



www.myeg.com.my

MY E.G. SERVICES BERHAD
REGISTRATION No. 200001003034 (505639-K)

The background features a collage of a tall building under construction, partially obscured by a large circular graphic on the left. This graphic consists of several concentric rings in red and orange, with white segments that reveal the building's facade. The building itself is covered in scaffolding and has a mix of yellow and red sections. The sky is blue with white clouds. In the top right and bottom right corners, there are decorative elements of concentric circles and a fingerprint-like pattern in a light orange color.

ANNUAL REPORT *2020*



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ABOUT THIS REPORT

For financial year ended 31 December 2020 (“**FY2020**”), MY E.G. Services Berhad (“**MYEG**” or the “**Company**”) and its subsidiaries (the “**Group**”) continue to make progress in strengthening its disclosures and affirms its commitment towards the principles of Integrated Reporting (“**<IR>**”).

Having made significant headway in the adoption of the <IR> guiding principles and content elements in previous years, the FY2020 integrated annual report (“**IAR**”) looks to strengthen linkages between strategic content towards realising stronger connectivity of information. This is towards presenting a more compelling and clear value creation narrative that is comprehensive, yet still concise for readers.

The objective of the IAR is to present readers with a story that eschews presenting strategic information in isolation and instead, showcases how content is related to each other in a dynamic fashion. This enables a more coherent viewpoint of MYEG’s external environment, its business model and business strategies, its risk and opportunities and how all of these converge together to influence and impact value creation.

APPROACH TO REPORT CONTENT

In selecting relevant content for the IAR, the Group has adopted the following materiality criteria:

- Information that is pertinent to the Group’s resources (capitals)
- Information that is pertinent to the business model
- Information that is pertinent to outputs and outcomes created (financial and non-financial values)

In essence, this report focuses on matters that may have a significant influence on our ability to create value across the short, medium and long-term horizons. It includes financial and non-financial performance, risks, opportunities and outcomes of the strategic initiatives of Group.

Given the above, the MYEG FY2020 IAR has incorporated the following content elements:

CONTENT ELEMENT	DESCRIPTION
Corporate Profile	This section effectively provides an overview of the organisation – providing general details on Group’s business operations, locations of business operations, services provided and other related introductory information.
Our Business Process	Details the actual business model or business processes that Group employs in the provision of its services to users. The section depicts the customer journey from start to end and how the business model facilitates the consumption of services.
Our Business Strengths	Outlines how the business model enables Group to derive specific business strengths or competitive advantages. The section also illustrates the dynamic, interconnected relationship between the business process or business model with business strengths and business strategy.
Our Operating Environment	This section shows how Group continues to be well attuned to the macro-operating environment and how external trends and developments may impact the availability of capitals, internal business processes (the business model effectively) and value creation capabilities.
Our Risks and Opportunities	The assessment of external factors and its impacts on Group enables the development of a risk and likelihood matrix that can impact financial and non-financial value creation.
Value Creation Model	The provision of the value creation model to depict how resources are consumed to drive value creation.
Outlook and Prospects	Beyond providing the overall operating landscape for FY2021, this section also outlines what are the key strategic priorities for Group going forward and describes how the Group intends to realise its future business plans.
Strategic Snapshot	A summary table providing key strategic information that showcases the linkage of strategic content for the benefit of readers who require a quick read of all presented content elements.

ABOUT THIS REPORT (CONT'D)

APPLIED FRAMEWORKS

The MYEG FY2020 IAR draws from / has been developed in accordance with the following reporting frameworks:

- Main Market Listing Requirements (“**MMLR**”) of Bursa Securities Malaysia Berhad (“**Bursa Securities**”)
- Integrated Reporting Principles Based Framework of the International Integrated Reporting Council (“**IIRC**”)
- 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 (“**Companies Act**”)
- Malaysia Financial Reporting Standards (“**MFRS**”)
- ISO 31000 Risk Management Standard implemented in 2013

SCOPE AND BOUNDARY

Our FY2020 report covers the business operations, activities, processes and employees of the Group where relevant. Beyond financial information, information presented is intended to show how Group 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.

ONLINE VERSION

This report can be downloaded from https://www.myeg.com.my/investor_relations (see “Reports & Presentations” tab) and Bursa Malaysia’s website.

FORWARD LOOKING STATEMENTS

This report contains information on Group’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 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 FY2020.

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 topline strategic plans for the short, medium and long-term so as not to place MYEG at a competitive disadvantage.

FEEDBACK

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

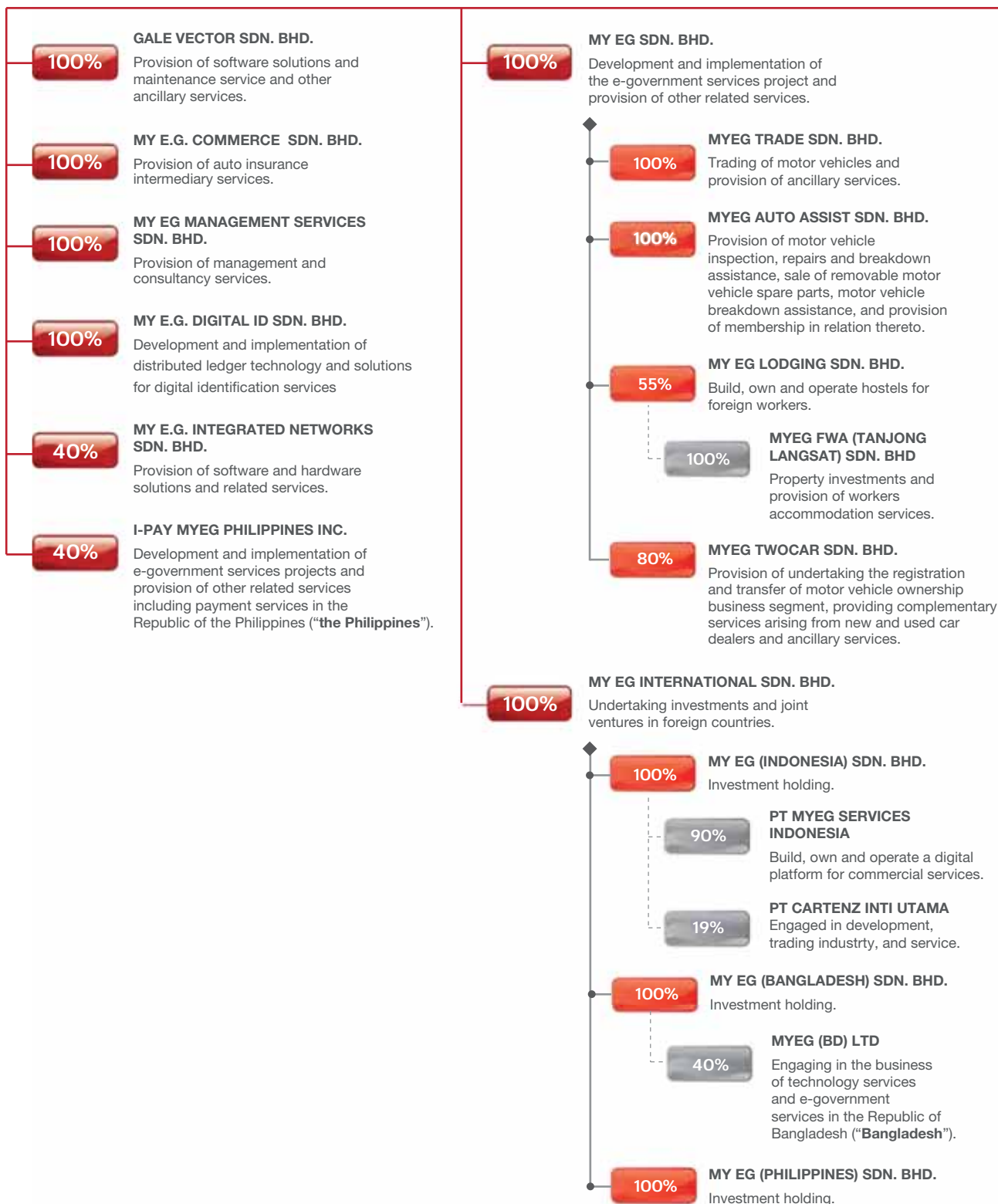
CORPORATE STRUCTURE



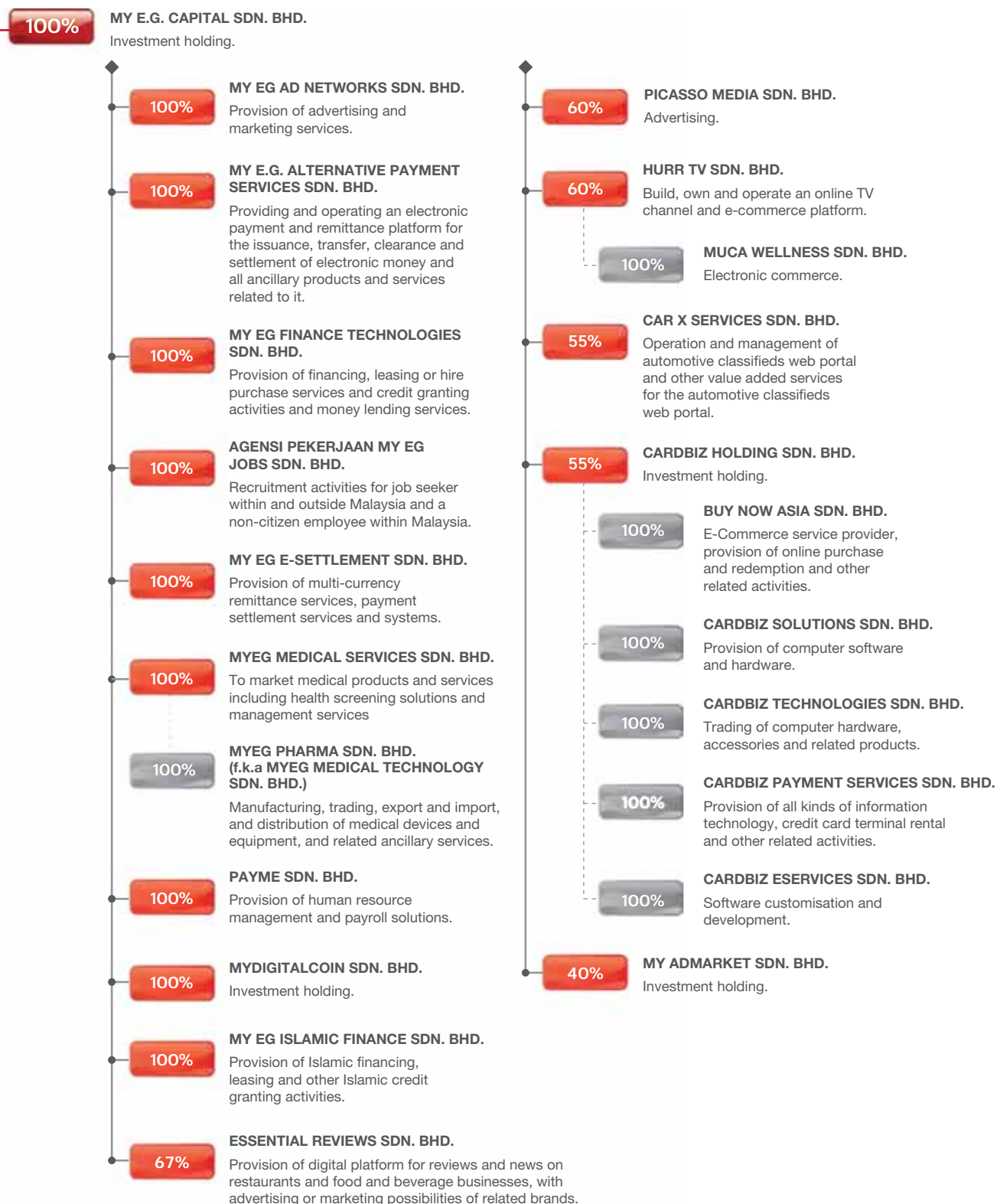
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MY E.G. Services Berhad

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.



CORPORATE STRUCTURE (CONT'D)



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

Dato' Sri Mohd Mokhtar Bin Mohd Shariff
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

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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

COMPANY VISION AND MISSION

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

VISION

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

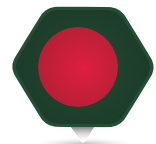
4 Presence in
countries



MALAYSIA

the
PHILIPPINES

INDONESIA



BANGLADESH

2,482
employed in
our workforce



>900 Kiosks
to assist citizens and businesses

21-year

track record in
e-government services



>100 E-service
centres
to assist citizens and businesses

KEY MILESTONES

For two decades since our inception, MYEG continues to be a leading provider of digital services, first in Malaysia and subsequently in overseas markets.

Following are the Group's key milestones of highlights and achievements. The full list of key milestones accomplished is available at: https://www.myeg.com.my/investor_relations (under the "Corporate Info" tab).

2020

JANUARY

PT Cartenz Inti Utama ("**Cartenz**"), MYEG's associate company in Indonesia, secured additional mandates to roll-out its tax monitoring system to 30 more cities in Indonesia on a pilot basis.

FEBRUARY

MYEG successfully developed an extensive Artificial Intelligence ("**AI**")-powered COVID-19 risk profiling system and made it available to the governments of Malaysia and the Philippines.

APRIL

I-Pay MYEG Philippines Inc ("**MYEG Philippines**") launched a contact tracing and digital health profiling smartphone application known as MyEGuard and commenced pilot implementations for the cities of Paranaque City, NCR, Kidapawan City, North Cotabato (Mindanao) and Ilagan City, Isabela (Central Luzon).

MAY

MYEG 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 Social Security Organisation's ("**SOCISO**") Prihatin Screening Programme ("**PSP**").

JUNE

Cartenz, through its 88.75% owned subsidiary PT Cartenz Tekno Lab, entered into a Memorandum of Understanding ("**MoU**") with Jakarta Smart City Management Unit ("**JSC**") to provide and implement a contact tracing application in managing the spread of the COVID-19 virus, named "**Jejak**" in Jakarta, Indonesia.

2020

JUNE (cont'd)

MYEG Medical Services Sdn. Bhd. ("**MYEG Medical**") was incorporated to help market medical products and services, including health screening solutions and management services.

JULY

MYEG received a notification letter from the Ministry of Home Affairs to extend the immigration-related services for a period of 3 years from 23 May 2020 to 22 May 2023, which includes the provision of online renewal of temporary employment pass for foreign workers, or *Pas Lawatan Kerja Sementara* ("**PLKS**").

MYEG cooperated with SOCISO to validate the employers' and employees' eligibility for SOCISO's PSP subsidy. This enabled a seamless process of eligibility screening and subsidy claims under the PSP to be carried out through MYEG's one-stop portal.

AUGUST

MYEG Philippines has reached a key milestone of 300 merchants onboard through its online service partnership with Land Bank of the Philippines.

MYEG collaborated with the Department of Labour, Malaysia ("**Labour Department**") for the purposes of monitoring and enforcement related to the COVID-19 screening of foreign workers through MYEG's one-stop COVID-19 portal.

MYEG launched the BELI Flexi Value Plan, a subscription scheme under its BELI e-commerce platform which allows customers to enjoy savings on fresh produce such as vegetables and fruits, as well as meat, poultry and seafood in Malaysia.

KEY MILESTONES (CONT'D)

2020

OCTOBER

MYEG introduced online renewal of motorcycle insurance and road tax and Competent Driving License (“**CDL**”) as an expansion of services provided for the Road Transport Department of Malaysia (“**JPJ**”).

MYEG received a Letter of Acceptance (“**LOA**”) from the Ministry of Health (“**MOH**”) in Malaysia to undertake the provision of an online payment system for inbound travelers to register and make payment, prior to their arrival in the country.

NOVEMBER

MySafeTravel digital health pass system launched for travelers to facilitate faster, simpler and safer entry into the country amidst the ongoing pandemic with services including registering and paying for mandatory COVID-19 swab tests, choosing their preferred location for quarantine stays prior to arrival as well as providing proof of compliance of Standard Operating Procedures (“**SOPs**”) with a QR-code based digital certificate.

MYEG commenced its online service for users in Malaysia to search for corporate information and business profiles of Singapore companies.

MYEG Philippines and Family Vaccine Specialty Clinics, Inc. (Health Direct Now) (“**FSVC**”) partnered together to develop a mobile application for the booking and payment of COVID-19 tests, as well as the issuance of a digital QR code system as proof of testing.

DECEMBER

MYEG entered into cooperation with Anhui Zhifei Longcom Biopharmaceutical Co., Ltd. (“**Zhifei**”) to obtain the Malaysian Halal certification from the Department of Islamic Development Malaysia (“**JAKIM**”) for Zhifei’s COVID-19 vaccine and to exclusively distribute the vaccine in Malaysia.

MYEG received an extension for the provision of the electronic delivery of vehicle registration, driver and vehicle licensing services and payment of summon services from JPJ for a 3-year period from 23 May 2020 to 22 May 2023.

2021

JANUARY

MY E.G. Capital Sdn. Bhd. (“**MYEG Capital**”) invested in Beijing DeepScience Technology Ltd., a leading virtual live streaming, real-time animation and digital human company.

FEBRUARY

MYEG introduced an at-home, saliva-based COVID-19 testing service for the Philippines.

MYEG commenced the use of deep throat saliva-based testing for the COVID-19 virus in Malaysia with the introduction of an at-home screening service in collaboration with BP Healthcare.

