC Malaysia status, was granted an extension of 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 for five (5) years, from 27 April 2016 to 26 April 2021.

No deferred tax assets are recognised in respect of the following items:-

	The Group		The Company	
	31.12.2019	**30.9.2018**	**31.12.2019**	**30.9.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised tax losses	65,668	41,610	31,650	24,463
Unabsorbed capital allowances	17,049	11,547	15,890	10,684
Accelerated capital allowances	(4,417)	(415)	-	-
Other provisions	84	(130)	77	(99)
	78,384	52,612	47,617	35,048

42. EARNINGS PER SHARE

	The Group	
	1.10.2018 to 31.12.2019	**1.7.2017 to 30.9.2018**
Profit attributable to owners of the Company (RM'000)	303,090	128,952
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 October 2018/1 July 2017 ('000)	3,590,917	3,606,306
Effect of treasury share buy-back and resale ('000)	(58,641)	(15,389)
Weighted average number of ordinary shares at 31 December 2019/30 September 2018 ('000)	3,532,276	3,590,917
Basic earnings per share (Sen)	8.6	3.6

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

43. DIVIDENDS

	The Company	
	31.12.2019	30.9.2018
	RM'000	RM'000
In respect of the financial year ended 30 June 2017:		
- a final dividend of 1.20 sen per ordinary share paid on 6 February 2018	-	43,276
In respect of the financial period ended 30 September 2018:		
- a first interim single tier dividend of 0.50 sen per ordinary share paid on 25 May 2018	-	18,032
- a final dividend of 1.40 sen per ordinary share paid on 5 June 2019	48,781	-
In respect of the financial period ended 31 December 2019:		
- a first interim single tier dividend of 0.50 sen per ordinary share paid on 23 August 2019	17,421	-
	66,202	61,308

At the forthcoming Annual General Meeting, a final dividend of 2.0 sen per ordinary share amounting to approximately RM69.3 million in respect of the current financial period will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2020.

44. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets is as follows:-

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Property and equipment				
Cost of property and equipment purchased (Note 9)	69,865	48,540	64,192	33,998
Less: Amount financed through hire purchase and finance lease (Note (b) below)	-	(1,055)	-	-
	69,865	47,485	64,192	33,998
Right-of-use assets				
Cost of right-of-use assets acquired (Note 11)	8,680	-	906	-
Less: Addition of new lease liabilities (Note (b) below)	(8,680)	-	(906)	-
	-	-	-	-

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

44. CASH FLOW INFORMATION *(CONT'D)*

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM'000	Revolving Credit RM'000	Block Discounting RM'000	Hire Purchase and Finance Lease RM'000	Lease Liabilities RM'000	Total RM'000
2019						
At 1 October 2018:						
- As previously reported	107,524	15,760	-	3,812	-	127,096
- Effects on adoption of MFRS 16	-	-	-	(3,812)	8,797	4,985
- As restated	107,524	15,760	-	-	8,797	132,081
Changes in Financing Cash Flows						
Proceeds from drawdown	50,053	10,000	18,028	-	-	78,081
Repayment of principal	(19,828)	(4,660)	(876)	-	(7,781)	(33,145)
Repayment of interests	(7,331)	(929)	(245)	-	(659)	(9,164)
	22,894	4,411	16,907	-	(8,440)	35,772
Non-cash Changes						
Acquisition of new leases (Note 28)	-	-	-	-	8,680	8,680
Interest expense recognised in profit or loss (Note 40)	7,331	929	245	-	659	9,164
	7,331	929	245	-	9,339	17,844
At 31 December 2019	137,749	21,100	17,152	-	9,696	185,697

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

44. CASH FLOW INFORMATION *(CONT'D)*

(b) The reconciliations of liabilities arising from financing activities are as follows:- *(cont'd)*

The Group	Term Loans RM'000	Revolving Credit RM'000	Hire Purchase and Finance Lease RM'000	Total RM'000
2018				
At 1 July 2017	126,882	5,000	5,433	137,315
Changes in Financing Cash Flows				
Proceeds from drawdown	-	11,960	-	11,960
Repayment of principal	(19,358)	(1,200)	(2,676)	(23,234)
Repayment of interests	(7,094)	(471)	(343)	(7,908)
	(26,452)	10,289	(3,019)	(19,182)
Non-cash Changes				
New hire purchase (Note (a) above)	-	-	1,055	1,055
Interest expense recognised in profit or loss	7,094	471	343	7,908
At 30 September 2018	107,524	15,760	3,812	127,096

The Company	Term Loans RM'000	Revolving Credit RM'000	Lease Liabilities RM'000	Total RM'000
2019				
At 1 October 2018:				
- As previously reported	107,524	10,000	-	117,524
- Effects on adoption of MFRS 16	-	-	857	857
- As restated	107,524	10,000	857	118,381
Changes in Financing Cash Flows				
Proceeds from drawdown	50,053	10,000	-	60,053
Repayment of principal	(19,828)	-	(977)	(20,805)
Repayment of interests	(7,331)	(717)	(67)	(8,115)
	22,894	9,283	(1,044)	31,133
Non-cash Changes				
Acquisition of new leases (Note 28)	-	-	906	906
Interest expense recognised in profit or loss (Note 40)	7,331	717	67	8,115
	7,331	717	973	9,021
At 31 December 2019	137,749	20,000	786	158,535

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

44. CASH FLOW INFORMATION *(CONT'D)*

(b) The reconciliations of liabilities arising from financing activities are as follows:- *(cont'd)*

The Company	Term Loans RM'000	Revolving Credit RM'000	Lease Liabiities RM'000	Total RM'000
2018				
At 1 July 2017	125,927	-	-	125,927
Changes in Financing Cash Flows				
Proceeds from drawdown	-	10,000	-	10,000
Repayment of principal	(18,403)	-	-	(18,403)
Repayment of interests	(7,055)	-	-	(7,055)
	(25,458)	10,000	-	(15,458)
Non-cash Changes				
Interest expense recognised in profit or loss	7,055	-	-	7,055
At 30 September 2018	107,524	10,000	-	117,524

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 31.12.2019 RM'000	The Company 31.12.2019 RM'000
Interest paid on lease liabilities	659	67
Payment of lease liabilities	7,743	977
	8,402	1,044

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	31.12.2019 RM'000	30.9.2018 RM'000	31.12.2019 RM'000	30.9.2018 RM'000
Fixed deposits with licensed banks	12,439	10,066	7,688	7,250
Cash and bank balances (including short-term investments)	63,781	100,164	39,894	26,000
	76,220	110,230	47,582	33,250
Less: Fixed deposits pledged to licensed banks	(12,240)	(9,843)	(7,688)	(7,219)
Less: Fixed deposits with tenure more than 3 months	(117)	(144)	-	(31)
	63,863	100,243	39,894	26,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
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45. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial period is as follows:-