MYEG launched MySafeQ, an online portal offering an array of hotel accommodation and amenity options available to low-risk COVID-19 patients who wish to undergo mandatory quarantine requirements in more comfortable settings.

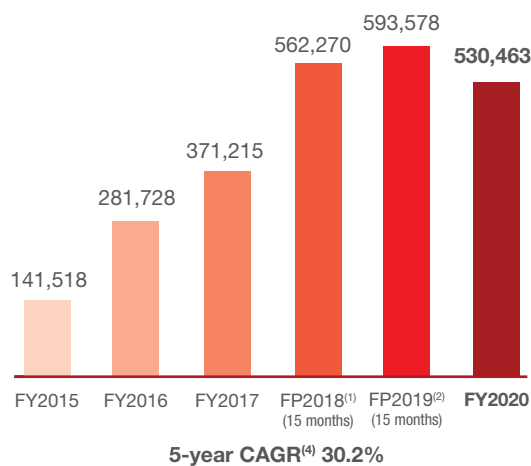
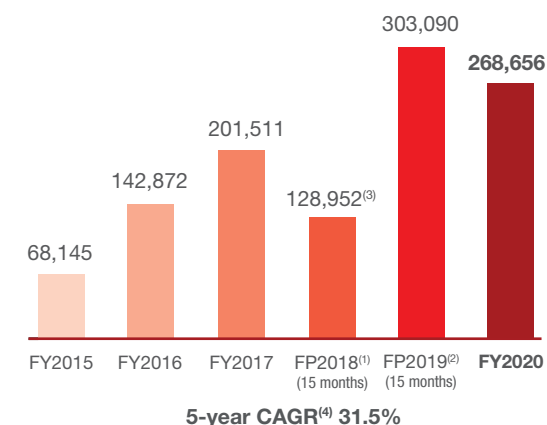
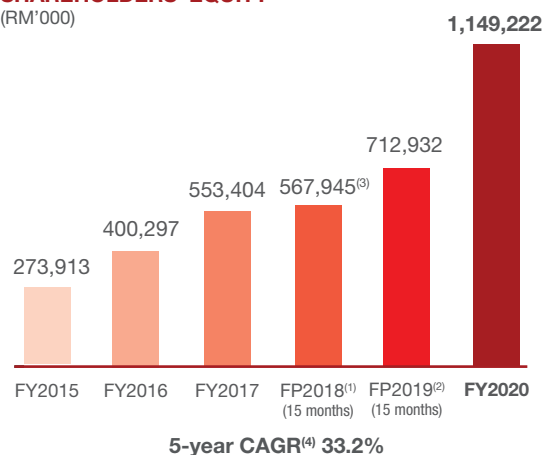
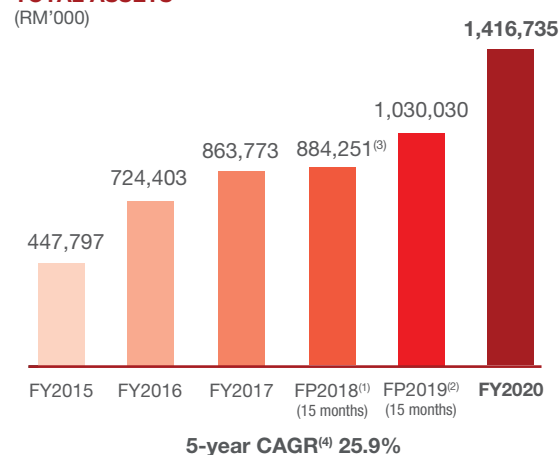
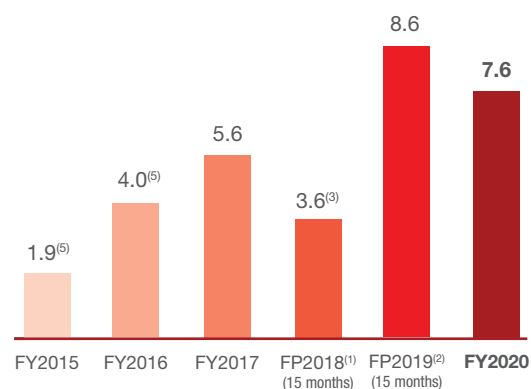
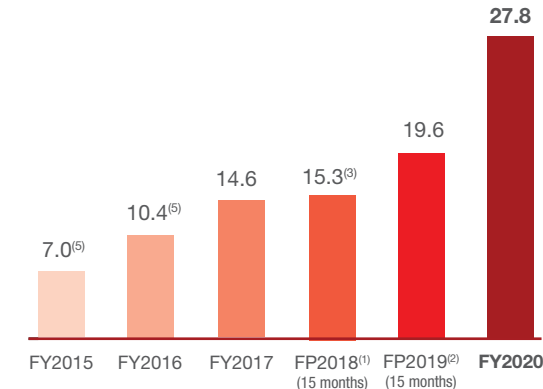
AWARDS AND ACCOLADES

MYEG continues to be acknowledged for the creation of financial and non-financial values. In this regard, in FY2020, MYEG was awarded the following:

- FTSE Russell ESG Rating – Top 25% in Malaysia
- ESG Shariah-Compliant List



FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)**NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**
(RM'000)**SHAREHOLDERS' EQUITY**
(RM'000)**TOTAL ASSETS**
(RM'000)**NET EARNINGS PER SHARE**
(SEN)**NET TANGIBLE ASSETS PER SHARE**
(SEN)**Notes:-**

- ⁽¹⁾ MYEG had on 13 June 2018 changed its financial year ("FY") end from 30 June to 30 September. The Financial Period ("FP") 2018 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 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						
As at 30 June/30 September/ 31 December (RM'000)	FY2015	FY2016	FY2017	FP2018 ⁽¹⁾	FP2019 ⁽²⁾	FY2020
Revenue	141,518	281,728	371,215	562,270	593,578	530,463
EBITDA ⁽⁴⁾	84,554	164,405	226,431	168,599 ⁽³⁾	355,237	312,593
Profit Before Tax	68,213	143,226	201,478	128,473 ⁽³⁾	306,939	268,958
Net Profit	68,047	142,519	200,048	125,970 ⁽³⁾	302,156	267,194
Net Profit Attributable to Owners of the Company	68,145	142,872	201,511	128,952 ⁽³⁾	303,090	268,656
Total Comprehensive Income	74,747	142,519	200,048	125,671 ⁽³⁾	302,194	267,176
Summarized Group Balance Sheets						
As at 30 June/30 September/ 31 December (RM'000)	FY2015	FY2016	FY2017	FP2018 ⁽¹⁾	FP2019 ⁽²⁾	FY2020
Total Non-Current Assets	140,118	286,541	414,616	526,109 ⁽³⁾	705,207	866,174
Total Current Assets	307,679	437,862	449,157	358,142 ⁽³⁾	324,823	550,561
TOTAL ASSETS	447,797	724,403	863,773	884,251⁽³⁾	1,030,030	1,416,735
Financed By:						
Share Capital	120,210	240,420	360,630	360,630	360,630	634,262
Treasury Shares	(6,783)	(2)	-	(52,804)	(144,743)	(61,652)
Reserves	43,709	6,700	6,700	6,401	6,439	6,421
Retained Profits	116,777	153,179	186,074	253,718 ⁽³⁾	490,606	570,191
Shareholders' Equity	273,913	400,297	553,404	567,945 ⁽³⁾	712,932	1,149,222
Minority Interests	(20)	(161)	(1,463)	(4,043)	(4,937)	(6,399)
Total Equity	273,893	400,136	551,941	563,902	707,995	1,142,823
Total Non-Current Liabilities	7,514	84,681	116,262	96,960	138,738	125,124
Total Current Liabilities	166,390	239,586	195,570	223,389	183,297	148,788
TOTAL EQUITY AND LIABILITIES	447,797	724,403	863,773	884,251	1,030,030	1,416,735
Financial Analysis						
	FY2015	FY2016	FY2017	FP2018 ⁽¹⁾	FP2019 ⁽²⁾	FY2020
Revenue Growth	28.8%	99.1%	31.8%	51.5%	5.6%	-10.6% ⁽⁶⁾
Profit Before Tax Growth	34.5%	110.0%	40.7%	-36.2%	138.9%	-12.4% ⁽⁶⁾
Net Profit Growth	35.8%	109.4%	40.4%	-37.0%	139.9%	-11.6% ⁽⁶⁾
EBITDA Margin	59.7%	58.4%	61.0%	30.0%	59.8%	59.0%
Pre-tax Profit Margin	48.2%	50.8%	54.3%	22.8%	51.7%	50.7%
Net Profit Margin	48.1%	50.6%	53.8%	22.4%	50.9%	50.6%
Return on Average Equity	30.2%	42.3%	42.0%	22.6%	47.5%	29.0%
Return on Average Total Assets	19.9%	24.3%	25.2%	14.4%	31.6%	22.0%
Net Tangible Assets Per Share (Sen)	7.0 ⁽⁵⁾	10.4 ⁽⁵⁾	14.6	15.3	19.6	27.8
Net Earnings Per Share (Sen)	1.9 ⁽⁵⁾	4.0 ⁽⁵⁾	5.6	3.6	8.6	7.6

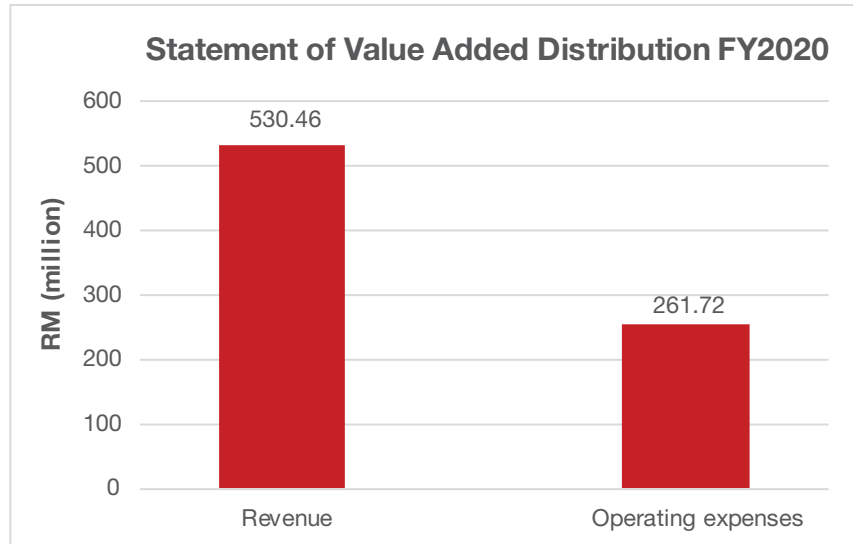
Notes:-

- ⁽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 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.
- ⁽⁶⁾ Growth rate is negative as FY2020 is 12 months year ended and FP2019 is 15 months period ended.

STATEMENT OF VALUE ADDED DISTRIBUTION AND SIMPLIFIED FINANCIAL STATEMENT

MYEG has continued to create a wide range of direct and indirect values for itself and its stakeholders. Despite the many challenges faced during a turbulent financial year, MYEG has continued to ensure that its business model has generated returns for its stakeholders. These include employees, the government, the community, financiers and others.

The following is a simplified statement of values created and distributed by MYEG for FY2020:



Simplified Statement of Total Assets FY2020



Property and Equipment:
RM361.13 million

Trade Receivables:

RM172.78 million



Cash and Cash Equivalents:
RM234.61 million

Total Liabilities and Shareholders' Equity FY2020



Share Capital:
RM634.26 million

Retained Profits:

RM570.19 million



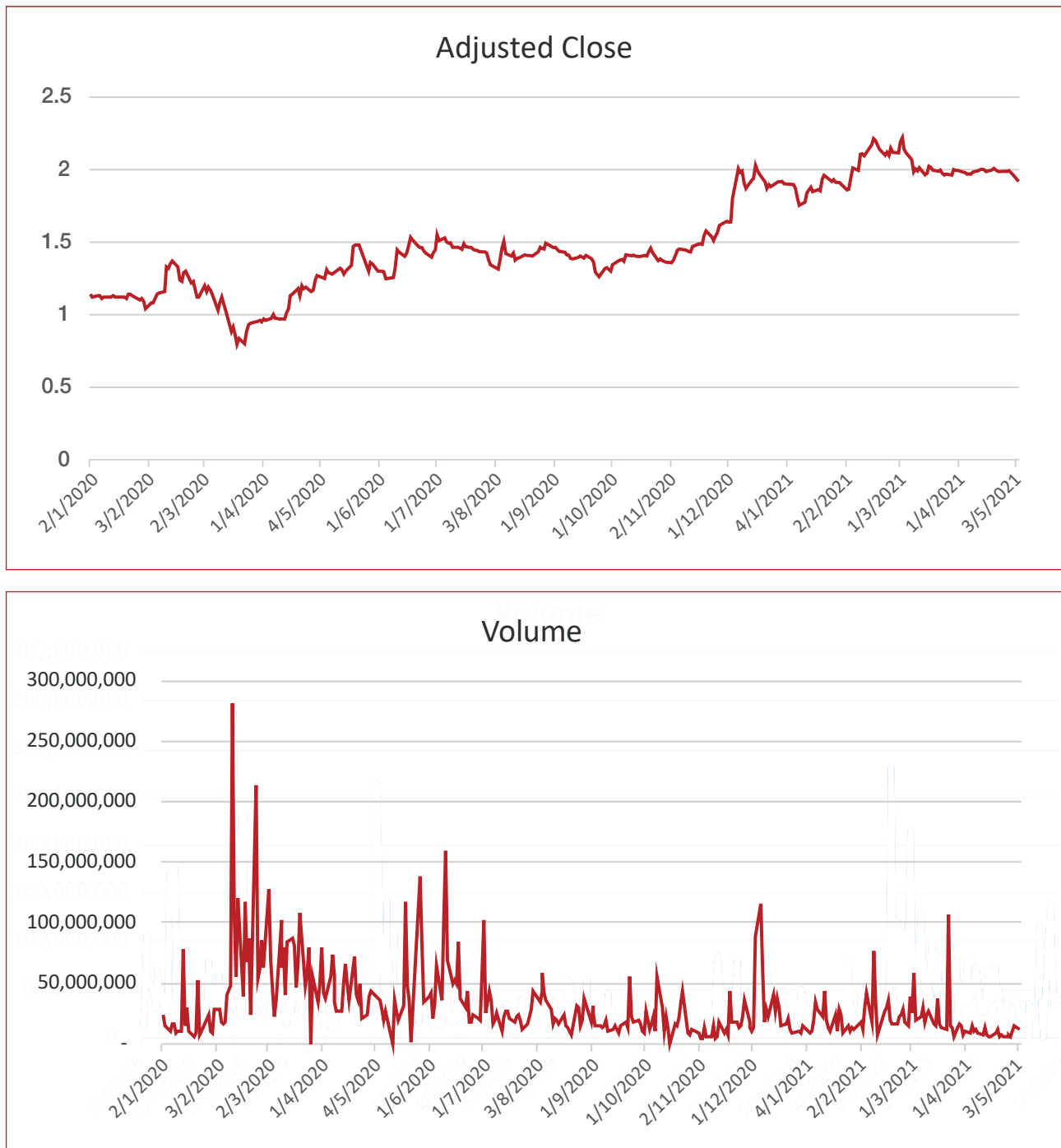
Borrowings:
RM165.52 million

Trade Payables:

RM72.40 million



SHARE PRICE PERFORMANCE



- Share Price Performance for the period of 2 January 2020 to 3 May 2021: :
 - High (3 March 2021) : RM2.27
 - Low (19 March 2020) : RM0.765
- Market Capitalisation:
 - Market capitalisation as at 3 May 2021 : RM6.98 billion
 - Market capitalisation as at 31 December 2020 : RM7.05 billion

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 an 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 investment related information. These include share price and stock information, corporate information, governance policies, annual and interim financial information, press releases and news clippings, corporate announcements as well as reports and presentations that are kept up to date;
- Dialogue session between shareholders, management and the Board of Directors ("**Board**") at the annual general meeting ("**AGM**");
- Meetings and conference calls with institutional and private 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 both virtual and physical 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.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT

FY2020 proved to be an unprecedented year with the outbreak of the COVID-19 pandemic. This was an extraordinary event that led to a wide range of adverse impacts on the global and national economy.

The cumulative impact of the widespread outbreak, imposition of lockdowns and restricted movement controls as well as cessation of business activities across the world brought economic growth to an abrupt halt. Consequently, the global economy contracted significantly in 2020. Consistent with global economic performance, Malaysia's gross domestic product growth was also negative in 2020.

According to official national statistics, the Malaysian economy contracted by 5.6% in 2020. The restrictions on mobility, especially on inter-district and inter-state travel, imposed under various categories of the Movement Control Order ("MCO") weighed on economic activity across the financial year. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors recorded negative growth. At the same time, moderating private consumption and public investment activities weighed on domestic demand.

Countless industries and companies were not spared the effects of the black swan COVID-19 event in FY2020. Nevertheless, MYEG continued to remain resilient and diligently navigated these unexpected operational challenges to continue running its business operations and cultivating value creation opportunities to the best of its ability, even during the government-imposed MCO, as many of MYEG's services were recognised by the Malaysian government as being essential services.

In particular, the use of digital channels to access a wide range of services are very much consistent with the Malaysian government's requirements for social distancing and to reduce physical interaction and travelling. Hence, MYEG during this most critical and disruptive period, has continued to deliver value and to support the Malaysian government's call of adapting and adjusting to the new normal scenario.

As the country's leading digital services company, MYEG has continued to play a pivotal role in the delivery of essential services to the public as well as to the business community. We have continued to serve and deliver value during this pandemic period, which further attests to the strength and flexibility of our business model and the key strategic role we play within Malaysia and other operating markets.

Similarly, in the overseas markets in which MYEG operates in, the Group was also able, to a large extent, continue offering its digital concession (government) and commercial services.

TURNING CRISIS INTO OPPORTUNITY

Despite the many difficulties posed during the financial year, MYEG's existing business model has propelled the Group to respond effectively to the operating environment.

While the virus pandemic had caused logistical challenges to operations due to the imposition of movement restrictions and the requirement for new SOPs, MYEG successfully adapted to the scenario by turning the challenges faced into opportunities for process improvement and to drive business growth.

In many ways, MYEG's business model was well primed to meet the various challenges brought on by COVID-19.

Our business model which leverages on digital channels to provide a wide range of concession and commercial services, was inherently well placed to drive contactless transactions in support of SOP compliance and social distancing requirements. It dovetailed with users' changing preferences to use virtual channels for their needs, given increasing concerns of infection risks from physical engagement or transactions.

Furthermore, the Group's business model and its technological capabilities have enabled MYEG to launch a wide range of much-needed pandemic or healthcare-related services.

In essence, MYEG in FY2020, did not just mitigate against risks and threats arising from the external operating environment, but also grasped emerging opportunities to drive business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

These opportunities included expansion of its e-government services and its commercial businesses into the healthcare and financial sectors, adopting a cross-selling strategy to reach a larger user base across multiple geographical markets. This was in addition to the renewal and strengthening of our established government concession services.

Given our position as a leading digital services provider in Malaysia and other markets we operate in, it was imperative that we continued to ensure smooth operations and service delivery sans disruption.

In FY2020, our key focus areas were to ensure efficient delivery of e-government and commercial services through our portals, ensure sufficient capacity to cope with the surge in transaction volumes as more users turned to digital channels during the pandemic period and finally, to address the most urgent needs of the government and the people towards playing a role in the fight against COVID-19.

By adopting the aforementioned proactive stance and leveraging on the inherent strengths of our business model, MYEG has developed, progressed and registered robust business and operational performance.

FINANCIAL PERFORMANCE

In striving to better showcase our financial performance for the year under review, we have included financial figures from FP2019 as well as FY2020. FY2020 takes into account the period of 1 January 2020 to 31 December 2020 (12 months), while FP2019 is the period of 1 October 2018 to 31 December 2019 (15 months).

As MYEG's financial period durations of FY2020 and FP2019 are different from each other, thus our FY2020 and FP2019 financial figures and data are not wholly comparable to each other.

In FY2020, MYEG's revenue for the financial year reached RM530.46 million (FP2019: RM593.58 million), while profit before tax was RM268.96 million (FP2019: RM306.94 million). The Group's net earnings per share stood at 7.6 sen (FP2019: 8.6 sen).

Revenue and earnings were contributed from both the Group's government concession services as well as commercial services, as both business segments continue to play a vital role in contributing towards the Group's strong financial performance.

Contributions from the Group's government concession services segment included service offerings from the Immigration Department and JPJ and associated ancillary services. Contributions from the commercial services segment consisted of motor vehicle trading-related services, financing services, sale of tax monitoring system and foreign worker-related services as well as new healthcare-related services such as COVID-19 health screening and quarantine services.

Additionally, newly-launched government concession and commercial services such as the online renewal of motorcycle insurance and road tax, online renewal of CDL, MySafeTravel system for inbound travellers to Malaysia, MYEG's BELI online grocery store and contributions from the CardBiz Holdings Sdn Bhd and its subsidiaries' payment solutions and hardware and merchant acquiring services also drove topline and bottomline performance in FY2020.

DIVIDEND PAYOUT TO SHAREHOLDERS

On 27 February 2020, Board declared a final single tier dividend of 2.0 sen per ordinary share amounting to RM69.05 million for FP2019 which was paid on 5 November 2020 and was entitled for dividend reinvestment plan ("DRP"). Under the DRP for this final single tier dividend, a total of 36,549,480 additional MYEG shares were issued at the price of RM1.28 per share which amounted to RM46.78 million.

On 27 August 2020, the Board declared a first interim single tier dividend of 0.5 sen per ordinary share amounting to RM17.26 million for FY2020 which was paid on 5 November 2020 and was entitled for DRP. Under the DRP, a total of 9,074,264 additional MYEG shares were issued at the price of RM1.28 per share which amounted to RM11.62 million.

Given the company's robust financial performance, the Board has declared a final dividend of 1.7 sen in respect of the FY2020, subjected to shareholders' approval at our forthcoming 20th AGM.

Total dividend declared for FY2020 is expected to be 2.2 sen per ordinary share, approximately representing a 30% payout ratio.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

CAPITAL AND OPERATIONAL EXPENDITURE

Keeping future business prospects and feasibility in mind, the Group continues to strategically and judiciously carry out relevant investments and expenditure in pursuit of sustainable growth in Malaysia and beyond.

The Group's capital expenditure ("**CAPEX**") stood at RM182.93 million in FY2020 (FP2019: RM69.87 million). The Group's operating expenditure ("**OPEX**") was RM261.73 million (FP2019: RM298.41 million).

The trend of rising expenditures signify MYEG's overall business activity growth, not just in terms of transaction volumes for existing services, but also increased expansion into new business opportunities across more operating markets.

CAPEX	OPEX
Innovative technology and services revolving around healthcare and related product offerings;	Personnel-related expenses and operating expenses;
New concession services;	Advertising and promotion expenses;
IT hardware comprising servers and computers;	Maintenance and operating expenses for MYEG's building (" MYEG Tower ");
Buildings and related works.	Interest expense arising from the term loan to finance MYEG Tower; and
	Depreciation and amortisation charges.

ASSETS AND LIABILITIES, CASH AND BANK BORROWINGS

MYEG's assets far outweigh its liabilities as asset position remains healthy on the back of increased current and non-current assets from the previous year, with our total assets at RM1.42 billion as at 31 December 2020 (FP2019: RM1.03 billion). The Group's fixed deposits, cash and cash equivalents increased year-on-year to RM234.61 million (FP2019: RM76.22 million) as at 31 December 2020.

Strong business and development activity from MYEG in FY2020 led to an operating cash flow of RM304.99 million during the reporting year (FP2019: RM168.04 million). Net cash from operating activities was at RM302.42 million (FP2019: RM161.73 million). The Group possesses sufficient cash to meet working capital requirements.

As at the end of FY2020, total borrowings consisting of current and non-current secured loans arising from term loans, as well as unsecured loans comprising revolving credit, was at RM165.52 million (FP2019: RM176.0 million). Additionally, long-term borrowings were recorded at RM120.84 million (FP2019: RM132.57 million) while short-term borrowings were recorded at RM44.68 million (FP2019: RM43.43 million) as at the end of FY2020.

We continue to sustain a healthy debt-to-equity ratio of 0.03 times (FP2019: 0.34 times).

BUSINESS AND OPERATIONAL HIGHLIGHTS

MYEG's business model has enabled the Group to derive a measure of flexibility to adapt to the changing external macro-operating environment. COVID-19 aside, the Group, in response to changing market forces continued leveraging on its proprietary technologies, systems and platforms to introduce new services in Malaysia and beyond.

MYEG continued to strengthen its marketplace leadership position and brand credibility as a trusted concession and commercial service provider by pioneering new healthcare-related services, both in Malaysia and abroad. The Group has also achieved various strategic collaborations that places it on a stronger stead going forward.

The venture into healthcare and healthcare-related services was timely as not only did it meet a pressing market needs, it also enabled the Group to increase its revenue streams while tapping on emerging market opportunities.

In June 2020, MYEG Medical was incorporated. The principal role of the new company is to market medical products and services including health screening solutions and management services to increase brand awareness and equity in new and current market demographics.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

HEALTHCARE SERVICES

In February 2020, MYEG developed an AI-powered COVID-19 virus risk profiling system. The system leverages on historical geolocation and anomaly tracking for travelers. The technology was made available to the governments of Malaysia and the Philippines.

MyEGuard, a contact tracing and digital health profiling smartphone application which enables authorities to carry out contact tracing to assist the containment of the COVID-19 pandemic in the country, was introduced in the Philippines in April 2020 through MYEG Philippines with pilot implementations of the application in selected cities.

In May 2020, MYEG launched a convenient one-stop proprietary portal for employers in Malaysia to manage the requirements related to the screening of their workforce for the COVID-19 virus. The portal would allow all employers and employees, including foreign workers, to register for health screenings as part of a compliance directive with the Malaysian government's guidelines for businesses to operate during the COVID-19 pandemic.

The portal was subsequently integrated with SOCSO's system for eligibility validation when the Group embarked on an initiative with SOCSO to validate the employers' and employees' eligibility for SOCSO's PSP subsidy in July 2020. This enabled the process of eligibility screening and subsidy claims under the PSP to be carried out through MYEG's one-stop portal in a more seamless and efficient manner.

In June 2020, our associate Cartenz, through 88.75%-owned subsidiary, PT Cartenz Tekno Lab, entered into a MoU with Jakarta Smart City Management Unit for the provision and subsequent implementation of a contact tracing application for the province of Jakarta, Indonesia.

Launching in November 2020 was MYEG's much-anticipated MySafeTravel digital health pass system for travelers designed to facilitate faster, simpler and safer entry into the country amidst the ongoing pandemic.

The system is fully developed and operated by MYEG with the approval given by the Ministry of Health, and serves as an online channel for inbound travelers to register and pay for mandatory COVID-19 swab tests and to choose and pay for their preferred location for quarantine stays prior to arrival.

MySafeTravel users will also be provided with a QR-code based digital certificate through the MyQR by MYEG mobile application, which will be used by border authorities as proof of compliance with the prevailing SOPs related to travel. Additional features will be introduced progressively as travel bubbles are established between countries to ensure SOPs are adhered to. The service is accessible at <https://safetravel.myeg.com.my>.

December 2020 saw the Group enter into cooperation with Zhifei to obtain the Malaysian Halal certification from JAKIM for the Zhifei's COVID-19 vaccine and to exclusively distribute the vaccine in Malaysia for a 3-year period.

In February 2021, MYEG introduced the use of its deep-throat saliva-based COVID-19 test kit in Malaysia and the Philippines. Also, in February 2021, we introduced MySafeQ, an online portal which offers a slew of hotel accommodation and amenity options available to low-risk COVID-19 patients who may want to proceed with mandatory quarantine requirements in more comfortable settings.

MALAYSIA BUSINESS HIGHLIGHTS AND ACHIEVEMENTS

However, beyond its healthcare successes, MYEG has continued to make headway in other aspects of its operations. The Group received an extension for the provision of the electronic delivery of vehicle registration, driver and vehicle licensing services and payment of summon services with JPJ for a 3-year period up to 22 May 2023. In addition, MYEG received a 3-year extension from the Malaysian Ministry of Home Affairs to provide the foreign worker temporary employment pass online renewal service from 23 May 2020 to 22 May 2023.

In August 2020, MYEG under its NAK BELI e-commerce platform, launched the NAK BELI Flexi Value Plan, a subscription scheme that allows customers to enjoy savings on fresh produce such as vegetables and fruits, as well as meat, poultry and seafood in Malaysia, while providing a safer alternative to wet market and supermarket shopping.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

As users looked to reduce their exposure by limiting their time spent outdoors, providing a convenient online platform for daily needs shopping was well received by the market. The NAK BELI Flexi Value Plan gives customers a flexible, convenient and cost-effective way to shop for their kitchen needs.

Also, in August 2020, MYEG commenced a collaboration with the Labour Department for the purposes of monitoring and enforcement related to the COVID-19 screening of foreign workers. This collaboration aimed to leverage on MYEG's one-stop COVID-19 portal, an alternative channel for employers to register and arrange testing of their workers.

MYEG shall share with the Labour Department relevant real-time data from the one-stop portal, including workers' screening status, test results and mobile QR-code based digital certificates issued as proof of testing. In essence, MYEG developed a support system that improves data collection and analysis to bolster the Malaysian government's efforts in COVID-19 detection in the country.

In October 2020, MYEG received a LOA from the Ministry of Health in Malaysia to undertake the provision of an online payment system for inbound travelers to register and make payment, prior to their arrival in the country for COVID-19 screening test and quarantine charges to be implemented at all entry points to the country. Hence, MySafeTravel was developed in accordance with the aforementioned LOA.

MySafeTravel therefore became a crucial facet in helping to manage the COVID-19 pandemic in the country, which enabled MYEG to effectively work side-by-side with the Malaysian government to provide critical distribution of payment methods by leveraging its platform's technological enhancements. You can read more about MySafeTravel in the 'Healthcare Services' section of this Management Discussion and Analysis.

MYEG successfully introduced online renewal of motorcycle insurance and road tax on 9 October 2020, as well as CDL on 16 October 2020. Additionally, users will also be able to access motorcycle road tax and CDL delivery services which is a timely addition to prevent physical interaction when collecting the renewed road tax and license. The introduction of these new concession services complements other existing JPJ-related services.

In November 2020, MYEG commenced its online service for users in Malaysia to search for corporate information and business profiles of Singapore companies. The new service is a collaboration between MYEG and CRIF BizInsights Pte. Ltd., a Singapore based company and a licensee to the Accounting and Corporate Regulatory Authority ("ACRA") database to supply information report services.

In December 2020, MYEG signed an exclusive Memorandum of Understanding with Zhifei to secure cooperation in obtaining the Malaysian Halal certification from JAKIM for the Chinese biopharma company's COVID-19 vaccine.

As an internationally recognised standard, JAKIM's Halal accreditation will ensure increased acceptance of the vaccine among the global Muslim population. This partnership also grants MYEG exclusive rights to distribute the vaccine in Malaysia for a 3-year period.

OVERSEAS BUSINESS HIGHLIGHTS AND ACHIEVEMENTS

In January 2020, in Indonesia, through its associate company Cartenz, MYEG expanded its tax monitoring system to 30 more cities. This expansion followed the commencement of the system's pilot deployment in Jakarta in the previous financial year. The Group will continue to monitor the system's implementation as deployment in Jakarta is still ongoing.

The system will be deployed on a chargeable basis and thus generate additional revenue for the Group's Indonesian operations once implementation are completed.

In November 2020 in the Philippines, the Group inked a strategic partnership between joint venture entity, MYEG Philippines, and FVSC, to develop a mobile application for the booking and payment of COVID-19 tests, along with the issuance of a digital QR code system as proof of testing.

As the FVSC operates the largest chain of vaccination clinics in the country of over 100 million people, this alliance, as an exclusive payment gateway developer and partner, strengthens MYEG's position as a leading provider of COVID-19 related tech solutions and services in the region.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

Separately, on 3 August 2020, it was announced that MYEG Philippines reached a key milestone of 300 merchants onboarded through its online service partnership with Land Bank of the Philippines. This collaboration was first launched in November 2019.

These merchants comprise a range of government agencies, local government units, utilities, educational establishments and other government and private institutions. This milestone further underpins MYEG Philippines' position as the leading and preferred one-stop platform for Filipino customers to not only transact with the government at all levels but also to conveniently access a range of commercial products and services.

While our strategic joint venture ("JV") in Bangladesh remained relatively dormant in FY2020, our instrumental success in the Philippines and Indonesia in terms of technological development, service distribution and strategic collaborations mark a promising future for MYEG's involvement in regional markets.

STRENGTHENING BOARD OVERSIGHT AND CORPORATE GOVERNANCE

In February FY2020, given the Group's expansion and its business growth as well as the increasingly dynamic macro-operating environment, MYEG has chosen to establish a dedicated Audit Committee and Risk Management Committee in line with best practices as recommended by the regulator.

The separation into two distinct but mutually supportive committees reflect the Group's commitment and seriousness towards giving due importance and focus on audit and risk matters. With the formation of two separate committees, the Board would be better positioned to allocate stronger focus on these two key areas towards ensuring strong risk mitigation approach and a robust check-and-balance system.

OUR OUTLOOK

MALAYSIA'S ECONOMIC OUTLOOK

With the world currently reeling from the global black swan event of the COVID-19 pandemic in FY2020, a sluggish economic growth is projected in the early stages of FY2021. However, overall international and domestic economic recovery is expected to be bolstered by the dissemination of vaccines among the population. The domestic outlook is underpinned by the arrival of vaccines and the ongoing roll-out of mass inoculation against COVID-19. Vaccines are expected to facilitate the eventual resumption of economic activity and normalcy.

The aforementioned pandemic mitigation measures and optimistic financial forecasts are already starting to materialise in FY2021. Bank Negara Malaysia reported that the local economy registered only a small decline of 0.5% in the first quarter of FY2021 compared to the 3.4% contraction in the fourth quarter of FY2020. Thus, while the imposition of MCO 2.0 and continued travel restrictions weighed on economic growth, the impact was less severe than in FY2020 as domestic demand picked up in FY2021.

The domestic economy throughout the rest of FY2021 is also projected to be on an uptrend, with the Malaysian Ministry of Finance stating that with the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in FY2021. Also, the Malaysian government services subsector is projected to expand by 3.7% in FY2021.