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	540	777	540	777
- other benefits	-	44	-	44
	540	821	540	821
Non-executive Directors				
Short-term employee benefits:				
- fees	305	281	305	281
	845	1,102	845	1,102
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,295	655	-	-
- defined contribution benefits	152	78	-	-
Non-executive Directors				
Short-term employee benefits:				
- other benefits	226	234	-	-
- defined contribution benefits	27	28	-	-
	1,700	995	-	-

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

45. KEY MANAGEMENT PERSONNEL COMPENSATION *(CONT'D)*

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Other Key Management Personnel				
Short-term employee benefits	1,897	1,990	-	-
Defined contribution benefits	205	238	-	-
Total compensation for other key management personnel	2,102	2,228	-	-

46. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, joint ventures, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial period:-

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Sales to:				
A subsidiary				
MECSB	-	-	1,200	1,200
An associate				
MINT	-	2,000	-	2,000
Dividend income from a subsidiary				
EGSB	-	-	300,000	300,000

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(CONT'D)

46. RELATED PARTY DISCLOSURES *(CONT'D)*

(b) Significant Related Party Transactions and Balances *(cont'd)*

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial period:- *(cont'd)*

	The Group		The Company	
	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018	1.10.2018 to 31.12.2019	1.7.2017 to 30.9.2018
	RM'000	RM'000	RM'000	RM'000
Services rendered by a subsidiary	-	-	-	12
Purchase from subsidiaries	-	-	2	-
Management fees charged by a subsidiary:				
MYEGMS	-	-	5,502	3,825
Rental charged to an associate	-	605	-	605
Rental income from subsidiaries	-	-	5,677	5,268
Interest income from a subsidiary	-	-	10,309	-
Professional fees charged by a related party:				
Embunaz Ventures Sdn. Bhd.*	312	312	312	312

* a Company in which Dato' Dr Norraesah Binti Haji Mohamad has a substantial financial interest.

The significant outstanding balances of the related parties together with their terms are disclosed in the respective notes to the financial statements.

47. OPERATING SEGMENTS

47.1 BUSINESS SEGMENTS

Segmental reporting is not presented as the Group is principally engaged in the development and implementation of the Electronic Government Services project and the provision of other upstream and downstream related services for the Electronic Government Services project, which is substantially within a single business segment and operates wholly in Malaysia.

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(CONT'D)

47. OPERATING SEGMENTS *(CONT'D)*

47.2 INFORMATION ON GEOGRAPHICAL LOCATION OF CUSTOMERS

Revenue is based on the countries in which the customers are located.

The information on the disaggregation of revenue based on the countries which the customers are based is summarised below:-

	At A Point in Time		Over Time		Group	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	435,601	550,990	13,376	11,264	448,977	562,254
Outside Malaysia	144,601	16	-	-	144,601	16
	580,202	551,006	13,376	11,264	593,578	562,270

47.3 MAJOR CUSTOMERS

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

	Revenue	
	2019	2018
	RM'000	RM'000
Customer #1	84,460	-
Customer #2	60,075	-
	144,535	-

48. CAPITAL COMMITMENTS

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Purchase of property and equipment	19,002	53,753	13,921	43,528

49. OPERATING LEASE COMMITMENTS

The Group and the Company has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

Leases as Lessee

	The Group	The Company
	30.9.2018	30.9.2018
	RM'000	RM'000
	(Restated)	
Not later than 1 year	10,550	1,046
Later than 1 year and not later than 5 years	777	777
	11,327	1,823

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
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50. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	31.12.2019	30.9.2018
	RM'000	RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	25,357	10,246
- an associate	-	4,000
	25,357	14,246

51. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

51.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Indonesian Rupiah ("IDR"), United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

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51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Exposure

	Indonesian Rupiah	Others	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000	RM'000
The Group				
31.12.2019				
Financial Assets				
Other investments	-	-	34,600	34,600
Financing receivables	-	-	319,031	319,031
Trade receivables *	-	-	156,038	156,038
Other receivables	61	-	29,384	29,445
Amount owing by an associate	-	-	6	6
Amount owing by joint ventures	-	94	1	95
Fixed deposits with licensed banks	-	-	12,439	12,439
Cash and bank balances	489	113	63,179	63,781
	550	207	614,678	615,435

* - The trade receivables exclude accrued income.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Exposure (cont'd)

	Indonesian Rupiah	Others	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000	RM'000
The Group				
31.12.2019				
Financial Liabilities				
Trade payables	-	-	102,237	102,237
Other payables and accruals	5	-	30,046	30,051
Lease liabilities	-	-	9,696	9,696
Term loans	-	-	137,749	137,749
Revolving credit	-	-	21,100	21,100
Block discounting	-	-	17,152	17,152
	5	-	317,980	317,985
Net financial assets	545	207	296,698	297,450
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(296,698)	(296,698)
Currency exposure	545	207	-	752

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Exposure (cont'd)

	United States Dollar	Singapore Dollar	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000	RM'000
The Group				
30.9.2018				
Financial Assets				
Other investments	-	-	28,527	28,527
Financing receivables	-	-	171,691	171,691
Trade receivables *	-	-	150,174	150,174
Other receivables	-	-	20,830	20,830
Amount owing by a joint venture	-	-	13	13
Fixed deposits with licensed banks	-	-	10,066	10,066
Cash and bank balances	543	148	99,473	100,164
	543	148	480,774	481,465
Financial Liabilities				
Trade payables	3,356	-	156,154	159,510
Other payables and accruals	-	-	27,085	27,085
Hire purchase and finance lease payables	-	-	3,812	3,812
Term loans	-	-	107,524	107,524
Revolving credit	-	-	15,760	15,760
	3,356	-	310,335	313,691
Net financial (liabilities)/assets	(2,813)	148	170,439	167,774
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(170,439)	(170,439)
Currency exposure	(2,813)	148	-	(2,665)

* - The trade receivables exclude accrued income.