Full domestic economic recovery will thus be underpinned by the resumption of economic activities globally and locally, as well as continuing large infrastructure projects. A rebound in the growth of major trade partners, as well as improving user and investor sentiment, will also support positive growth momentum in FY2021.

STRATEGIC PRIORITIES

MYEG will continue to leverage on its existing business strengths to adapt to the fluid operating environment expected in FY2021 and beyond. Our business model is robust, dynamic and agile, enabling a swift response to the external landscape and allows for innovation and the development of new services to meet changing market requirements or emerging opportunities while maintaining our core business as an e-government service provider.

MYEG is assured in its capability to continue evolving according to marketplace needs that grow more digital-heavy by leveraging on the increasingly integrated e-platforms already in place that serve a growing number of customers in FY2020. The Group shall adopt a more proactive approach towards solidifying its future foothold in its operating marketplaces as a preferred digital service provider with a wide-ranging selection of product offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE MACRO-OPERATING ENVIRONMENT (CONT'D)

Our management is pleased to announce that during our Extraordinary General Meeting on 6 August 2020, the Group's shareholders voted to approve several announced propositions put forward in June 2020, chief of which was the approval of the proposed diversification of the existing business activities of MYEG and its subsidiaries to include the provision of financial services.

As we intend to expand our Group's existing auto financing services and provision of personal and business financing solutions along with introducing digital banking services, our management anticipates that MYEG's financial services offerings may potentially contribute 25% or more of the net profits of our Group moving forward.

Additionally, the Group implemented the approved establishment of a DRP that gives shareholders the option to choose to reinvest their cash dividend by receiving new ordinary shares in MYEG. On 24 December 2020, we also implemented our employees' share option scheme ("**ESOS**") of up to 10% of the total number of issued shares of MYEG (excluding any treasury shares) at any point in time over the duration of the ESOS.

These initiatives affirm the Group's commitment towards sustainable long-term success by capitalising on new and emerging trends to offer multiple avenues of opportunity for stakeholders to forge a deeper commitment in MYEG's growth prospects.

MYEG also announced a proposed placement of up to about 6.29% of the total number of issued shares (excluding treasury shares) of MYEG on 9 December 2020. This entailed the issuance of up to 220,000,000 new ordinary shares in MYEG, with the first tranche of the placement already completed following the listing and quotation of 120,000,000 placement shares on the main market of Bursa Securities on 17 December 2020. The total gross proceeds raised from this tranche of placement is RM216 million.

With MYEG's successful launch of the MySafeTravel digital health pass system for travelers to ease safer entry into the country, and the facilitation of payment collections and / or health screenings on the behalf of key government stakeholders, the Group is poised to tap into this demand for more online healthcare amenities that serve the best interest of everyone in need of these services.

MYEG has also recently proposed to undertake a bonus share issue exercise as well as proposed diversification into healthcare-related services, as announced in March 2021.

For the proposed bonus issue, the Group proposed to issue up to 4.14 billion new MYEG ordinary shares on the basis of one bonus share for every one existing MYEG ordinary share held. Meanwhile, the proposed diversification is aimed at expanding the Group's revenue by leveraging on the brand's existing online platforms to better serve the public on the healthcare front through related healthcare service offerings.

Ultimately, we are in view that MYEG's key business strengths, elevated by robustly mapped-out strategic priorities, will continue to shepherd the Group through FY2021. We will continue to work closely with the government and other stakeholders to move forward, post COVID-19 in FY2021.

The Board retains its cautiously optimistic viewpoint that, excluding any unanticipated conditions on a global or regional scale, MYEG will remain on a positive growth trajectory.

BOARD OF DIRECTORS' PROFILES



**DATO' DR NORRAESAH
BINTI HAJI MOHAMAD**
Executive Chairman



Age	: 73
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

46 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 ("WIEF")
	• Member, International Advisory Panel of WIEF

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 Developing Content Strategy - Digital Marketing online workshop
- Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
- WIEF – iEM Power webinar - Cash Flow Management During a Pandemic
- WIEF – SIDC PowerTalk webinar – Moving Forward: Banking and Capital Market Trends

BOARD OF DIRECTORS' PROFILES (CONT'D)



WONG THEAN SOON
Group Managing Director



Age	: 50
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 6 March 2000
Date of last re-election	: 6 August 2020
Board Committee membership	: Nil

Qualifications

Bachelor Degree in Electrical Engineering, National University of Singapore

Years of working experience

27 years

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

Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018

BOARD OF DIRECTORS' PROFILES (CONT'D)



**TAN SRI DATO' DR MUHAMMAD
RAIS BIN ABDUL KARIM**
Independent Non-Executive Director



Age	: 75
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 31 December 2008
Date of last re-election	: 6 August 2020
Board Committee membership	: <ul style="list-style-type: none"> • 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, USA
- Ph.D in Economic and Social Development Studies, University of Pittsburgh, USA

Years of working experience

51 years

Working experience and occupation

1969 - 1971	Assistant Director, MAGERAN
1972 - 1973	Assistant State Secretary (Malacca)
1973 - 1974	Assistant Director, Public Service Department
1976 - 1981	Principal Assistant Director (Budget), Ministry of Health
1985 - 1991	Deputy Director General of 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 MAMPU, Prime Ministers Department
2004 - 2005	Appointed to the Royal Commission to enhance the Operations and Management of the Royal Malaysian Police Force (PDRM)
2004 - 2007	Vice Chancellor, University Pendidikan Sultan Idris
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

Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018

BOARD OF DIRECTORS' PROFILES (CONT'D)



**DATUK MOHD JIMMY WONG
BIN ABDULLAH**
Independent Non-Executive Director



Age	: 59
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 18 August 2006
Date of last re-election	: 14 March 2019
Board Committee membership	: <ul style="list-style-type: none">• Nomination Committee (Chairman)• Audit Committee (Member)• Risk Management Committee (Member)• Remuneration Committee (Member)

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

Qualifications

Diploma in Business Studies, Jinan University,
Guangzhou, China

Years of working experience

35 years

Working experience and occupation

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

List of training/seminar/conference/workshop attended

- Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018

BOARD OF DIRECTORS' PROFILES (CONT'D)



WONG KOK CHAU
Independent Non-Executive Director



Age	: 52
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 9 July 2018
Date of last re-election	: 14 March 2019
Board Committee membership	: <ul style="list-style-type: none"> • 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

28 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 (Managing 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

- Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018

BOARD OF DIRECTORS' PROFILES (CONT'D)



**DATO' SRI MOHD MOKHTAR
BIN MOHD SHARIFF**
Independent Non-Executive Director



Age	: 64
Nationality	: Malaysian
Gender	: Male
Date of appointment	: 9 Nov 2020
Date of last re-election	: Not Applicable
Board Committee membership	: Nil

Qualifications

- Masters of Business Administration, Phoenix International University, New Zealand
- Certificate of Legal Practice, Legal Profession Qualifying Board of Malaysia
- Bachelor of Laws (Hons), University of Wolverhampton, United Kingdom

Years of working experience

43 years

Working experience and occupation

1978 - 1987	Staff Officer of Special Branch, Royal Malaysia Police Contingent Terengganu
1987 - 1996	Assistant Police Attaché, Embassy of Malaysia, Bangkok
1996 - 2002	Staff Officer of Special Branch, Royal Malaysia Police, Bukit Aman Headquarters
2002 - 2004	Police Attaché, Embassy of Malaysia, Bangkok
2004 - 2006	Head of Special Branch, Kuala Lumpur
2006 - 2007	Deputy Chief Police Officer, State of Pahang

2007 - 2008	Deputy Chief Police Officer, State of Johor
2008 - 2015	Chief Police Officer, State of Johor
2015 - 2017	Director Narcotics and Crime Investigation Department, Royal Malaysia Police
2017 - 2018	Director of Special Branch, Royal Malaysia Police
2019 - present	Admitted as Advocate & Solicitors in High Court of Malaya

Directorship of public companies/listed issuer

- TMC Life Sciences 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

- Compliance with MMLR – Reporting Financial Statements
- How to be an Effective Non-Executive Director in a Disruptive World

KEY SENIOR MANAGEMENT'S PROFILES

CHONG CHIEN MING*Chief Financial Officer*

Age : 47
Nationality : Malaysian
Gender : Male
Date of appointment : January 2015
Years of working experience : 23 years

Qualifications

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

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

DATUK NOR ADNAN BIN ZAINAL ABIDIN*Project Director*

Age : 63
Nationality : Malaysian
Gender : Male
Date of appointment : September 2013
Years of working experience : 43 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 Berhad
 1987 - 1995 Business Planning Manager, Mesiniaga Berhad
 1996 - 2007 Business Development (Project Management) in various companies such as:
 • Mesiniaga Berhad
 • Gopeng Berhad
 • 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 Berhad
 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

KEY SENIOR MANAGEMENT'S PROFILES (CONT'D)

MOHD RUSHDAN KHAIRUL ANUAR

Information Technology Director

Age : 36
Nationality : Malaysian
Gender : Male
Date of appointment : 15 February 2021
Years of working experience : 11 years

Qualifications

- MSc in Electronic Systems Engineering, ESIEE Paris, France
- Certificate in Information Technology Infrastructure Library (ITIL)
- Certificate in Control Objectives for Information and Related Technology (COBIT)

Working experience and occupation

2010 - 2011 Electronics System Engineer, Texas Instruments
 2011 - 2013 Business Analyst, Deloitte
 2013 - 2014 Consultant, HeiTech Padu Berhad
 2014 - 2016 Information Technology ("IT") Risk Manager, MYEG
 2016 - 2019 IT Director, MYEG
 2019 - 2021 Head of IT, TGV Cinemas
 2021 - 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

ERIC LEE KOK LEONG

Director of Product Marketing

Age : 43
Nationality : Malaysian
Gender : Male
Date of appointment : September 2017
Years of working experience : 21 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)

HASYATI BINTI SHUKRI

Deputy Project General Manager

Age	: 37
Nationality	: Malaysian
Gender	: Female
Date of appointment	: January 2015
Years of working experience	: 16 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	: 46
Nationality	: Malaysian
Gender	: Male
Date of appointment	: July 2017
Years of working experience	: 19 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

In Malaysia, MYEG is the country's leading digital services company, providing a wide range of government (concessionaire) and commercial services. Beyond Malaysia, MYEG has expanded its footprint into the Philippines, Indonesia, and Bangladesh.

We are entrusted by the Malaysian government to provide vital services on behalf of key government partners such as JPJ, Immigration Department, MOH, Royal Malaysian Police and more.

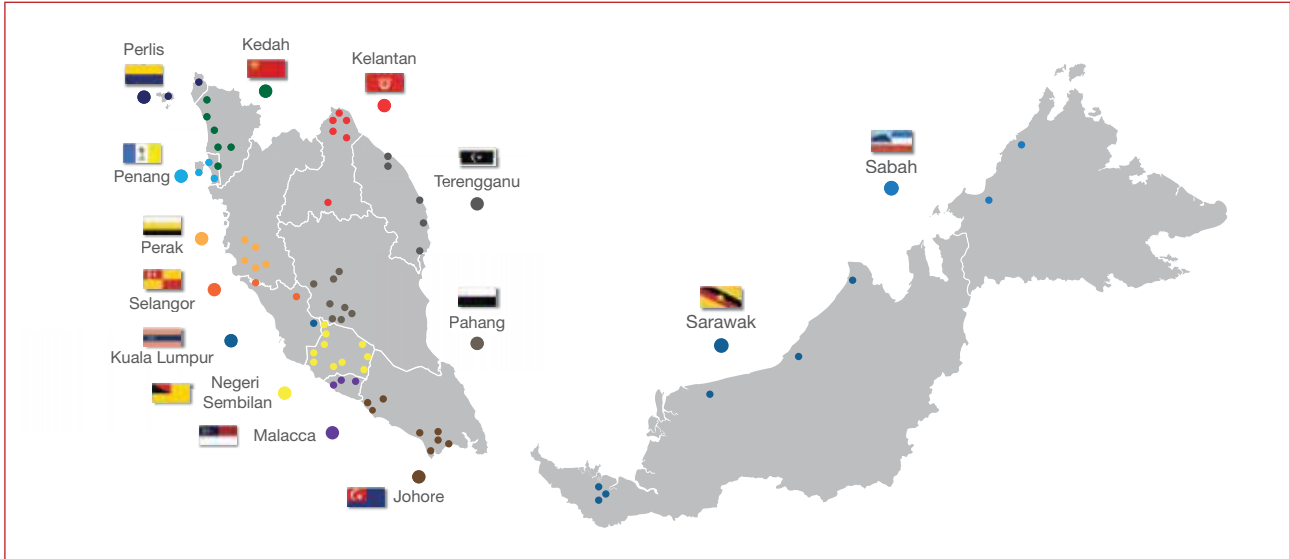
These services primarily range from providing online payments of various government services such as the renewal of vehicle road tax, foreign worker permits and most recently health screening and quarantine management, to supplying complex integrated machines such as road tax and insurance kiosks as well as digital infrastructure solutions and development. The Group has expanded into digital commercial services such as motor and foreign worker insurance as well as vehicle financing and trading.

In essence, MYEG is key proponent within the government's digital agenda. This has been most evident in the role that MYEG has played during FY2020 - the COVID-19 pandemic year.

The Group focused on ensuring efficient delivery of government services, coping with increased transaction volumes and developing solutions in tandem with the operating environment including in response to the pandemic scenario of FY2020. MYEG believes that beyond financial performance, value creation must be defined in terms of serving the greater good and being a force of positivity for stakeholders.

However, leveraging on its business strengths and business model, MYEG has looked to support the government and the community by developing and offering a wide range of much needed solutions towards combating COVID-19.

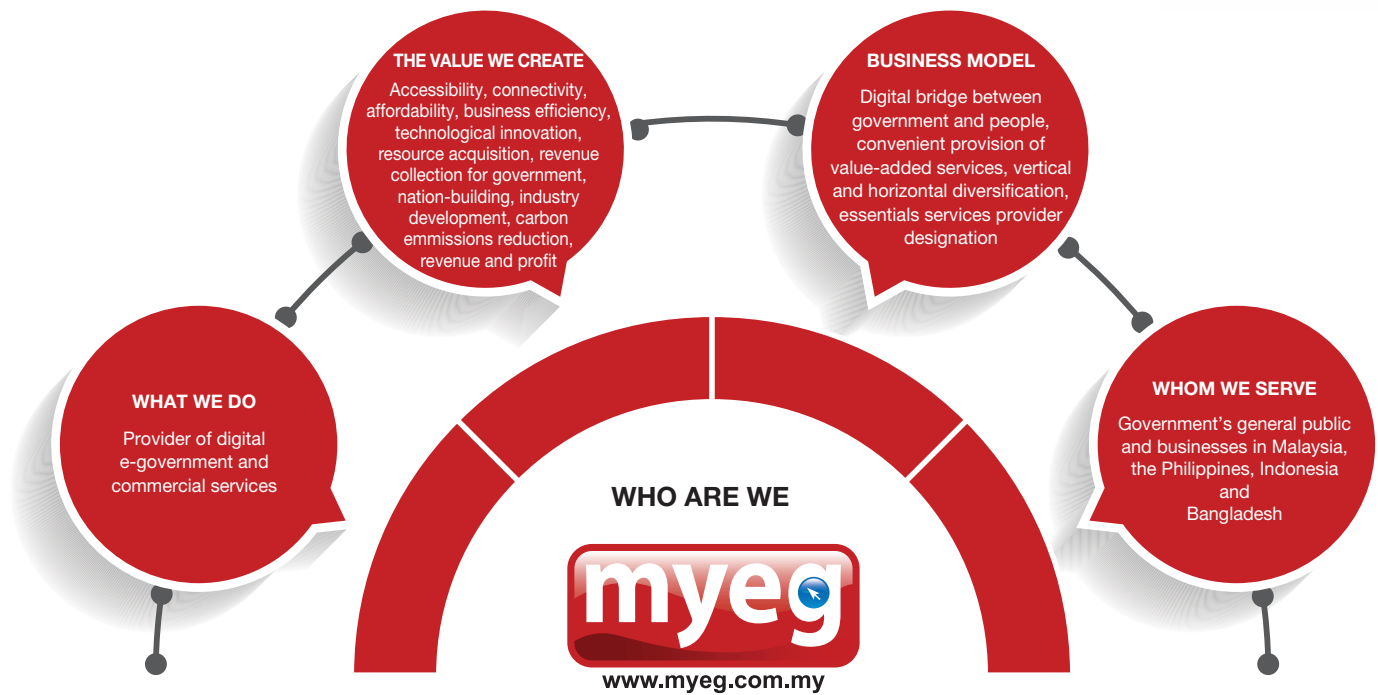
Please refer to the 'Our Services in Malaysia' and 'Our Services in International Markets' sections of this report for the full list of product offerings and solutions. MYEG operates more than 100 service centres across Malaysia providing both e-government and commercial services to users and businesses:



OUR BUSINESS FOOTPRINT AND PRESENCE



ABOUT MYEG (CONT'D)