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Exposure (cont'd)

	Singapore Dollar	Ringgit Malaysia	Others	Total
	RM'000	RM'000	RM'000	RM'000
The Company				
31.12.2019				
Financial Assets				
Trade receivables	-	313	-	313
Other receivables	-	16,205	-	16,205
Amount owing by subsidiaries	-	429,771	-	429,771
Amount owing by a joint venture	-	-	95	95
Fixed deposits with licensed banks	-	7,688	-	7,688
Cash and bank balances	113	39,781	-	39,894
	113	493,758	95	493,966
Financial Liabilities				
Trade payables	-	1,440	-	1,440
Other payables and accruals	-	13,343	-	13,343
Lease liabilities	-	786	-	786
Term loans	-	137,749	-	137,749
Revolving credit	-	20,000	-	20,000
	-	173,318	-	173,318
Net financial assets	113	320,440	95	320,648
Less: Net financial assets denominated in the respective entities' functional currencies	-	(320,440)	-	(320,440)
Currency exposure	113	-	95	208

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Exposure (cont'd)

	Singapore Dollar	Ringgit Malaysia	Total
	RM'000	RM'000	RM'000
The Company			
30.9.2018			
Financial Assets			
Trade receivables	-	340	340
Other receivables	-	5,554	5,554
Amount owing by subsidiaries	-	318,044	318,044
Amount owing by a joint venture	-	13	13
Fixed deposits with licensed banks	-	7,250	7,250
Cash and bank balances	148	25,852	26,000
	148	357,053	357,201
Financial Liabilities			
Trade payables	-	887	887
Other payables and accruals	-	5,989	5,989
Term loans	-	107,524	107,524
Revolving credit	-	10,000	10,000
	-	124,400	124,400
Net financial assets	148	232,653	232,801
Less: Net financial assets denominated in the respective entities' functional currencies	-	(232,653)	(232,653)
Currency exposure	148	-	148

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(a) Market Risk *(cont'd)*

(i) Foreign Currency Risk *(cont'd)*

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group and the Company does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables, fixed deposits with licensed banks and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined under MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 31 and 37 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investment and hence, is not exposed to any equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade, financing, and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and short-term cash investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(b) Credit Risk *(cont'd)*

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Group also determines the concentration of credit risk by monitoring, on an ongoing basis, its trade and financing receivables based on the countries where the customer has operations. The credit risk concentration profile of trade and financing receivables at the end of the reporting period is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	394,667	322,546	313	340
Outside Malaysia	81,149	-	-	-
	475,816	322,546	313	340

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Financing Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade and financing receivables.

To measure the expected credit losses, trade and financing receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(b) Credit Risk *(cont'd)*

(iii) Assessment of Impairment Losses *(cont'd)*

Trade Receivables and Financing Receivables (cont'd)

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 60 to 180 days are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For impaired loans, advances and financing ("(loan(s)") which are individually assessed, judgement by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgements are made about the realisable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ from these, hence, resulting in changes to impairment losses recognised.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade and financing receivables (exclude accrued income) are summarised below:-

The Group	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'00
31.12.2019			
Current (not past due)	362,456	-	362,456
Less than 3 months past due	19,504	-	19,504
3 to 6 months past due	34,037	-	34,037
More than 6 months past due	60,650	(1,578)	59,072
	476,647	(1,578)	475,069

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(b) Credit Risk *(cont'd)*

(iii) Assessment of Impairment Losses *(cont'd)*

Trade Receivables and Financing Receivables (cont'd)

In the last financial period, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables (including financing receivables and exclude accrued income) is as follows:-

The Group	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
30.9.2018			
Not past due	293,801	-	293,801
Past due:			
- less than 3 months	10,233	(549)	9,684
- 3 to 6 months	5,250	-	5,250
- over 6 months	13,130	-	13,130
	322,414	(549)	321,865

The movements in the loss allowances in respect of financing and trade receivables are disclosed in Notes 16 and 18 to the financial statements respectively.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(b) Credit Risk *(cont'd)*

(iii) Assessment of Impairment Losses *(cont'd)*

Amount Owing By An Associate and Amount Owing By Joint Ventures (Non-trade Balances)

The Group applies the 3-stage general approach to measuring expected credit losses for amount owing by associates and joint ventures. No expected credit loss is recognised on these balances as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions to have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(c) Liquidity Risk *(cont'd)*

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
31.12.2019						
Non-derivative Financial Liabilities						
Lease liabilities	4.35 - 6.03	9,696	10,090	6,043	4,047	-
Term loans	4.64 - 7.70	137,749	160,004	24,706	98,063	37,235
Revolving credit	5.49 - 5.72	21,100	21,326	21,326	-	-
Block discounting	3.86 - 6.74	17,152	19,553	5,611	13,942	-
Trade payables	-	102,237	102,237	102,237	-	-
Other payables and accruals	-	30,051	30,051	30,051	-	-
		317,985	343,261	189,974	116,052	37,235
30.9.2018						
Non-derivative Financial Liabilities						
Hire purchase and finance lease payables	4.44 - 6.30	3,812	4,084	1,886	2,198	-
Term loans	4.67 - 5.15	107,524	135,980	20,110	74,489	41,381
Revolving credit	5.35 - 6.05	15,760	17,050	9,078	7,972	-
Trade payables	-	159,510	159,510	159,510	-	-
Other payables and accruals	-	27,085	27,085	27,085	-	-
		313,691	343,709	217,669	84,659	41,381

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(c) Liquidity Risk *(cont'd)*

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM'000	RM'000	RM'000	RM'000	RM'000
The Company						
31.12.2019						
Non-derivative Financial Liabilities						
Lease liabilities	4.35	786	804	650	154	-
Term loans	4.64 - 7.70	137,749	160,004	24,706	98,063	37,235
Revolving credit	5.49	20,000	20,206	20,206	-	-
Trade payables	-	1,440	1,440	1,440	-	-
Other payables and accruals	-	13,343	13,343	13,343	-	-
Financial corporate guarantee given to certain subsidiaries	-	-	25,357	25,357	-	-
		173,318	221,154	85,702	98,217	37,235
30.9.2018						
Non-derivative Financial Liabilities						
Term loans	4.67 - 5.15	107,524	135,980	20,110	74,489	41,381
Revolving credit	4.06	10,000	10,107	10,107	-	-
Trade payables	-	887	887	887	-	-
Other payables and accruals	-	5,989	5,989	5,989	-	-
Financial corporate guarantee given to certain subsidiaries	-	-	14,246	14,246	-	-
		124,400	167,209	51,339	74,489	41,381

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(c) Liquidity Risk *(cont'd)*

Maturity Analysis (cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

51.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	31.12.2019	**30.9.2018**
	RM'000	**RM'000**
Lease liabilities	9,696	-
Hire purchase and finance lease payables	-	3,812
Term loans	137,749	107,524
Revolving credit	21,100	15,760
Block discounting	17,152	-
Trade payables	102,237	159,510
Other payables and accruals	30,051	27,085
	317,985	313,691
Less: Fixed deposits with licensed banks	(12,439)	(10,066)
Less: Cash and bank balances	(63,781)	(100,164)
Net debt	241,765	203,461
Total equity	707,995	563,902
Debt-to-equity ratio	0.34	0.36

There was no change in the Group's approach to capital management during the financial period.

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 31.12.2019 RM'000	The Company 31.12.2019 RM'000
Financial Assets		
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition		
Unquoted investments	34,600	-
Mandatorily at Fair Value Through Profit or Loss		
Short term investments (included in cash at bank)	1,193	618
Amortised Cost		
Financing receivables	319,031	-
Trade receivables *	156,038	313
Other receivables	29,445	16,205
Amount owing by subsidiaries	-	429,771
Amount owing by an associate	6	-
Amount owing by joint ventures	95	95
Fixed deposits with licensed banks	12,439	7,688
Cash and bank balances	62,588	39,276
	579,642	493,348
Financial Liability		
Amortised Cost		
Lease liabilities	9,696	786
Term loans	137,749	137,749
Revolving credit	21,100	20,000
Block discounting	17,152	-
Trade payables	102,237	1,440
Other payables and accruals	30,051	13,343
	317,985	173,318

* - The trade receivables exclude accrued income.

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS *(cont'd)*

	The Group 30.9.2018 RM'000	The Company 30.9.2018 RM'000
Financial Assets		
Available-for-sale Financial Asset		
Other investments	28,527	-
Short term investments (included in cash at bank)	21,102	517
	49,629	517
Loan and Receivables Financial Assets		
Financing receivables	171,691	-
Trade receivables *	150,174	340
Other receivables	20,830	5,554
Amount owing by subsidiaries	-	318,044
Amount owing by an associate	-	-
Amount owing by a joint venture	13	13
Fixed deposits with licensed banks	10,066	7,250
Cash and bank balances	79,062	25,483
	431,836	356,684
Financial Liability		
Other Financial Liabilities		
Hire purchase and finance lease payables	3,812	-
Term loans	107,524	107,524
Revolving credit	15,760	10,000
Trade payables	159,510	887
Other payables and accruals	27,085	5,989
	313,691	124,400

* -The trade receivables exclude accrued income.

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51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 31.12.2019 RM'000	The Company 31.12.2019 RM'000
Financial Assets		
Amortised Cost		
Net gains recognised in profit or loss	3,630	10,932
Financial Liabilities		
Amortised Cost		
Net losses recognised in profit or loss	(9,164)	(8,115)

	The Group 30.9.2018 RM'000	The Company 30.9.2018 RM'000
Financial Assets		
Loans and Receivables Financial Assets		
Net losses recognised in profit or loss	(91,687)	(72,034)
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Net losses recognised in profit or loss	(7,898)	(7,167)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
31.12.2019								
Financial Assets								
Other investments:								
- unquoted investments	-	-	34,600	-	-	-	34,600	34,600
Financing receivables	-	-	-	-	319,031	-	319,031	319,031
Short term investments	-	1,193	-	-	-	-	1,193	1,193
Financial Liabilities								
Term loans	-	-	-	-	137,749	-	137,749	137,749
Revolving credit	-	-	-	-	21,100	-	21,100	21,100
Block discounting	-	-	-	-	17,152	-	17,152	17,152

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.5 FAIR VALUE INFORMATION *(cont'd)*

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Value	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
30.9.2018								
Financial Assets								
Other investments:								
- unquoted investments	-	-	19,386	-	-	*	19,386	28,527
Financing receivables	-	-	-	-	171,691	-	171,691	171,691
Short term investments	-	21,102	-	-	-	-	21,102	21,102
Financial Liabilities								
Hire purchase and finance lease payables	-	-	-	-	3,828	-	3,828	3,812
Term loans	-	-	-	-	107,524	-	107,524	107,524
Revolving credit	-	-	-	-	15,760	-	15,760	15,760

* In the last financial period, the fair value of the Group's investment in unquoted investments with carrying amount of approximately RM9.1 million was not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.5 FAIR VALUE INFORMATION *(cont'd)*

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Value	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
31.12.2019								
Financial Asset								
Short term investments	-	618	-	-	-	-	618	618
Financial Liabilities								
Term loans	-	-	-	-	137,749	-	137,749	137,749
Revolving credit	-	-	-	-	20,000	-	20,000	20,000
30.9.2018								
Financial Asset								
Short term investments	-	517	-	-	-	-	517	517
Financial Liabilities								
Term loans	-	-	-	-	107,524	-	107,524	107,524
Revolving credit	-	-	-	-	10,000	-	10,000	10,000

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(CONT'D)

51. FINANCIAL INSTRUMENTS *(CONT'D)*

51.5 FAIR VALUE INFORMATION *(cont'd)*

(a) Fair Value of Financial Instruments Carried at Fair Value

(aa) The level 3 fair value of the other investments is determined using discounted cash flow approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 12 to the financial statements.

(bb) The fair value of the short term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's term loans and revolving credits that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of financing receivables, hire purchase and finance lease payables and block discounting that carry fixed interest rates are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The effective interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	31.12.2019	30.9.2018	31.12.2019	30.9.2018
	%	%	%	%
Hire purchase and finance lease receivables	2.65 - 8.10	2.50 - 10.00	-	-
Loan receivables	7.65	7.65	-	-
Hire purchase and finance lease payables	-	4.44 - 6.30	-	-
Block discounting	3.86 - 6.74	-	-	-

52. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 12 October 2018, the Company had accepted the Letter of Intent ("LOI") from Universiti Utara Malaysia ("UUM") with the intention to work, co-operate and deploy their respective expertise, knowledge and resources to conduct academic programmes.

(b) On 22 October 2018, the Company had entered into a Memorandum of Understanding ("MOU") with University of Malaya ("UM") to jointly promote and foster the development of academic and research projects in blockchain, as well as for the implementation of an on-campus e-wallet.

(c) On 12 November 2018, the rights, title, interests and benefits together with all duties, obligations and liabilities of MYEGI arising from the Joint Venture Cum Shareholders Agreement ("the Agreement") with Control Data (BD) Limited, My Paycheck Sdn. Bhd., Arif Alam and Teo Kim Hoe have been transferred to and assumed by MYEGB.

(d) On 26 November 2018, MYEGIND entered into a Memorandum Of Understanding ("the MOU") with PT Cartenz Technology Indonesia ("Cartenz") to define and regulate the intended collaboration and cooperation to expand and extend the scope of Cartenz's product and services in relation to its tax monitoring system and tax revenue system in the Republic of Indonesia, upon the terms and conditions contained in the MOU.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

52. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD *(CONT'D)*

(e) On 17 December 2018, the Company's joint venture company, MYEG Philippines together with I-Pay Commerce Ventures, Inc. had entered into a Memorandum of Agreement with National Bureau of Investigation ("NBI") to implement the NBI's Electronic Payment and Collection System ("EPCS"), including the installation and operation of the EPCS as well as other related services such as online registration, online appointment, online payment, and help desk/support capabilities.

(f) On 20 December 2018, MYEG (BD) Ltd, a joint venture company has been incorporated for the purpose of engaging in the business of technology services and e-government services in Bangladesh in accordance with the terms and conditions of the Agreement.

(g) On 5 March 2019, Malaysia Competition Commission ("MyCC") has accepted the changes made by the Group to its online foreign worker renewal system via a letter dated 4 March 2019. As such, with the acceptance of the changes made, the daily penalty of RM7,500 which, up to the date of the acceptance amounted to RM9,644,700, have ceased with immediate effect.