OUR SERVICES IN MALAYSIA

- Auto financing
- Auto Insurance
- CDL renewal
- Driver's Theory Test
- Insurance and renewal of driver's license
- MyAssist 24/7 roadside assistance
- MyMotor transactional portal
- Renewal of road tax
- Vehicle ownership transfer
- Foreign worker accomodation
- Foreign worker insurance
- Foreign worker recruitment & placement
- Payroll management
- Renewal of foreign worker's permit
- MySafeQ hotel quarantine services
- MySafeTravel digital health pass for inbound travellers
- One-stop portal for managing workforce COVID-19 related health screenings
- Insolvency search
- Application for replacement of MyKad Enquiry and payment of compound / summons / assessment
- Assessment and payment of zakat
- DBKL license renewal for Premise Licence, Composite License and Premise Signboard
- CRIF Bizinsight Services
- MYDATA-SSM Services
- BELI online grocery platform
- Remittance
- Online media
- Payment solution services
- Personal and business financing

ABOUT MYEG (CONT'D)

OUR PRESENCE IN INTERNATIONAL MARKETS



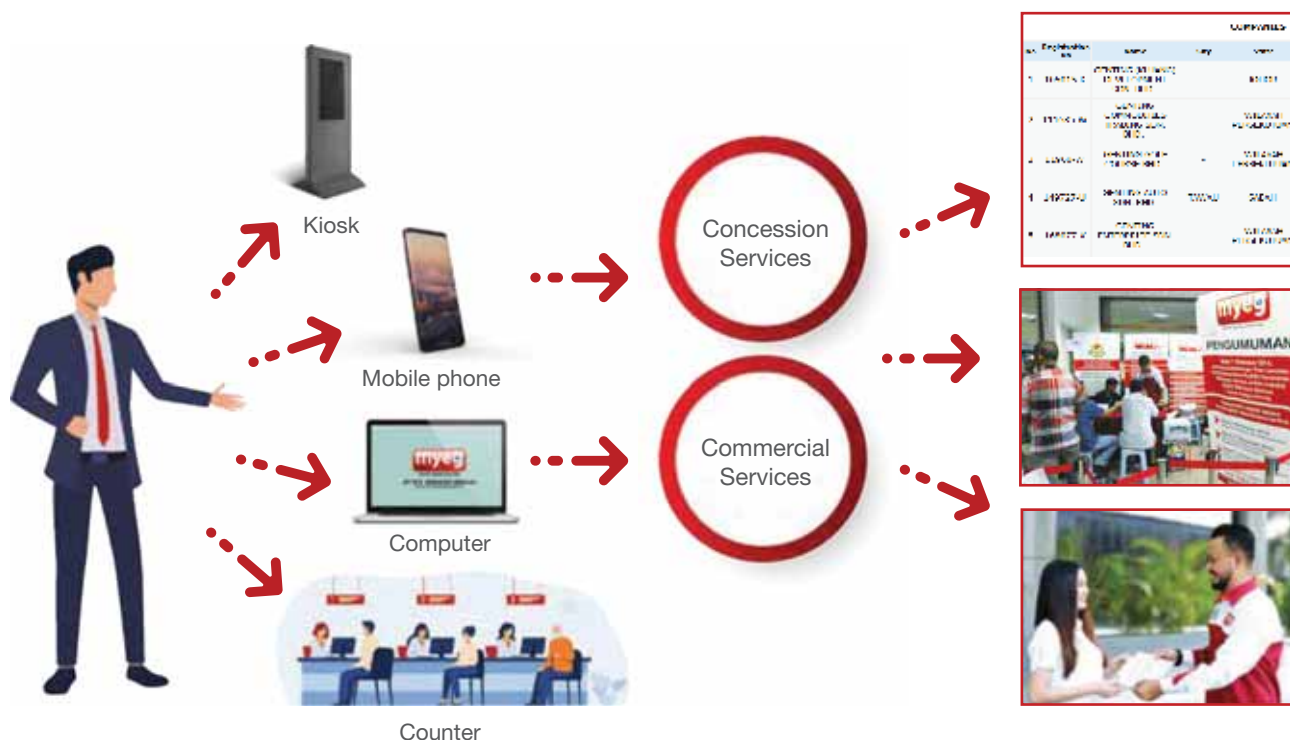
OUR BUSINESS MODEL

Model leverages on strong customer insight and proprietary technology
Model is replicated in other markets beyond Malaysia – Indonesia, Bangladesh and the Philippines

Users access the MYEG portal via multiple access points. These include electronic and in-person channels.

Users have access to a wide and expanding range of government and commercial services. Please see page 33 for a full range of our services.

Service is provided to users via the online portal itself and delivered to users' homes/offices or over the counter.



MYEG's business model is unique and robust. It is dynamic and responsive to changes in the external operating environment, especially with the constant evolution in fintech and the onset of the COVID-19 pandemic.

Essentially, the Group is a digital enabler of a spectrum of concession (government) and commercial services. We serve as a dependable and reliable "bridge" between users and the government – digitalising the provision of various essential services that is ultimately aligned with the aspirations of governments in realising a more digitalised nation. These services are provided to users over multiple channels. Users only need to access the MYEG portal through any electronic device and follow the step-by-step process to apply for relevant permits, renew licenses, access various healthcare-related offerings or use other services. Payment is made via the portal and the necessary documentation is then delivered online, at the counter or to the doorstep via courier.

Users enjoy anytime, anywhere ease of access to a wide range of important services, not forgetting convenience and at affordable costs. Travel times are also reduced and this enhances productivity while also helping to reduce carbon emissions. 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. Similarly, businesses and employers seeking to engage in these e-government services can also benefit from this increased accessibility and convenience, which potentially bolsters their operational efficiency, by leveraging on MYEG.

OUR BUSINESS MODEL (CONT'D)

The business model also provides entrepreneurial opportunities for small and medium enterprises to flourish in various industries, such as through MYEG Capital and BELI in the markets we operate in, as well as creates a wide range of jobs to spur local socio-economic development and prosperity.

The Malaysian government has benefitted via the efficient collection of various taxes, COVID-19 test payments, quarantine station charges and more which are made possible through our e-services. Effectively, MYEG has and continues to make a significant contribution towards nation-building and the continued socio-economic prosperity of the nation and its people, especially in its new designated role as an essential services provider amidst the pandemic situation.

Progressively MYEG has leveraged on its platform to venture into new areas. This includes the healthcare sector (one-stop COVID-19 health screening portal, MySafeTravel, MySafeQ and MyEGuard), automotive sector (vehicles auction and sales), FinTech (provision of vehicle hire purchase and other financing solutions) and others.

The Group remains sensitive of market requirements and continues to offer solutions that best meet local context and requirements, especially in contributing to the fight against the pandemic during this period.

STAKEHOLDER VALUE CREATED



UNIQUE FEATURE OF THE BUSINESS MODEL

The Group's chosen business model enables cross-selling of services between concession and commercial services seamlessly, thus providing users with a complete value proposition. Cross-selling is made possible by using proprietary Big Data Analytics ("BDA") and AI to match services based on the individual customers' profile and other information.



Users access the MYEG portal to renew their road tax.

As users proceed to renew their road tax, related services can be offered. Services are non-compulsory and customers have the choice to choose or decline additional services offered.

The Group's chosen business model enables MYEG to derive a set of business strengths and competitive advantages. Please refer to the Our Business Strengths section of this report on page 38 to page 41 for more information.

OUR BUSINESS STRENGTHS

As mentioned in the prior section, MYEG's business model enables the Group to derive various business strengths or competitive advantages in remaining a leader in its operating markets.

A sound knowledge of its business strengths enables MYEG to formulate effective strategies that optimise its competitive and value creation abilities, while minimising risk exposure.

The business model provides the base for MYEG's strengths and strategies. However, the model is also flexible, being open to enhancements or improvements, where required as necessitated by the external environment, and when imperative to ensure effective capitalisation of Group business strengths and the implementation of business strategies. This approach reflects the strategic, integrated thinking that resides within MYEG.

External Environment



The business model is attuned towards optimising Group resources; and its inherent potential and capabilities towards ensuring effective go-to-market strategies that reinforce business strengths.

Business strategies are selected towards leveraging on the Group's natural strengths and the robustness of the business model. However, strategies may also serve as a catalyst for improvements / changes to the business model towards ensuring successful implementation. This may also impact or alter the Group's identified business strengths or competitive advantages.

OUR BUSINESS STRENGTHS (CONT'D)

A Broad Mix of Revenue Channels Across Diverse Commercial and E-Government Services

- The bulk of the Group revenue stems from commercial services with the balance from e-government services.
- Commercial services are not dependent on the latter.

Robust Financial Position

- MYEG continues to maintain a strong cash position and balance sheet with recurring income streams.

Growing Regional Footprint

- MYEG has access to potentially 550 million users across Malaysia, Indonesia, the Philippines and Bangladesh.

Market Leader

- MYEG is the largest e-government service provider in Malaysia and in the overseas markets in which it operates in.

Growing Portfolio of Services

- MYEG offers a comprehensive and growing service portfolio that is interlinked to deliver greater convenience to users.
- MYEG continues to roll out various services. Its latest being healthcare and other related services in collaboration with governments' healthcare mandates.

Strong Technological & Innovation Capabilities

- MYEG continues to be a pioneer in offering new technological solutions for all markets it operates in

Quick Business Response

- MYEG is able to move swiftly in tandem with risks and opportunities, arising from the external environment and market forces.

STRENGTHS	DESCRIPTION / SIGNIFICANCE	STRATEGIES TO LEVERAGE ON STRENGTHS
Broad mix of revenue channels across diverse commercial and e-government services	MYEG is not heavily reliant on its e-government services in Malaysia. We offer a wide range of commercial services, which in fact provides the larger portion of our revenues.	Continued product development to create new service offerings to customers in established markets. Introducing existing products into new markets are also a part of this strategy. Portfolio diversification plans are underway to mitigate potential supplier risk from our government concession services business. This would include diversifying our current business activities to include the provision of financial services.
Robust financial position	MYEG's strong fiscal position enables it to have sufficient cash or reserves to support business growth plans. The Group is able to meet its CAPEX and OPEX requirements and enjoys the support of financiers and investors who have confidence in the Group's finances.	Implemented the approved establishment of a DRP that gives shareholders the option to choose to reinvest their cash dividend by receiving new ordinary shares in MYEG.

OUR BUSINESS STRENGTHS (CONT'D)

STRENGTHS	DESCRIPTION / SIGNIFICANCE	STRATEGIES TO LEVERAGE ON STRENGTHS
Growing regional footprint	<p>Our presence in various emerging markets with high and fast-growing populations has progressively reduced our dependence on our home market in Malaysia. Thus, MYEG continues to diversify revenues as we expand our geographical base.</p>	<p>Introduction of existing products into new markets.</p> <p>Expanding the roll-out of established service offerings in current operating markets i.e. the deployment of tax monitoring system in 30 more cities after successful pilot phase in Indonesia.</p> <p>Initiate strategic partnerships through our JV with respected entities in each operating region to develop and implement new healthcare-related applications and services. An example of this is the partnership with FVSC in the Philippines.</p> <p>Further leverage on existing overseas investments, such as the one made in China, in order to collaborate and share resources as well as knowledge expertise in technology development.</p>
Market leader	<p>The Group has a strong and growing brand profile that is recognised by customers for having high credibility and assurance. Users have full confidence in using MYEG's services.</p> <p>Our position as market leader gives the unique platform as an opinion leader to help shape the e-services and e-government industry as well as the digital economy.</p>	<p>To continue building our market leadership position via branding activities, to engage users in all markets and to constantly develop new and innovative offerings that better meet user demands and lifestyle aspirations.</p> <p>Strong brand equity generates higher traffic which will result in substantial revenue increase and market position. Active engagement with our stakeholders can inform us of strategic policy formation in regards to nation building.</p> <p>MYEG has already leveraged on its status as an essential services provider with the provision of MYEG's online portals and systems as this provides an automatic safeguard against the need for users to engage in physical transactions of related services during the pandemic.</p> <p>The Group would also source or incorporate marketing and branding entities related to our new healthcare services initiative in order to bring strong awareness of the Group's timely shift into this sector.</p>

OUR BUSINESS STRENGTHS (CONT'D)

STRENGTHS	DESCRIPTION / SIGNIFICANCE	STRATEGIES TO LEVERAGE ON STRENGTHS
<p>Growing portfolio of services</p> <p>Strong technological and innovation capabilities</p>	<p>The Group is not just the market leader in terms of market share and its dominant brand position, but also for its leadership / dominant position in bringing new offerings to market, for product innovation and in developing unique offerings between commercial and e-government services that offer strong value propositions for users.</p>	<p>Pioneering new healthcare-related services and products in both Malaysia and abroad to aid our government partners in their fight against the spread of the COVID-19 virus. Some of these services and products launched were:</p> <ul style="list-style-type: none"> • MySafeTravel • Contact tracing application such as MyEGuard in Philippines and <i>Jejak</i> in Indonesia • MySafeQ • One-Stop COVID-19 Portal • Rapid COVID-19 test kits <p>Strengthen collaborations with key government sectors with substantial contract renewals that allow for the introduction of new concession services into the region. These new e-government services were:</p> <ul style="list-style-type: none"> • Facilitation of the collection of payment or dues on behalf of the Malaysian government relating to COVID-19 detection tests and quarantine station charges • Renewal of motorcycle insurance and road tax, as well as CDL <p>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.</p>
<p>Quick business response</p>	<p>MYEG was quick to adapt to the COVID-19 pandemic with the launch of new pandemic-related products and services.</p>	<p>MYEG will continue to enhance its product cycle time to ensure faster launch of products and services to the market. Beyond COVID-19, other changes in the external environment may necessitate quick changes to ensure relevance and competitiveness.</p> <p>Swiftly and suitably meeting market demands for a string of products and services that contribute to COVID-19 related detection, prevention, screening payment collection, employee testing registration and proof of compliance certification and others.</p> <p>Penetration into the healthcare and financial sectors for business expansion allows adoption of a cross-selling strategy to reach a larger user base across multiple geographical markets.</p>

OUR OPERATING ENVIRONMENT

MYEG remains attuned to its external environment as developments arising from the operating environment (political, economic, social, technological, legal and environment or known as “PESTLE” factors) may potentially impact MYEG’s business model. The impacts could be at any stage of the value creation process including but not limited to the availability of capitals, the Group’s business processes as well as the creation of outputs and outcomes. External factors include both positive developments such as emerging opportunities within our industry and chosen geographic markets, as well as the ensuing business risks and potential threats.

For example, the growing focus on an organisation’s environmental, social and governance performance could lead to greater emphasis by providers of capital (or other stakeholders) on the various non-financial values created. Hence, non-financial performance could increasingly play a more decisive role in the availability of financial capital as more investors choose to make strong and improving social and environmental performance as a prerequisite for investment into the company. Regulatory bodies may also review environmental and social performance as a prerequisite for being listed on selected indices, which provides the Group with visibility to foreign funds and capital investors.

In response to the various identified PESTLE factors impacting the MYEG business model, the Group has developed effective strategic responses towards managing potential risks factors and to leverage on emerging opportunities.

EXTERNAL FACTOR	DESCRIPTION	IMPACT ON MYEG / BUSINESS MODEL	IMPACTED CAPITALS	RISKS	OPPORTUNITIES
POLITICAL / GOVERNMENTAL	<p>In FY2020, there was a sudden major change in the Malaysian government that occurred in March 2020.</p> <p>As this change in our government coalition composition was unexpected, it has thus raised certain market and economic concerns over political uncertainty in the country.</p>	<p>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.</p> <p>Therefore, we continue to strive towards engaging in meaningful contracts, tenders and renewals to the best of our ability, regardless of the state of the political landscape.</p>	<p>Relationship / Social</p> <p>Legal</p>	<p>Uncertain market, politic and economic conditions</p> <p>Non-renewal of contracts</p> <p>Loss of access to spectrum</p> <p>Lack of new business opportunities</p> <p>Shifting political and regulatory dynamics</p>	<p>The present political scenario has further expedited MYEG’s expansion to new markets and increased capitalisation on resources from current business stakeholder in other operating markets.</p> <p>It also justifies the intensification of efforts to develop more commercial solutions to further reduce reliance on concession services.</p>

OUR OPERATING ENVIRONMENT (CONT'D)

EXTERNAL FACTOR	DESCRIPTION	IMPACT ON MYEG / BUSINESS MODEL	IMPACTED CAPITALS	RISKS	OPPORTUNITIES
ECONOMIC	<p>MYEG's Malaysia operations remains our primary market and a highly competitive marketplace with moderate to slow growth. Furthermore, the economy has contracted with the COVID-19 pandemic.</p> <p>Domestic purchasing power continues to be impacted due to lower household expenditure amid tighter movement restrictions.</p> <p>The local population continues to face stagnating employment opportunities due to mobility restrictions affecting employment activity, resulting in the unemployment rate edging upwards. This in turn influences their ability to consume products and services.</p> <p>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.</p>	<p>MYEG continues to place significant focus on its Malaysian market. Thus, we will need to launch new services to tap into it while continuing to innovate and respond promptly to shifts in market demand trends to enhance our competitiveness in our main market.</p> <p>There also exists more opportunities for MYEG to expand into high-growth, high-population markets such as the existing countries in which MYEG operates in or new geographic locations.</p>	<p>Financial</p> <p>Human</p>	<p>Uncertain market, politic and economic conditions</p>	<p>Challenging operating conditions drive additional focus on innovation towards the creation and delivery of new solutions that would meet evolving market requirements.</p> <p>These include the Group's portfolio diversification initiatives in a bid to mitigate supplier risk from our concession services, including diversifying existing business activities of MYEG and its subsidiaries to include the provision of financial services.</p> <p>The Group undertook the establishment of a DRP that gives shareholders the choice to reinvest their cash dividend.</p>

OUR OPERATING ENVIRONMENT (CONT'D)