However, the appeal which the Group had filed to the Court of Appeal earlier on in regards to the penalty imposed by MyCC, will continue. Based on the solicitor's letter dated 5 March 2020, the Group's application to adduce fresh evidence to the Court of Appeal was dismissed on 4 February 2020. The hearing for the merits is now set on 13 August 2020.

(h) On 4 April 2019, MYEGC entered into an Investment Agreement in relation to the subscription of 46,044 shares in Jingle Magic (Beijing) Technology Co., Ltd. for a total consideration of RMB10,000,000 (approximately RM6,100,000), which constitute approximately 3.03% of the total enlarged issued shares of Jingle Magic.

(i) On 22 July 2019, MYEGIND entered into a share subscription agreement and shareholders' agreement ("the Agreements") in relation to the subscription of 3,333,333 ordinary shares in PT Cartenz for a total consideration of USD10,000,000 (approximately RM41,095,000). With the formalisation of the Agreements, the MOU entered on 26 November 2018 is deemed to be terminated.

(j) On 20 November 2019, MYEG Philippines commenced its online services in partnership with Land Bank of the Philippines ("LANDBANK"), to bring added convenience to the people of the Philippines in transacting with the Philippines' Government. The launch of the service is a realization of a partnership between MYEG Philippines and LANDBANK that entails the implementation and integration of MYEG Philippines' Electronic Payment and Collection System by LANDBANK.

53. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. Measures taken by various government and private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. In addition, the outbreak of COVID-19 may also affect the recoverability of the Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, the carrying amount of the investment properties held by the Group, carrying amounts of the Group's property and equipment, right-of-use assets, goodwill and inventories in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements reliably at this juncture.

(b) On 13 January 2020, the Group's associate company in Indonesia, PT Cartenz, has secured additional mandates from various provincial governments in the Republic of Indonesia, to roll-out its tax monitoring system to 30 more cities on a pilot basis, marking an expansion to the Tax Monitoring Programme that is actively underway in Jakarta ("the Projects").

The Projects' tenure ranges from 1 year to 3 years and it is renewable upon expiry. The Projects have no fixed value as it is dependent on the number of installations to be undertaken by PT Cartenz in the future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

53. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD *(CONT'D)*

(c) On 28 April 2020, the Company's joint venture, MYEG Philippines launched a contact tracing and digital health profiling smartphone application known as MyEGuard and commenced pilot implementations for cities in Philippines. The roll-out of MyEGuard will enable authorities to carry out contact tracing to contain the COVID-19 pandemic.

(d) On 21 May 2020, the Company had received an official notification from the Government to continue with the provision of the E-Government Services (including the provision of the electronic delivery of vehicle registration, driver and vehicle licensing, and payment of summon services) until 30 June 2020.

On 22 May 2020, the Company had also received an official notification from the Government to continue with the provision of the Immigration Related Services (including the provision of online renewal of temporary employment pass for foreign workers or "Pas Lawatan Kerja Sementara") for the Immigration Department of Malaysia until further notice.

This is to allow the Government sufficient time to finalise the status of the extension of these agreements subsequent to their expiration on 22 May 2020. The Group is committed to pursue the extension of these agreements with the Government. As at to date, the Group is still awaiting for the Government's decision on these extensions.

Revenue generated from the 'concession based services' and 'commercial based - concession related services' for the 15 month period up to December 2019 contributed 19% of the Group's overall revenue (15 month period up to September 2018 - 19%).

(e) On 5 June 2020, PT Cartenz Tekno Lab, a wholly-owned subsidiary of PT Cartenz, an associate company of MYEG, had entered into a Memorandum of Understanding ("MOU") with Jakarta Smart City Management Unit to provide and implement a contact tracing application for the province of Jakarta to manage the spread of the COVID-19 virus.

(f) On 10 June 2020, MYEGC had entered into a Share Sales Agreement ("SSA") and Put and Call Option Agreement ("PCOA") with Merrington Assets Limited ("MAL") for the purchase of 118,000,000 ordinary shares of S5 Holdings Inc. ("S5"), representing 10% of the issued and paid-up share capital of S5 by MYEGC from MAL for a total consideration of RM90 million, to be satisfied partly by cash consideration of RM75 million and the balance sum of RM15 million to be satisfied by the allotment and issuance of 12,500,000 new ordinary shares (at RM1.20 per share) in the Company ("Consideration Shares") to MAL.

Completion of the SSA is conditional on:-

(i) the Company obtaining approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the 12,500,000 new ordinary shares (at RM1.20 per share) in the Company, representing 0.36% of the existing total issued and paid-up capital of the Company (excluding treasury shares); and

(ii) MYEGC and/or the Company conducting or cause to be conducted a due diligence on S5 Group to the satisfaction of MYEGC and/or the Company.

The conditions precedent shall be satisfied on or before 30 September 2020 ("Cut-Off Date"). Thereafter, the parties may have an extension of time as may be agreed between the parties.

On 11 June 2020, the application for the listing of and quotation for the Consideration Shares, which is to be issued pursuant to the Proposed Acquisition, has been submitted to Bursa Securities.

53. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD *(CONT'D)*

(g) On 1 June 2020, the Company proposed to undertake the following:-

(i) establishment of a dividend reinvestment plan that provides shareholders of the Company with an option to elect to reinvest their cash dividend declared by the Company into new ordinary shares in MYEG ("Proposed DRP"); and

(ii) establishment of an ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares) at any point in time over the duration of the ESOS for eligible persons ("Proposed ESOS"); and

(iii) diversification of the existing business of the Group to include the provision of financial services.

Subsequently on 12 June 2020, the Board announced that the application for the above proposals have been submitted to Bursa Securities.

54. CHANGES IN ACCOUNTING POLICIES

Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the its consolidated statement of financial position as at 30 September 2018; but are recognised in the opening consolidated statement of financial position on 1 October 2018 (date of initial application of MFRS 9). The main impacts resulting from the changes made are summarised below:-

		← Classification and Carrying Amount →		
		Under MFRS 139	**Under MFRS 9**	**Transition Adjustment**
The Group		**RM'000**	**RM'000**	**RM'000**
(a)	Reclassification from available-for-sale financial assets to fair value through other comprehensive income	AFS 28,527	FVOCI 28,527	-
	The Group intends to hold the Investments in unquoted shares for long-term strategic purposes. These investments were measured at cost in prior periods. As permitted by MFRS 9, the Group has designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

54. CHANGES IN ACCOUNTING POLICIES *(CONT'D)*

Initial Application of MFRS 9 *(cont'd)*

		← The Group →			← The Company →		
		← Classification and Carrying Amount →					
		Under MFRS 139	Under MFRS 9	Transition Adjustment	Under MFRS 139	Under MFRS 9	Transition Adjustment
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(b)	Reclassification from available-for-sale financial assets to fair value through profit or loss The Group's short term investments have been reclassified from available-for-sale financial assets to fair value through profit or loss as their cash flows do not represent solely payments of principal and interest.	AFS 21,102	FVPL 21,102	-	AFS 517	FVPL 517	-

AFS ~ Available-for-sale financial asset
FVOCI ~ Fair value through other comprehensive income financial assets
FVPL ~ Fair value through profit or loss financial asset

(c) The Group has changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised cost to reflect their changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its receivables as permitted by MFRS 9.

Initial Application of MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 October 2018 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2018.

(a) Lessee Accounting

At 1 October 2018, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date ranging from 4.35% to 5.72%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The right-of-use assets were measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at 1 October 2018.

54. CHANGES IN ACCOUNTING POLICIES *(CONT'D)*

Initial Application of MFRS 16 *(cont'd)*

(a) Lessee Accounting *(cont'd)*

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 October 2018;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 October 2018 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 October 2018:-

	The Group	The Company
	RM'000	RM'000
Operating lease commitments as at 30 September 2018 as disclosed in last financial period (Restated)	11,327	1,823
Discounted using the incremental borrowing rate as at 1 October 2018	10,367	857
Less: Reversal of prepayments made for leasehold land due to contract temporarily terminated	(5,382)	-
Lease liabilities recognised as at 1 October 2018	4,985	857

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 October 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

54. CHANGES IN ACCOUNTING POLICIES *(CONT'D)*

Initial Application of MFRS 16 *(cont'd)*

(c) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 October 2018 are summarised below:-

	1 October 2018		
The Group	**As Previously Reported RM'000**	**MFRS 16 Adjustments RM'000**	**As Restated RM'000**
Statements of Financial Position			
Property and equipment (Note 9)	283,848	(4,238)	279,610
Right-of-use assets (Note 11)	-	9,223	9,223
Lease liabilities (Note 28):			
– non-current liabilities	-	3,113	3,113
– current liabilities	-	5,684	5,684
Hire purchase payables (Note 30)			
– non-current liabilities	2,085	(2,085)	-
– current liabilities	1,727	(1,727)	-
The Company			
Statements of Financial Position			
Right-of-use assets (Note 11)	-	856	856
Lease liabilities (Note 28):			
– non-current liabilities	-	381	381
– current liabilities	-	476	476

55. COMPARATIVE FIGURES

The comparative figures covered the financial period from 1 July 2017 to 30 September 2018. The Company has also changed its financial year end from 30 September to 31 December. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are comparable to that for the current 15 month period ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019
(CONT'D)

55. COMPARATIVE FIGURES *(CONT'D)*

The following figures have been reclassified to conform with the presentation of the current financial period:-

	The Group		The Company	
	As Previously Reported	As Restated	As Previously Reported	As Restated
	RM'000	RM'000	RM'000	RM'000
Consolidated Statement of Financial Position (Extract):-				
Other payables and accruals	29,262	28,696	6,017	6,017
Deferred revenue	525	1,091	-	-
Consolidated Statement of Comprehensive Income and Other Comprehensive Income (Extract):-				
Other expenses	(204,628)	(108,631)	(161,645)	(88,895)
Net impairment losses on financial assets	-	(95,997)	-	(72,750)
Consolidated Cash Flows (Extract):-				
Net cash from/(for) operating activities	168,853	176,749	265,911	(131,800)
Net cash (for)/from investing activities	(65,239)	(65,227)	(143,402)	261,364
Net cash for financing activities	(125,386)	(133,294)	(122,515)	(129,570)

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company did not implement any fund-raising exercise during the financial period.

2. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the FP2019 entered into by the Group involving the interests of the Directors and major shareholders.

3. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involved Directors' and major shareholders' interests.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the FP2019 are disclosed in Note 46(b) to the Financial Statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Act to present the financial statements for each financial year which have been made out in accordance with the applicable approve accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the FP2019, the appropriate accounting policies were used and applied consistently, adopted to include new and revised MFRS where applicable. The Board is also at the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.

ANALYSIS OF SHAREHOLDINGS
As at 1 June 2020

Total number of issued shares	:	3,606,305,993 (including 152,104,400 treasury shares)
Class of Shares	:	Ordinary Shares
Voting Right	:	One Vote per Ordinary Share
Number of Shareholders	:	24,033

DISTRIBUTION OF SHAREHOLDINGS[1]

Size of Shareholdings	No. of Shareholders	%[2]	No. of Shares	%[2]
Less than 100	445	1.85	17,719	0.00
100 to 1,000	4,899	20.38	3,122,309	0.09
1,001 to 10,000	12,901	53.68	61,482,500	1.78
10,001 to 100,000	4,889	20.34	154,009,995	4.45
100,001 – less than 5% of issued shares	898	3.74	3,066,231,470	88.67
5% and above issued shares	1	0.01	173,276,900	5.01
Total	24,033	100.00	3,458,140,893	100.00

Notes:-

*(1) Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 2 trading days after the transaction date. Hence, the distribution of shareholdings record transactions made up to 28 May 2020 which was subsequently captured in the Record of Depository ("**ROD**") dated 1 June 2020.*

(2) Excluding a total of 152,104,400 shares bought back by the Company and retained as treasury shares based on the ROD dated 1 June 2020.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	No. of Shares Held			
Names of Substantial Shareholders	Direct Interest	%[1]	Indirect Interest	%[1]
Wong Thean Soon	362,939,130	10.51	714,428,577[2]	20.68
Asia Internet Holdings Sdn Bhd	714,428,577	20.68	-	-
Employees Provident Fund Board	192,981,200	5.59	-	-
Kumpulan Wang Persaraan (Diperbadankan)	173,276,900	5.02	22,123,700[3]	0.64

Notes:-

(1) Excluding a total of 152,104,400 shares bought back by the Company and retained as treasury shares.

(2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(3) Deemed interested via Kumpulan Wang Persaraan's Fund Manager.

ANALYSIS OF SHAREHOLDINGS
As at 1 June 2020
(CONT'D)

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares Held			
	Direct Interest	%[1]	Indirect Interest	%[1]
Dato' Dr Norraesah Binti Haji Mohamad	26,260,000	0.76	-	-
Wong Thean Soon	362,939,130	10.51	714,428,577[2]	20.68
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	11,219,000	0.32	4,301,000[3]	0.12
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	0.10	-	-
Wong Kok Chau	-	-	-	-

Notes:-

(1) Excluding a total of 152,104,400 shares bought back by the Company and retained as treasury shares.
(2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(3) Deemed interested by virtue of his wife's and son's shareholding pursuant to Section 59 (11)(c) of the Companies Act 2016.