EXTERNAL FACTOR	DESCRIPTION	IMPACT ON MYEG / BUSINESS MODEL	IMPACTED CAPITALS	RISKS	OPPORTUNITIES
SOCIAL	<p>Changing user behaviour towards a greater propensity to use digital channels for business or personal transactions as well as to purchase goods and services.</p> <p>The change has also been accelerated by the COVID-19 pandemic. The need to venture into healthcare-related services to help curb the spread of the COVID-19 pandemic alongside our government partners has become of prime importance to the Group in hopes our efforts can contribute to the rapid return to normalcy in society.</p>	<p>The growth among users and businesses to move online will determine product launching strategies going forward.</p>	<p>Relationship / Social</p> <p>Financial</p> <p>Manufactured</p>	<p>Failure to deliver on customer experience through lack of system optimisation and server inability to handle large influx of users</p>	<p>Opportunities to venture into new businesses or to reengineer the existing business model towards ensuring relevancy and future competitive capability, especially in regards to our government collaboration.</p> <p>The exploration and introduction of healthcare-related services and product offerings like COVID-19 screening technologies and services and MySafeTravel fills a much-needed gap of granting safe and easy accessibility to such services amidst the social-distancing environment we are currently in.</p> <p>The provision of MYEG's online portals and systems also acts an automatic safeguard against the need for users to engage in physical transactions of related services during the pandemic.</p>
MACRO ENVIRONMENT	<p>The COVID-19 pandemic, which is a black swan event, has led to a major disruption to business operations across almost all industries and business sectors.</p> <p>The sudden but acute halt to business activities has led to a wide range of negative impacts.</p> <p>However, it has also led to increased opportunities as more users opted for online / digital channels to purchase goods and services.</p>	<p>There were some disruptions to the regular service delivery at the initial stage of the lockdown. Notably, the pandemic led to an impact on customer footfall at MYEG's walk-in counters and e-services centres.</p> <p>However, with many of our services receiving essential services classification, business operations were able to resume albeit with strict COVID-19 SOPs in place.</p>	<p>Financial</p> <p>Human</p> <p>Social</p> <p>Legal</p>	<p>Natural disasters</p> <p>Non-compliance with laws and legislation</p> <p>Health and safety status of employees and citizens</p>	<p>The pandemic presents an opportunity to review and improve our overall approach to risk assessment and corporate governance.</p> <p>The focus is to harden the business model towards ensuring a greater degree of resilience against future disruptive incidents.</p> <p>The aforementioned include strengthening policies and SOPs pertaining to occupational health and safety, business continuity planning and disaster recovery as well as corporate governance.</p>

OUR OPERATING ENVIRONMENT (CONT'D)

EXTERNAL FACTOR	DESCRIPTION	IMPACT ON MYEG / BUSINESS MODEL	IMPACTED CAPITALS	RISKS	OPPORTUNITIES
TECHNOLOGICAL	<p>New and emerging technologies present opportunities as well as risks. Internet of Things, automation and Industry 4.0 are technologies that are reshaping the industry.</p> <p>Data security breaches as well as any attacks such as a cyber-terrorist attack or security breach also present material issues.</p>	With the pandemic at the forefront of the macro-operating environment, slow technological development and adaptation may lead to an obsolescence in MYEG's operations if the Group doesn't adequately respond.	<p>Intellectual</p> <p>Manufactured</p> <p>Natural</p>	<p>Technology performance</p> <p>Cyber threat</p>	<p>Leading the way in developing and implementing new healthcare-related services by leveraging existing platforms, systems and government-sanctioned collaborations to reach mass distribution and usage to help in the fight against the COVID-19 pandemic.</p> <p>Moreover, by reinforcing business collaborations with key government partners through strategic and significant contract renewals that promote the introduction of new concession services into our operating markets.</p> <p>Existing investment into start-up 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.</p> <p>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 user services.</p>

OUR OPERATING ENVIRONMENT (CONT'D)

EXTERNAL FACTOR	DESCRIPTION	IMPACT ON MYEG / BUSINESS MODEL	IMPACTED CAPITALS	RISKS	OPPORTUNITIES
LEGAL	<p>Issues such as protecting intellectual properties ("IP"), non-performance of vendors and business partners as well as changes in government policies and legislation may cause disruptions to service delivery and the business model.</p> <p>Introduction of nation-wide anti-corruption policies for businesses to adhere can potentially impact our internal value chain and external supply chain.</p>	<p>The cancellation of contracts by our government partners or any changes in local legislation may result in MYEG having to cease services or to review its business model.</p> <p>The Group's branding and credibility may be impacted by a legal suit even if eventually, the Group is proven be on the right side of the law.</p> <p>MYEG has to dedicate additional resources and time to reforming and creating new policies for the organisation and its business intermediaries to adhere to.</p>	<p>Relationship / Social</p> <p>Legal</p> <p>Financial</p>	<p>Cyberthreat</p> <p>Non-compliance with laws and legislation</p> <p>Litigation</p> <p>Customer data misuse or leakage</p> <p>Susceptibility to corruption</p>	<p>Internal assessments to identify the high-risk sectors or personnel in the organisation also allows the Group to thoroughly evaluate, and subsequently rectify, any procedural gaps regarding its anti-corruption policy implementation within the organisation.</p> <p>Encouraging transparent business transactions within the supply chain by only dealing with businesses that uphold good governance also serve to benefit the Group's business credibility and long-term operational efficiency.</p>

The analysis of the external environment provides MYEG with the ability to identify material risks as well as opportunities. Further information on the Group's principal, financial, business, operational and strategic risks are provided in the 'Our Risks and Opportunities' section of this report.

OUR RISKS AND OPPORTUNITIES

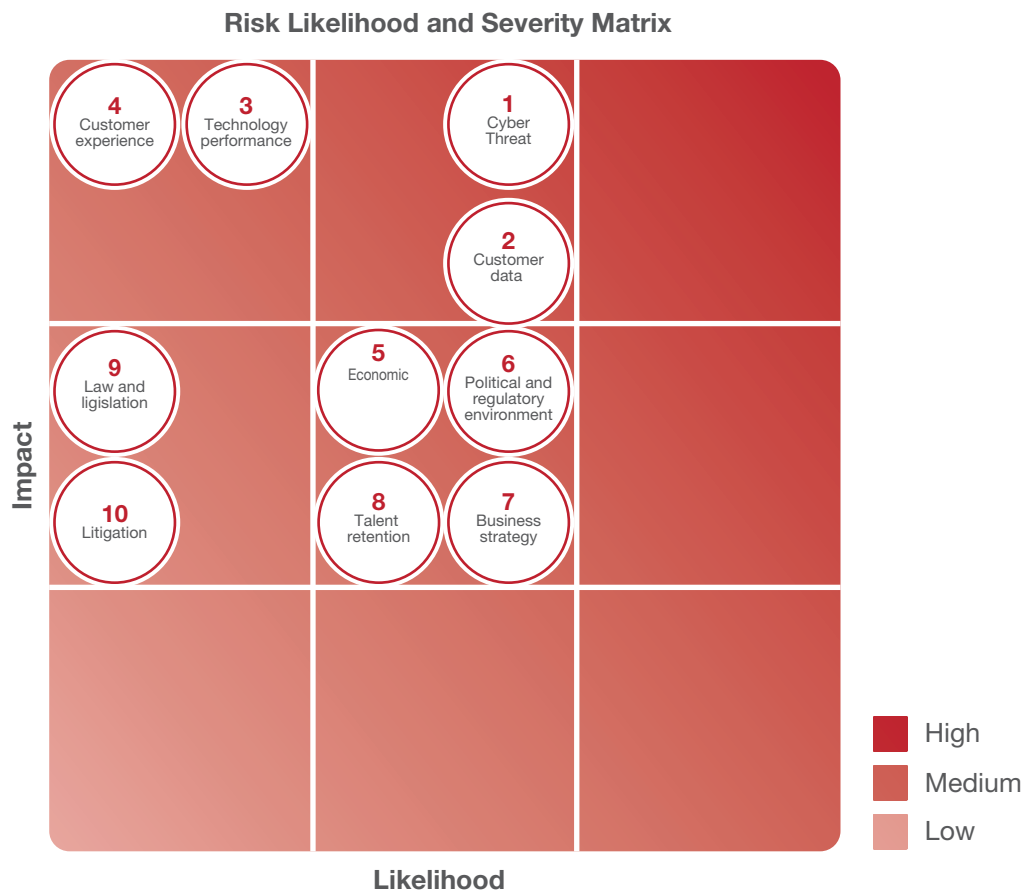
We remain mindful of our business, financial, strategic and operational risks, more so in a dynamic industry where technological disruption and other changes occur rapidly. The biggest change in the macro-operating environment in FY2020 came from the onset of the COVID-19 pandemic, which presented a slew of new risks to address and required the Group to adapt and shift its business model and strengths to mitigate against financial and non-financial impact.

Hence, beyond standalone mitigation measures, MYEG's risk response needs to be holistic. Risks are not viewed in silos, but from the perspective of the ensuing impacts on the business model itself, our value chain and business processes including ability to execute business and operational strategies.

The relationship between risks and our environmental and social material topics is also duly considered as we look to increasingly align financial and non-financial business performance for a more holistic understanding of our impacts.

The separation of our Audit Committee and Risk Management Committee in FY2020 was a significant initiative to reflect these aspirations. With our Risk Management Committee now being its own, greater focus and effort can be channelled towards enacting a more thorough and inclusive risk response and analysis through dedicated manpower and resources that are designated for this specific goal.

By considering risk from this more encompassing perspective, the Group is better positioned to better understand the extent of the impacts caused by its identified risks factors. This allows for a more accurate categorisation of risks factors based on the true severity and likelihood of risk factors.



For FY2020, we have mapped our risk factors with our material topics as well as against impact / potential impact to business strategy and our business model. Going further, we have assessed risk impacts in terms of impacts on stakeholders rather than just impacts to MYEG alone.

OUR RISKS AND OPPORTUNITIES (CONT'D)

Our material risk factors remain the same as with previous years as our overall investments have not been significantly changed, even when given the onset of the COVID-19 pandemic since our e-government and other online services remain largely unaffected by this health situation. However, we do not endeavour predict the longevity of the COVID-19 virus. Thus, we will continue to monitor the situation closely and evaluate our risk matrix if necessary.

For detailed information on MYEG's internal risk management mechanism, please refer to our Risk Management and Internal Control Statement within this report.

Our risk management framework and policy is aligned to the internationally best practice ISO31000 risk management framework. The Board of Directors oversees risk-related matters which include financial and operational risks as well as environmental, social and governance ("ESG") related risks.

Risk	Description of Risk	Linkage to Materiality	Who Does this Risk Impact? MYEG? Employees? Society? Investors?	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.	Cyber security Intellectual property	Customers Government and regulators Community and general public	Kindly refer to our Sustainability Statement on page 69
Customer data	Any breach of customer data could lead to loss of confidentiality or other issues, such as fraud, etc.	Cyber security Customer experience	Customers	Kindly refer to our Sustainability Statement on pages 69 and 73
Technology performance	Technology is a double-edged sword that could allow us to gain first mover advantages; or be impacted by others.	Intellectual property Cyber security Business model	Employees Investors	Kindly refer to our Sustainability Statement on page 70
Customer experience	Services that are below par may lead to customer frustration and loss of future business.	Customer experience	Customers	Kindly refer to our Sustainability Statement on page 73
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.	Business model Customer experience	Government and regulators Employees Community and general public Investors	Kindly refer to our Sustainability Statement on page 68

OUR RISKS AND OPPORTUNITIES (CONT'D)

Risk	Description of Risk	Linkage to Materiality	Who Does this Risk Impact? MYEG? Employees? Society? Investors?	Mitigation Action Plans
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.	Business model	Customers Investors Employees	Kindly refer to our Sustainability Statement on page 70
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.	Business model Customer experience	Investors Employees	Kindly refer to our Sustainability Statement on pages 70 and 73
Law and legislation	Any change of legislation by governments may lead to MYEG not complying with local laws or having to remodel its services.	Cyber security Intellectual property	Investors Community and general public Employees	Kindly refer to our Sustainability Statement on pages 69 and 72
Litigation	Any legal suit against the Company would have a branding and possibly financial impact as well.	Cyber security Intellectual property	Investors Employees Community and general public	Kindly refer to our Sustainability Statement on pages 69 and 72
Talent retention	Constant talent attrition impacts the collective knowledge body within the Group and may impact operational productivity.	Talent retention and development Customer experience	Customers Employees Investors	Kindly refer to our Sustainability Statement on page 78

OUR OUTLOOK AND STRATEGIC PRIORITIES

Our business model enables MYEG to leverage on its business strengths and to execute a wide range of effective business strategies. The fluid relationship between these three core elements provide a strong and relatively insulated proposition to effectively address external threats and opportunities and to proactively respond to an evolving and dynamic business environment going forward.

In essence, MYEG will continue to serve as the leading digital services provider in Malaysia and the other geographic markets in which it operates in. The Group has a strategic, value creation role through its government and commercial services, more so during a pandemic period.

MYEG will continue to serve as the bridge and enabler between governments and the public; providing accessibility, convenience and affordability that enables people to stay safe amidst the pandemic period. MYEG provides a solution that enables continued much-needed dealings with the government and with private entities without necessitating physical engagements and thus reducing the risk of infection and rising COVID-19 cases.

It will continue to improve its services to ensure fast and effective delivery of services in light of rising transaction volumes.

At the same time, it will continue to fill market gaps with services that are required due to the pandemic. Hence, its involvement in the healthcare sector which began in FY2020 and will continue to be expanded upon in FY2021. This is in line with creating value and serving as a force of greater good in support of the government and the public.

The following are MYEG's key strategic priorities for FY2021:

STRATEGIC PRIORITY	SPECIFIC STRATEGIES AND ACTION PLANS	IMPACT TO BUSINESS MODEL AND VALUE CREATION
Roll-out of new market driven commercial services including COVID-19 related services	<p>Pioneer new healthcare-related services in both Malaysia and other operating markets to help our government partners curb the spread of the COVID-19 virus i.e. MySafeTravel, MyEGuard, one-stop COVID-19 portal, etc.</p> <p>Adopt cross-selling strategy of new services and product offerings with established offerings to access a wider user base.</p>	Boost the longevity of the business model by adapting it to the current market trends.
Addressing changes especially in FinTech	<p>Develop, implement and expand the provision of healthcare-related and financing solutions.</p> <p>Apply for relevant licenses to introduce digital banking services on the platform.</p>	<p>Bolster the efficacy of our portfolio diversification process.</p> <p>Complement and enhance products and services offered under financial services which in turn would further fortify the Group's standing as the preferred digital service provider.</p>

OUR OUTLOOK AND STRATEGIC PRIORITIES

(CONT'D)

STRATEGIC PRIORITY	SPECIFIC STRATEGIES AND ACTION PLANS	IMPACT TO BUSINESS MODEL AND VALUE CREATION
Expansion of existing services to new markets	<p>Cross-selling of services that have good user traction in one market into another.</p> <p>Curate existing services, by country, with market-specific embellishments that would appeal to specific user bases.</p>	<p>Increase stakeholder confidence in existing services, with those services' current application and relevancy able to go beyond their original operating market.</p>
Renewal of concession services	<p>Leverage on the existing strategic partnership with the Malaysian government to grow the number of services available on our online platforms.</p> <p>Be in constant communication with key government stakeholders such as the Ministry of Transport to smoothen the process of approval of long-term contract renewals by pitching new service and product developments and initiatives.</p>	<p>Solidify MYEG as the leading e-government services provider in all of its operating markets.</p> <p>Enhance our brand equity with our existing user base while attracting new user base.</p>
Expansion of new businesses into new or existing geographical markets	<p>Propose collaborations with new government partners in Malaysia and abroad for the development and distribution of online healthcare services. Approach shall be similar to implementation in current markets i.e. Malaysia and the Philippines.</p> <p>Identify new user requirements or opportunities that exist in current operating markets and new markets to fuel expansion.</p>	<p>Establish MYEG as a regional powerhouse in digital service provision beyond Malaysia.</p> <p>Create new avenues of resources to tap into such as knowledge acquisition, information sharing, and technology development to roll-out new region-specific e-services as well as form unique stakeholder collaborations to capture new user bases.</p>

OUR VALUE CREATION PROCCSS

On the strength of the Group's robust business model, MYEG continues to create a wide range of financial and non-financial values for stakeholders. Essentially, despite the turbulent operating environment of FY2020, MYEG's value creation approach remains undisrupted and in fact, the onset of COVID-19 and other developments have provided opportunities for the Group to create value.

This primarily included stepping up to ensure service delivery remained smooth and largely uninterrupted and, more importantly, we responded quickly to the most pressing needs arising from pandemic by offering a number of important solutions and services to help in our government partners' fight against the pandemic.

Given that there are no major shifts in the business model, there are no major shifts in the allocation of resources or trade-off between capitals. 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

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

OUR CAPITALS

Financial capital

Shareholders' equity, debt and reinvested capital – is a 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.

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 capitals include our motor fleet to support delivery services and operating branches across Malaysia.

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 allows us to maintain our competitive edge in a dynamic market, both locally and internationally.

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.

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 as well as how best to develop our value creation approach from a shared perspective.