TOP THIRTY (30) SHAREHOLDERS[1]

No.	Names	No. of Shares	%[2]
1.	Kumpulan Wang Persaraan (Diperbadankan)	173,276,900	5.011
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (MGN-AIH0002M)*	155,314,800	4.491
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account – AmBank (M) Berhad for Asia Internet Holdings Sdn. Bhd.*	136,587,000	3.950
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (001-Account 2)*	119,366,233	3.452
5.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (MY2599)*	109,920,544	3.179
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	104,459,200	3.021
7.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Thean Soon*	62,000,000	1.793
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.*	61,740,000	1.785
9.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Thean Soon (MGN-WTS0003M)*	60,551,994	1.751
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Wong Thean Soon*	60,500,000	1.749
11.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.*	60,000,000	1.735
12.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Maybank Investment Bank Berhad for Wong Thean Soon*	56,881,100	1.645
13.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Bank Berhad (EDP 2)*	53,828,817	1.557

ANALYSIS OF SHAREHOLDINGS
As at 1 June 2020
(CONT'D)

TOP THIRTY (30) SHAREHOLDERS[1] *(CONT'D)*

No.	Names	No. of Shares	%[2]
14.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.*	50,000,000	1.446
15.	Lembaga Tabung Haji	49,750,000	1.439
16.	Maybank Investment Bank Berhad *IVT (10)*	47,500,000	1.374
17.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *Exempt an for KGI Securities (Singapore) Pte Ltd (66589 T CL)*	46,350,000	1.340
18.	Cartaban Nominees (Asing) Sdn. Bhd. *GIC Private Limited for Government of Singapore (C)*	44,633,800	1.291
19.	Cartaban Nominees (Tempatan) Sdn. Bhd. *PAMB for Prulink Equity Fund*	44,111,500	1.276
20.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund*	43,636,000	1.262
21.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA for Vanguard Total International Stock Index Fund*	40,689,981	1.177
22.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Thean Soon (7003171)*	40,600,000	1.174
23.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Affin-Hwg)*	39,319,600	1.137
24.	HSBC Nominees (Asing) Sdn. Bhd. *TNTC for Somerset Emerging Markets Small Cap Fund LLC*	38,852,300	1.124
25.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA for Utilico Emerging Markets Trust PLC*	37,381,399	1.081
26.	Maybank Nominees (Asing) Sdn. Bhd. *Exempt an for Kensington Trust Labuan (Amat Class-C)*	35,000,000	1.012
27.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Thean Soon*	33,200,000	0.960
28.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	31,498,850	0.911
29.	HSBC Nominees (Asing) Sdn. Bhd. *TNTC for Somerset Small Mid Cap Em All Country Fund LLC*	30,405,800	0.879
30.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *BNYM SA/NV for Kenrich Asiatiske Aktier (Kap Investin Pro)*	28,266,300	0.817

Notes:-

(1) Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 2 trading days after the transaction date. Hence, the list of the top 30 shareholders is based on the transactions made up to 28 May 2020 which was subsequently captured in the ROD dated 1 June 2020.

(2) Excluding a total of 148,165,100 shares bought back by the Company and retained as treasury shares based on the ROD dated 1 June 2020.

LIST OF PROPERTIES

Location	Description/ Existing Use	Land Area/ Built-up Area (sq ft)	Tenure	Approximate Age of Buildings	Net book Value * (RM)	Year of Acquisition
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	22-storey of Stratified Parcels designated for office use forming part of MYEG Tower	1,012,939/ 238,932	Leasehold, expiring on 8th June 2104	4 years	148,000,367	2015
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	Seven (7) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 79,284	Leasehold, expiring on 8th June 2104	4 years	43,225,873	2016
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 11,206	Leasehold, expiring on 8th June 2104	4 years	6,217,929	2017
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 11,120	Leasehold, expiring on 8th June 2104	4 years	6,277,611	2018
MYEG Tower, Empire City No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) commercial space within the podium level below MYEG Tower	1,012,939/ 45,328	Leasehold, expiring on 8th June 2104	1 year	34,766,576	2018
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 11,238	Leasehold, expiring on 8th June 2104	4 years	8,048,763	2018

** As at 31 December 2019*

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth ("**19th**") Annual General Meeting ("**AGM**") of MY E.G. SERVICES BERHAD ("**MYEG**" or "**Company**") will be held as a virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via Vote2U at *https://web.vote2u.app* from the broadcast venue at Level 43A, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Thursday, 6 August 2020 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this Notice.

AGENDA

AS ORDINARY BUSINESS

1.	To lay the audited financial statements for the financial period ended 31 December 2019 ("**FP2019**") together with the Reports of the Directors and Auditors thereon.	**Please refer to Note A**
2.	To approve a final single-tier dividend of 2.0 sen per ordinary share in respect of the FP2019.	**Ordinary Resolution 1**
3.	To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company and its subsidiaries from 1 October 2018 to 31 December 2019.	**Ordinary Resolution 2**
4.	To re-elect the following Directors retiring pursuant to Clause 95 of the Constitution of the Company:	
	4.1 Mr Wong Thean Soon	**Ordinary Resolution 3**
	4.2 Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	**Ordinary Resolution 4**
5.	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**

AS SPECIAL BUSINESS

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

6. **PROPOSED CONTINUATION IN OFFICE OF DATUK MOHD JIMMY WONG BIN ABDULLAH AS INDEPENDENT NON-EXECUTIVE DIRECTOR** — **Ordinary Resolution 6**

"THAT approval be and is hereby given to Datuk Mohd Jimmy Wong Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of thirteen (13) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM ("**20th AGM**") in accordance with the Malaysian Code on Corporate Governance ("**MCCG**")."

7. **PROPOSED CONTINUATION IN OFFICE OF TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM AS INDEPENDENT NON-EXECUTIVE DIRECTOR** — **Ordinary Resolution 7**

"THAT approval be and is hereby given to Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim who has served as an Independent Non-Executive Director of the Company for a cumulative term of eleven (11) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the 20th AGM in accordance with the MCCG."

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING
(CONT'D)

8. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** **Ordinary Resolution 8**

"THAT, subject to the Companies Act 2016 ("**Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company ("**MYEG Shares**") comprised in the Company's total number of issued shares, such purchases to be made through the Bursa Securities subject further to the following:

(i) the aggregate number of MYEG Shares which may be purchased and/or held by the Company shall be up to 10% of the total number of issued MYEG Shares for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the MYEG Shares shall not exceed the total retained profits of the Company. As at 31 December 2019, the audited retained profits of the Company were approximately RM490.61 million;

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the 20th AGM, following the 19th AGM at which the Proposed Renewal of Authority for Purchase of Own Shares by the Company was passed, at which time it will lapse unless an ordinary resolution is passed at the 20th AGM, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the 20th AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority; and

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING
(CONT'D)

(iv) upon completion of the purchase(s) of the MYEG Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the MYEG Shares in the following manner:

(a) cancel the MYEG Shares purchased; or
(b) retain the MYEG Shares purchased as treasury shares; or
(c) retain part of the MYEG Shares purchased as treasury shares and cancel the remainder of the MYEG Shares purchased; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on the market of Bursa Securities and/or transfer the MYEG Shares or any of the MYEG Shares for the purposes of or under an employees' share scheme and/or transfer the MYEG Shares or any of the MYEG Shares as purchase consideration and/or cancel all or part of them and/or sell, transfer or otherwise use the MYEG Shares for such other purposes as minister charged with the responsibility for companies may by order prescribe; or
(e) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

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

9. **PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** **Special Resolution 1**

"THAT pursuant to Section 76 of the Act, the Directors be and are hereby empowered to allot and issue MYEG Shares, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of MYEG Shares to be issued does not exceed 10% of the total number of issued MYEG Shares (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional MYEG Shares so issued on the Bursa Securities and THAT such authority shall continue to be in force until the conclusion of the 20th AGM of the Company."

10. To transact any other business that may be transacted at the 19th AGM of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)
Company Secretaries

Selangor Darul Ehsan
29 June 2020

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTES:

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders. Hence, this item is not put forward for voting.

(B) Ordinary Resolution 6 and 7 – Proposed Continuation in office of Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim as Independent Non-Executive Directors

Practice 4.2 of the MCCG provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim who have served as Independent Non-Executive Directors of the Company for a cumulative term of thirteen (13) years and eleven (11) years respectively to continue to act as Independent Non-Executive Directors of the Company.

The Board through the Nomination Committee had assessed and endorsed that Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence. The detailed justifications are as set out in the Annual Report.

(C) Ordinary Resolution 8 - Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 8 if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued MYEG Shares. This authority unless revoked or varied by the Company at a general meeting will expire at the 20th AGM of the Company.

Please refer to the Share Buy-Back Statement dated 29 June 2020 for further information.

(D) Special Resolution 1 – Proposed Authority to Allot and Issue Shares by Directors pursuant to Section 76 of the Companies Act 2016

The proposed Special Resolution 1, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of 10% of the total number of issued MYEG Shares (excluding treasury shares) at the time of such allotment and issuance of MYEG Shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the 20th AGM of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new MYEG Shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s). No MYEG Shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 14 March 2019 and hence no proceeds were raised therefrom.

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING
(CONT'D)

PARTICIPATION AND PROXY:

1. The 19th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using RPV facilities via Vote2U at *https://web.vote2u.app*. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely through the RPV facilities.

2. In compliance with Section 327(2) of the Act, the Chairman shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note, the Broadcast Venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM. No shareholders and proxy(ies) will allowed to be physically present nor enter the Broadcast Venue.

3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the 19th AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

4. A member entitled to attend, participate and vote at the virtual meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. If the proxy(ies) is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy(ies).

5. A member shall be entitled to appoint up to two (2) proxies or attorneys or authorised representatives to vote at the same virtual meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

7. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.

8. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time for holding the virtual meeting (no later than Tuesday, 4 August 2020 at 10:00 a.m.) or any adjourned virtual meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

   Alternatively, individual shareholders may choose to submit the electronic Proxy Form ("**e-Proxy Form**") using RPV facilities via Vote2U at *https://web.vote2u.app* no later than Tuesday, 4 August 2020 at 10:00 a.m. Please refer to the Administrative Guide for the procedures to submit the e-Proxy Form through the RPV facilities.

9. The appointment of the proxy(ies) will be **INVALID** if the Proxy Form is not completed correctly in accordance with the instructions stated in the form.

10. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the virtual meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING
(CONT'D)

MODE OF COMMUNICATION:

Prior to the 19th AGM, shareholders may submit questions to the Board of Directors at www.myeg.com.my/investor_relations (under the "General Meeting" tab) latest by 3 August 2020. During the 19th AGM, shareholders may submit questions by clicking on "Ask Question" on the RPV facilities while participating in the virtual meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the 19th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 19th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 19th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

MY E.G. SERVICES BERHAD

[Registration No. 200001003034 (505639-K)]
(Incorporated in Malaysia)

I/We, _____ NRIC/Registration No. _____
(Full name in block letters)

of _____
(Full Address)

telephone no. _____ email address_____ being a member/members of **MY E.G. Services Berhad** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting ("**19th AGM**") of the Company which will be held as a virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via Vote2U at *https://web.vote2u.app* from the broadcast venue at Level 43A, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Thursday, 6 August 2020 at 10.00 a.m. and at any adjournment thereof.

IMPORTANT NOTE:
Please (i) tick [✓] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✓] option (c) if you would like to appoint the Chairman of the 19th AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Address & Email Address	Proportion of shareholding to be represented
(a)	**Appoint ONE proxy only** (Please complete details of proxy below)			
				100%
(b)	**Appoint MORE THAN ONE proxy** (Please complete details of proxies below)			
Proxy 1				%
Proxy 2				%
				100%
(c)	**The Chairman of the 19th AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf**			

My/our proxy/proxies is/are to vote as indicated below:

Please indicate with an "X" in the appropriate box provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on the Resolutions, the proxy shall vote at his/her discretion, or abstain from voting as the proxy thinks fit.

NO.	RESOLUTION	FOR		AGAINST	
	Ordinary Business	Proxy 1	Proxy 2	Proxy 1	Proxy 2
Ordinary Resolution 1	To approve the Final Single-Tier Dividend				
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company and its subsidiaries from 1 October 2018 to 31 December 2019				
Ordinary Resolution 3	To re-elect Mr. Wong Thean Soon				
Ordinary Resolution 4	To re-elect Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim				
Ordinary Resolution 5	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company				
	Special Business				
Ordinary Resolution 6	To approve Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director				
Ordinary Resolution 7	To approve Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim to continue in office as Independent Non-Executive Director				
Ordinary Resolution 8	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company				
Special Resolution 1	To approve the Proposed Authority to Directors to allot and issue shares by the Directors pursuant to Section 76 of the Companies Act 2016				

Dated this _____ day of _____ 2020

_____
Signature / Common Seal of Shareholder

NOTES:

1. The 19th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using the RPV facilities via Vote2U at *https://web.vote2u.app*. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely through the RPV facilities.
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3. A member entitled to attend, participate and vote at the virtual meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. If the proxy(ies) is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy(ies).
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5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

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Stamp

The Share Registrar

MY E.G. SERVICES BERHAD
[Registration No. 200001003034 (505639-K)]

Ground Floor or 11th Floor,
Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan

Please fold here

6. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time for holding the virtual meeting (no later than Tuesday, 4 August 2020 at 10:00 a.m.) or any adjourned virtual meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

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8. The appointment of the proxy(ies) will be **INVALID** if this form is not completed correctly in accordance with the said instructions.
9. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the virtual meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 19th AGM dated 29 June 2020.

www.myeg.com.my

Corporate Head Office:
Level 43A, MYEG Tower,
No 8, Jalan Damansara, Empire City, PJU 8,
47820 Petaling Jaya, Selangor.
Tel: 03-7664 8000 Fax: 03-7664 8008
Email: investors@myeg.com.my

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47820 Petaling Jaya, Selangor.
Tel: 03-7801 8888
Email: help@myeg.com.my