SPECIFIC INPUTS

(At beginning of the financial year)

RM1.03 billion in assets

RM360.63 million in share capital

RM76.22 million cash and cash equivalents

RM3.8 billion in market capitalisation

351,780 square feet ("sf") corporate MYEG Tower

45,328 sf customer service centre located within MYEG Tower

101 operating e-services centres and >900 kiosks nationwide.

Self-developed technology

Logo trademark

Online finance services made possible via our moneylender's license

Road safety diagnostic kit

2,594 staff strength

23 helpdesk staff and 27 over-the-counter staff

175 management staff

Long-standing industry knowledge, experience and expertise

Empowered organisational culture

Talent development and retention programmes

Proactive stakeholder engagements, dialogues, development of joint ventures and strategic agreements, etc. with governments, regulators, communities, vendors and others.

BUSINESS OPERATING MODEL



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 products
Enhance customer experience
Innovate and grow
Develop capable employees

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 our Sustainability Statement on page 55 for mitigation measures

Materiality Matters

Cyber Security
Business Model
Intellectual Property
Customer Experience
Energy Efficiency and Consumption

Environmental Footprint
Management
Talent Retention and Development
Workforce Inclusivity and Diversity
Occupational Safety and Health
Community Investment

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.

STAKEHOLDERS

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



Employee



Investors



Customers



Government and Regulators



Shareholders



Community and General Public

OUR VALUE CREATION PROCCES

(CONT'D)

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

OUTPUTS	OUTCOMES
Financial Values Created Revenue RM530.46 million Profit before tax: RM268.96 million Cash and cash equivalents: RM234.61 million	Financial Outcomes <div> <div> Dividend payout of 2.2 sen per share for FY2020 subject to shareholders' approval. RM2.57 million paid in income tax Total assets of RM1.42 billion RM570.19 million distributable retained profits RM85.71 million paid in wages </div> <div> RM9.43 million paid in statutory contributions RM20.54 million paid to financiers in repayment of term loans and lease liabilities RM165.52 million in total borrowings Net cash position for net gearing ratio </div> </div>
Manufactured Values Created Online renewal of motorcycle insurance and road tax as well as CDL. MySafeTravel MyEGuard in the Philippines Jejak in Indonesia	Manufactured Outcomes Improved efficiency of our one-stop, door-to-door, service experience for customers. Expansion of services to more customers nationwide. 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, MyAssist, as well as an online vehicle auction platform, and most recently the online renewal of motorcycle insurance and road tax as well as CDL, further cements MYEG as a one-stop centre that covers the needs of drivers and motorists. This includes providing a large range of new and used vehicles to choose from and providing financial assistance via multiple vehicle financing options as roadside vehicle assistance packages. All of these can be accessed via MYEG – a single website solution. Other benefits (related and unrelated) created via the business model include: <ul style="list-style-type: none"> 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 conventional and Islamic finance services 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 <ul style="list-style-type: none"> Competent employees Increase in employee engagement Long service employee Growth in workforce 	Human Outcomes 2,482 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 analyst and investor interest in our company. Sharing of resources to achieve a common goal in a business value chain.	Social and Relationship Outcomes Investment in Ximmerse for AR/ VR technology and HiSense Technology. Invested in blockchain project by collaborating with Universiti Malaya ("UM") and Universiti Utara Malaysia ("UUM") in exploring opportunities, to promote and foster the development of academic and research projects in blockchain. Cartenz in Indonesia MYEG Philippines in the Philippines JV in Bangladesh Concession agreement extension with the Malaysian government for the provision of the electronic delivery of vehicle registration, driver and vehicle licensing services and payment of summon services Cooperation with Zhifei in obtaining Malaysian Halal certification from JAKIM for the COVID-19 vaccine. Partnership between I-PAY MYEG in the Philippines and FVSC to develop a mobile application for the booking and payment of COVID-19 tests, along with the issuance of a digital QR code system as proof of testing. Agency agreement on the facilitation of the collection of dues and/or payments relating to COVID-19 detection tests and / or quarantine station charges issued by the Malaysian government to the public. Data sharing collaboration with the Labour Department. Collaboration with JSC for the provision and implementation of a contact tracing application through Cartenz.

OVERVIEW

The Group's approach to value creation in FY2020 remained centred on a triple bottom-line approach of ESG perspectives, which ultimately contributed to the realisation of economic or financial values for the Group and its stakeholders.

Our Sustainability Statement examines our methods to ensure industry-standard sustainability governance at all levels of MYEG's business operations as well as continuing to effectively address the Group's material environmental and social topics. These encompass MYEG's business operations as a government concession and commercial digital service provider and its commitment to be an inclusive equal opportunity employer. Moreover, MYEG also endeavours to continue being a responsible corporate citizen by contributing to the development of society and making a positive difference to nation-building in the market that we operate in.

FY2020 SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS

Tier One in Bursa Malaysia's ESG Ranking.



This puts MYEG in the top 25th percentile of companies for good ESG disclosure and performance

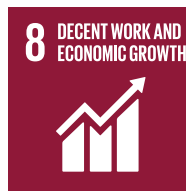


3.3 FTSE4Good Index Score

included in the **FTSE4Good Bursa Malaysia Index** since 2017

5 United Nations

Sustainable Development Goals ("UNSDG") adopted



100%

of Group staff briefed on new Anti-Bribery and Anti-Corruption policy (in compliance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018)

2,482

Total number of employees

98.2%

Malaysians



243 new hires


(FP2019: 369 new hires)

ALIGNMENT TO THE UNSDG


UNSDG

In FY2020, MYEG continued to make headway in its adopted UNSDG. Beyond just adopting UNSDG that are congruent to our business model, MYEG in FY2020 has looked to match its highlights and achievements to these goals as given below:


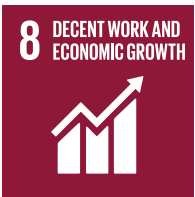
The table below showcases brief descriptions of the highlights and achievements made in each adopted goal in FY2020:

UNSDG	UNSDG DESCRIPTION	GROUP ACHIEVEMENTS AND HIGHLIGHTS	UPCOMING PLANS
	Ensure healthy lives and promote well-being for all at all ages.	<p>The Group:</p> <ul style="list-style-type: none"> Launched healthcare-related services such as MySafeTravel, MYEGuard, and a one-stop COVID-19 health screening portal. <p>For Employees:</p> <ul style="list-style-type: none"> Complied with legal requirements and safe work procedures related to COVID-19 prevention. Facilities and welfare for employees related to COVID-19 risk control and resources are adequately provided. Information, training and supervision related to COVID-19 prevention is provided and disseminated. Provides suitable PPE to employees according to their work needs and complied with the latest SOP related to COVID-19 mitigation. Work-from-home for employees is encouraged for department which are able to especially but not limited to non-customer facing department. Facilitated and invested in affordable medicine and healthcare insurance for all employees. 	<ul style="list-style-type: none"> To promote health-related activities to all employees and for corporate social responsibility (“CSR”) activities. To provide daily or weekly health tips to all employees through e-mail. To create and maintain bulletin boards that inform employees on relevant health information and self-development tips.


ALIGNMENT TO THE UNSDG (CONT'D)

UNSDG	UNSDG DESCRIPTION	GROUP ACHIEVEMENTS AND HIGHLIGHTS	UPCOMING PLANS
		CSR: <ul style="list-style-type: none"> Organised blood donation drives with MYEG staff members and customers. Contribution of disposable gloves to Polis Diraja Malaysia. Brought festive cheer during Chinese New Year to an old folks' home in Kuala Lumpur. Donated 10,000 food packs to recipients from the B40 category as well as to refugee groups & charity homes throughout Ramadan via NAK MAKAN. Supplied back-to-school items for children from an orphanage. 	
	Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none"> MYEG continued to value, stimulate and hire diverse teams, in line with being an equal opportunity employer. We continued maintaining a zero-tolerance approach to sexual harassment and bullying by creating a safe channel for employees to report cases of ethical misconduct without being exposed or dismissed. Appropriate actions were taken to address and mitigate proven cases. 	<ul style="list-style-type: none"> Continue to promote fair labour recruitment practices. To ensure our female employees' full and effective participation as well as granting equal opportunities in leadership roles at all decision-making levels.

ALIGNMENT TO THE UNSDG (CONT'D)

UNSDG	UNSDG DESCRIPTION	GROUP ACHIEVEMENTS AND HIGHLIGHTS	UPCOMING PLANS
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<ul style="list-style-type: none"> • Provided education for sustainable development by providing continuous training to all employees to further enhance their skills. • Organised CSR-based education initiatives. 	<ul style="list-style-type: none"> • Establish relationships with government entities and higher education institutions for education that better aligned with our businesses and CSR goals, including responsible management. • Create programmes (e.g. internships, work-study programmes, traineeships, etc.) that give students earlier access and exposure to the corporate working environment. • Provide employees with continuous opportunities to improve their job-related skills for their current and future employment. • Develop cost-effective education products and services that eliminate barriers to access and improve quality learning experiences (e.g. information and communication technology solutions to improve the delivery of education, innovative measurement tools, etc.).
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<ul style="list-style-type: none"> • Through its business model and strategies, MYEG continued to deliver financial and non-financial values for stakeholders. This includes growth in revenue and earnings, shareholder dividends and more. • Indirect contributions included statutory payments to the government, employees' salaries, repayments to financiers and development of local supply chains. 	<ul style="list-style-type: none"> • To offer apprenticeship opportunities. • To foster an entrepreneurial culture as well as invest in or mentor young entrepreneurs.

ALIGNMENT TO THE UNSDG (CONT'D)

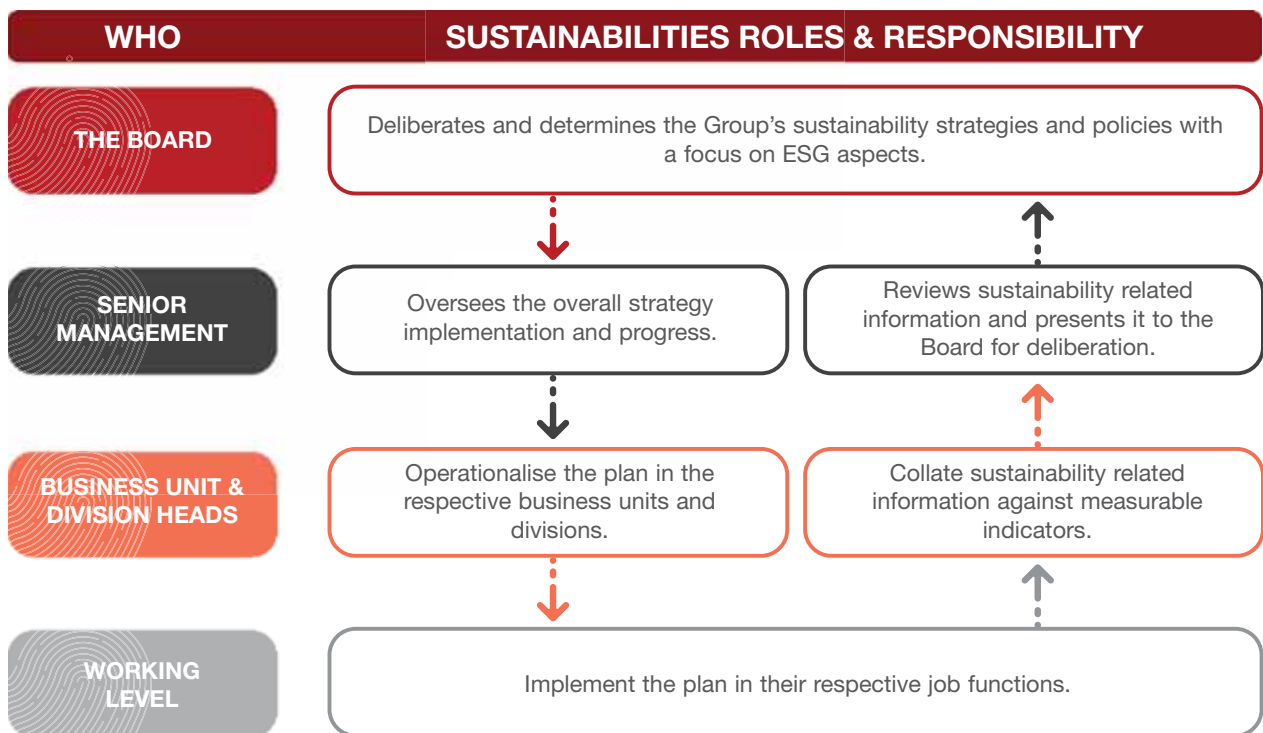
UNSDG	UNSDG DESCRIPTION	GROUP ACHIEVEMENTS AND HIGHLIGHTS	UPCOMING PLANS
		<ul style="list-style-type: none"> We continued to practice non-discrimination regarding employment. We maintained equal remuneration, including benefits, for work of equal value. We also continued to pay a living wage to our employees. 	
 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries.	<ul style="list-style-type: none"> Implemented and participated in a wide range of CSR activities designed to provide socio-economic upliftment for targeted community segments. Continued providing balanced employment opportunities as an equal opportunity employer. This includes providing opportunities for those who have physical disabilities. Maintained the availability of products and services for all income levels e.g. launching of BELI e-commerce platform for accessible and affordable groceries and other daily essentials. Continued to provide equal remuneration for male and female employees in the company. 	<ul style="list-style-type: none"> To partner with civil society networks to provide education and entrepreneurial skills training.

SUSTAINABILITY GOVERNANCE

The Board governs sustainability at MYEG and supervises matters related to risk, audit, remuneration and corporate governance. This also includes business ethics, organisational culture, talent and manpower, health and safety, human rights as well as the environment.

ESG priorities are affirmed by the Board and these are cascaded down to Senior Management to develop strategic plans to realise the ESG goals and objectives.

Beyond just setting the tone from the top, MYEG's sustainability governance structure also facilitates the escalation of the progress and performance of applied sustainability strategies. Findings presented by Senior Management to the Board, provide the basis for refinement of strategies and objectives towards ensuring continued progress.



MYEG had, on 27 February 2020, decided to separate its Audit and Risk Management Committee to establish a dedicated Audit Committee ("AC") and Risk Management Committee ("RMC") in its place. Kindly refer to the Group's Corporate Governance Report ("CG Report") or the Corporate Governance Overview Statement ("CG Overview Statement") section of this report for more information. Our CG Report also covers detailed disclosures related to MYEG's corporate governance and is available for download at https://www.myeg.com.my/investor_relations under the "Reports & Presentations" subsection.

SUSTAINABILITY GOVERNANCE (CONT'D)

The Group's approach to corporate governance and overall sustainability through an ESG framework is also guided by the following policies:

Category	Policy
Sustainability	Environmental Policy Human Rights Policy Non-Discrimination and Equal Employment Opportunity Policy Safety and Health Policy Sustainability Policy
Governance	Board Charter Code of Conduct Code of Ethics Code of Business Ethics Corporate Disclosure Policies and Procedures Anti-Bribery Procedures for Managing Stakeholders Anti-Bribery and Anti-Corruption Policy Whistle Blowing Policy Risk Management Policy Directors and Senior Management's Remuneration Policy Directors Assessment Policy Insider Dealing Policy Succession Planning Policy Share Buy Back Policy Terms of reference of Risk Management Committee Terms of reference of Remuneration Committee Terms of reference of Nomination Committee Terms of reference of Audit Committee Terms of reference of Employees' Share Option Scheme Committee

Full disclosure on the policies above can be downloaded from our Investor Relations portal at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" subsection). These policies are annually evaluated to maintain its durable efficacy.

RISK MANAGEMENT

MYEG views risk management as an integral part of the organisation in order to safeguard our shareholders' investments as well as our assets and the safety of other stakeholders.

The Board oversees risk management at MYEG through the RMC. The Risk Management Working Group ("RMWG") was formed to assist the RMC in carrying out its oversight responsibilities with respect to the Group's risk management processes, including assessment of key strategic and operational risk.

The RMWG, consisting of key management staff (such as all department heads) and an Independent Non-Executive Director, is to undertake risk management activities and identify any significant risks that are brought to the attention of the RMC and subsequently to the Board at their scheduled meetings.

The full details on our risk management framework and structure can be referred to in the Risk Management and Internal Control Statement of our report on page 118.

SUSTAINABILITY GOVERNANCE (CONT'D)

STRONG ANTI-BRIBERY AND ANTI-CORRUPTION POSITION

In FY2020, one of our key sustainability governance highlights was the introduction of the enhanced Anti-Bribery and Anti-Corruption (“**ABAC**”) Policy in pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACCA**”).

The Section 17A of the MACCA came into force on 1 June 2020 and denotes that commercial organisations are liable and punishable if found to be involved in bribery. Potential liability extends to the company’s directors, officers, partners, employees and others who are tied to the Group’s management, affairs and operations.

As the Board has oversight on the MYEG ABAC Policy, the Board approved the MYEG ABAC Policy on 30 April 2020 and it has subsequently been implemented at various operating levels within the Group concerning both internal as well as external stakeholders (e.g. suppliers, vendors and business collaborators).

In providing approval, the Board has reviewed the Group’s ABAC framework, policies (Whistle Blowing Policy, ABAC Policy), and codes (Codes of Conduct, Code of Ethics and Code of Business Ethics). The full enhanced framework, policies and codes are available on our company’s website under the Investors Relations section at https://www.myeg.com.my/investor_relations (see “Corporate Governance” subsection).

Through the Group’s board committees namely the AC and RMC, the Board receives all relevant information on MYEG’s ABAC agenda.

100% of Board members and those at the senior decision-making level have undergone anti-bribery and anti-corruption training and induction. The Group’s management team which included the Heads of Department (“**HODs**”) from our headquarters and regional premises in Peninsula Malaysia as well as Sabah and Sarawak have underwent similar training.

Going forward, training will continue to be provided to Board members. This will be designed to reflect their fiduciary and statutory responsibilities. Moreover, this is vital to enable Board members to have the skills and knowledge to carry out their role in providing leadership, addressing risks, building the company’s culture of integrity and governance as well as setting the tone from the top.

Listed below are training activities held in this regard during FY2020:

ANTI-BRIBERY AND ANTI-CORRUPTION TRAININGS IN FY2020

Date	Participants	Training
18 August 2020	Senior-level decision makers HODs	A workshop on the facilitation of a bribery risk assessment for related persons of the Group performing the bribery risk assessment.
27 August 2020	Board members	The training provider walked participants through the Corporate Liability Provision – Malaysia Anti-Corruption Commission (Amendment) Act 2018, including the ABAC Framework.
29 September 2020	Senior-level decision makers HODs	Undertaking employees’ communication / dissemination of the Group’s ABAC framework, codes and policies.

SUSTAINABILITY GOVERNANCE (CONT'D)

100% of MYEG's staff have been made aware of the ABAC Policy by signing the Code of Conduct - Acknowledgment and Declaration form and handing it to our Human Resource Department. 81 employees from our Delivery Team (Logistic Officers) at the non-senior decision-making level have attended ABAC-related training during the period from November to December 2020. Moreover, since restrictions of conducting trainings during the recent MCO were lifted since around March 2021 by the Malaysian government, we have scheduled for ABAC Policy training to be included during the induction programme of new employees moving forward.

Additionally, MYEG will continue to hold more regular anti-corruption refresher courses and initiatives in FY2021 for current and incoming Board members, senior-level decision makers and our staff. Basic training regarding our anti-bribery programmes are also to be conducted for all employees and Board members, as part of the wider company training initiative in relation to the company's code of conduct.

Therefore, as it is with the Board, our company also requires our employees to understand, declare, and acknowledge these policies by signing the Code of Conduct - Acknowledgment and Declaration form. Anyone found guilty in undertaking the act of bribery and corruption will not be tolerated and will be reprimanded as stipulated in relevant laws.

Anti-corruption awareness has and will continue to be embedded within the organisation and its culture through internal communication channels such as social media, mobile technology, postings on bulletin boards or walls, handbooks, employee manuals, newsletters, employee meetings, suggestion schemes, advice and helplines.

Anti-corruption will also be cascaded to these groups through internal memos, e-mails, our employee self-service ("EES") human resources system and handouts on anti-corruption policies to all employees. The full range of anti-corruption frameworks, policies and codes are available at our company's website.

The Group aims to create an organisation-wide awareness on how important the employees are in preventing bribery and corruption, and empowering them to play a role in maintaining a corrupt-free workplace. This includes the existence and availability of the Group's whistleblowing and grievance mechanisms and that staff are encouraged to use these channels to alert management and the Board on potential or actual acts of corruption within the organisation.

HODs are tasked to constantly remind their peers, colleagues and staff that any acts of corruption, bribery and those to that effect will face serious disciplinary action including immediate dismissal of employment as stated in the Employee's Handbook or even legal action.

Incoming staff will undergo the necessary induction procedure on our ABAC Policy and more during their orientation process.

Certain departments in the organisation have been deemed more susceptible to corruption risks. These are those that deal with or have direct contact with customers, agents, suppliers, business partners, and authorities. These identified departments are:

- Procurement and Logistics Department
- Administrative Department
- Technical Department, i.e. infrastructure and network
- Fulfilment Department, i.e. delivery officers
- Operations Department, i.e. customer service for immigration services

In particular, we identified Procurement and Logistics Department as having the higher risk. These departments and its respective personnel have undergone internal assessments and are mandated to sign a document recognising their understanding of our ABAC Policy. These assessments also allowed the Group to thoroughly evaluate, and subsequently rectify, any procedural gaps regarding anti-corruption framework implementation within the organisation.

Any corruption found will be dealt with swiftly and in accordance to the provision of existing laws and regulations.

We continue to maintain that MYEG is an apolitical organisation. MYEG also does not conduce any form of corruption.

SUSTAINABILITY GOVERNANCE (CONT'D)

GOVERNANCE IN SUPPLY CHAIN COMPLIANCE

MYEG has continued to ensure good business practices are followed and corruption is prevented within its supply chain.

Among the steps taken to maintain a corruption-free supply chain includes making new and current third-party intermediaries of MYEG such as vendors, suppliers, contractors and agents agree to understand, declare, and acknowledge our ABAC Policy by signing the Code of Business Ethics – Acknowledgment and Declaration form. This is in addition to our third-party intermediaries complying with other policies related to suppliers, human rights and more. We have sent out our ABAC Policy declaration form to 135 vendors, with 65 of them responding back to us thus far.

Furthermore, training on the ABAC Policy has also been conducted for all logistic officers who are responsible in delivering road taxes and foreign worker permits to users. MYEG has also given significant priority and business attention to its business partners towards ensuring that strict compliance to anti-corruption practices and the continued practice of good corporate governance.

MYEG has also proactively set safeguards in its dealings with intermediaries to curb corruption by requiring at least 3 quotations to be obtained for all business transactions. We have also established the Vendor Evaluation Committee to prevent and tackle corruption practices in our supply chain.

Business contracts under the Group's authorisation, either new or being renewed, will come attached with an official copy of the ABAC Policy. Business partners are required to recognise the receipt of this document and formally accept their adherence to the policy in conjunction with abiding by the stated contractual terms.

Our business partners will need to present their acknowledgement and declaration form not only on their compliance of our Company's ABAC Policy where they have pledged to not take part in corrupted practices including, but 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 so forth. It also includes supplier compliance to our policies that addresses anti-corruption, child labour, forced labour, occupational safety and health ("OSH"), minimum wage, gender and racial non-discrimination, equal opportunities, excessive working hours, energy use, waste management and notable environmental issues.

Periodic audits on value chain partners will be conducted by the Group's internal audit function to ensure effective compliance with MYEG's ABAC Policy. Suppliers, vendors, contractors and others who do not adhere to these policies will be blacklisted and restricted from making further transactions with the Group in any form, as they have been previously been made aware of the punitive consequences of engaging in acts of bribery and corruption. Additional remedial actions including contract termination or pursuing appropriate legal action may be taken if deemed necessary.

IDENTIFICATION OF HIGH-RISK SUPPLIERS

We constantly identify suppliers who are deemed to be strategic suppliers by virtue of the relationship tenure with the company or the value of transactions. These suppliers supply critical items or project-related items that directly impact our operations. These suppliers primarily supply IT hardware and software, kiosks, temper evident bags, COVID-19-related project equipment as well as renovation and maintenance works.

As part of our mitigation strategy, we employ a strict supplier on-boarding process. All suppliers are required to sign an anti-bribery pledge. We have also conducted a price comparison exercise on every purchases to ensure suppliers always remain competitive with their offered rates as well as ensure transparency in all dealings. Furthermore, all purchases are required to undergo multiple levels of approval from the management before they are cleared.

SUSTAINABILITY GOVERNANCE (CONT'D)



NUMBER OF SUPPLIERS AUDITED ANNUALLY

In view of the COVID-19 pandemic in the country that almost lasted throughout last year, operations for most of our suppliers were interrupted. Hence, we are unable to carry out an adequate audit due to the announcement of the MCO, Conditional Movement Control Order (“**CMCO**”) and Recovery Movement Control Order (“**RMCO**”) by the government.

We hope to safely carry out extensive audits on our suppliers once movement restrictions have lessened and vaccinations have properly rolled out to most of the local population.

DUE DILIGENCE ON NEW AND EXISTING SUPPLIERS

We are always practicing due diligence on new and existing suppliers by evaluating their price competitiveness, company profile, financial status and business incorporation license from the Companies Commission of Malaysia (“**CCM**”).

Also evaluated are certifications from government or independent bodies i.e. Jabatan Kemajuan Islam Malaysia (“**JAKIM**”), Ministry of Finance (“**MOF**”), Royal Malaysian Customs Department, Construction Industry Development Board (“**CIDB**”), Fire and Rescue Department of Malaysia, Department of Environment Malaysia, Standard and Industrial Research Institute of Malaysia (“**SIRIM**”), International Organisation for Standardisation (“**ISO**”), clientele references and more.

PHYSICAL INSPECTION AUDITS

We did not perform any physical inspection audits last year due to outbreak of COVID-19 in the country as well as worldwide. We target to safely conduct physical inspection audits in FY2021 once more refined internal SOP in relation to the COVID-19 situation has been established and MCO restrictions have eased.

Stakeholder engagement is vital in informing us of the concerns and priorities held by the different groups, bodies, entities that have the potential to impact MYEG’s value creation capabilities or are impacted by the same.

In FY2020, MYEG continued to actively engage stakeholders across a wide range of platforms and channels, with a reliance of using online mediums in the wake of the COVID-19 pandemic. Following the amplified usage of our online platforms, we also dedicated more resources towards improving our website to ensure the latest news, corporate announcements, financial results, press releases, Board changes and more were updated in a timelier manner.

We were unable to conduct our Customers Satisfaction Survey in FY2020 due to the uncertainty in our operating hours, logistical difficulties and unusual surge in customer traffic brought about by the COVID-19 pandemic. We however do aim to conduct it in FY2021 barring any unforeseen circumstances.

STAKEHOLDER ENGAGEMENT

Our stakeholder engagement table remains unaffected from FP2019 (although as mentioned earlier, the channel of engagement may vary due to the pandemic):

Stakeholder Group	Level of Engagement	Forms of Engagement	Issues of Concern	Outcome Achieved
Government and 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 CSR 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.
Third Party Intermediaries (Suppliers / Vendors / Business Partners / Contractors) Third party suppliers and vendors are vital to the Group's procurement, production and service delivery abilities	High	Vendor quality audit Procurement system Supply chain performance audit	Fair and sustainable procurement Product reliability Business transparency Good governance	We have implemented multiple policies and codes to properly govern our dealings with third-party intermediaries, which has bolstered clean and transparent governance and business conduct among our suppliers and vendors.

MATERIALITY MATTERS

Topics that are deemed material are those bearing a direct or indirect impact on the Group's capability to sustain its created values from an economic, environmental and social ("EES") standpoint. The amount of strategic priority and disclosure-related decision-making placed on these matters depended on their potential effect on our sustainability.

The final list of sustainability material matters identified for FY2020 and approved by the Board, taking into account stakeholder engagement and risk assessment procedures, are compartmentalised using EES pillars.

It's important we note that our list of material topics remain unchanged from the previous year, as the pandemic has impacted the Group's initiatives in exploring new material topics. Therefore, the Group had resolved to focus on already-established materiality matters that the Group has continuously strived to make headway in.

Furthermore, all of our valued stakeholders continue to remain relevant when it comes to addressing our each of our materiality topics presented here as we always strive to approach our materiality in a more comprehensive manner.

ECONOMIC

DIRECT ECONOMIC VALUE CREATED

In spite of the ongoing COVID-19 pandemic and government-sanctioned MCO throughout FY2020 which slowed down economic growth across the globe, MYEG has remained resilient during this difficult period.

The Group produced a stable financial and operational performance in FY2020, attributed to increased customer consumption of the Group's concession and commercial services. This includes the FY2020-launched healthcare-related services on MYEG's digital platform.

Kindly refer to the Management Discussion and Analysis section of this report for specific details on business and financial performance.



RM268.96 million PBT
and **RM267.19** million PAT



RM1.42 billion
in total assets



RM234.61 million in
cash and cash equivalents



1.7 sen FY2020
final dividend

INDIRECT ECONOMIC VALUE CREATED

Despite the many challenges faced during a turbulent financial year, MYEG has continued to ensure that its business model has generated returns for its stakeholders. Please refer to the Statement of Value Added Distribution and Simplified Financial Statement section of this report for detailed information on the indirect values created and distributed.

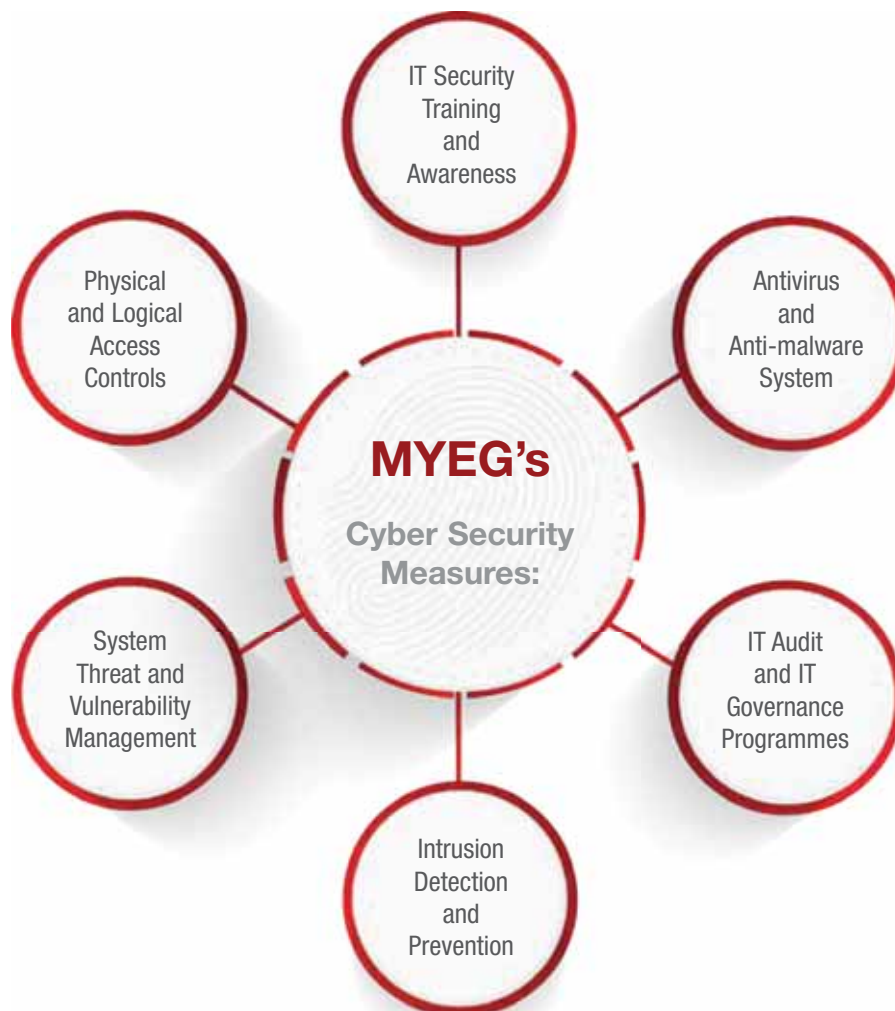
MATERIALITY MATTERS (CONT'D)

CYBER SECURITY

Given the escalation of cyber threats across the world as well as the extent of damage these can cause to the Group and its customers, MYEG continued to focus on ensuring the safety of its business model from the aforementioned threat.

The topic is material given that as an e-government and commercial services provider, MYEG holds in its care massive data banks of customer information. Targeted cyber-attacks on our systems and servers can lead to irreversible harm to brand equity and credibility, aside from the evident financial loss, which can result in irrevocable damage in public and stakeholder trust.

Therefore, MYEG continues to solidify its systems, protocols and best practices to protect its IT infrastructure from cyberattacks.



MATERIALITY MATTERS (CONT'D)

MYEG's IT Security Protocols and Practices:



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



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



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



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



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



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



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



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



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

In addition to the above protocols and practices, MYEG in FY2020 has further strengthened its operations and systems in relation to cyber threats by continuously updating our IT policy and procedures to be in compliance with the ISO / IEC 27001 Information Security Management System and NIST Cybersecurity Framework. Our policy and procedures safeguard our business operations and IT infrastructure from cyber threats through collaboration and compliance from each and every team member.

These implemented measures have proven effective in keeping our platforms and services operational. The Group is also in full compliance with the PDPA. We are currently not a member of the Global Network Initiative.

No data breaches occurred during the year under review.

BUSINESS MODEL

GOVERNMENT CONCESSIONAIRE

Any change in government policies, or delays in decision-making or even a change in government due to political shifts may impact the Group's financial and non-financial value creation capabilities.

While government-related digital services remain important to MYEG's business model, the Group is not overwhelmingly dependent on its e-government services as its sole income generator. The Group also commands an extensive range of commercial-based product offerings alongside its e-government portfolio of services.

MYEG looks to continue expanding its portfolio of commercial services. Hence, the Group's foray into healthcare and related services. Further details are provided in the Management Discussion and Analysis section of this report.

MATERIALITY MATTERS (CONT'D)

Political and governmental decisions are outside the Group's locus of control and is deemed as an external operating environment factor. However, MYEG can and continues to adopt measures to mitigate all risks arising from this material topic. The following measures have been implemented in FY2020:

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 66 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 as well as to safeguard our branding and logos, which is mainly done by maintaining existing IP and trademarks or by applying for new IP only when necessary (see page 72 for more information on our IP);
4	Market diversification to expand our business opportunities in various geographical regions;
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 71 to 72 for more information on our Ethical Work Conduct and Policy section); and
7	Conducting a comprehensive legal review and due diligence to ascertain the level of risk associated with governmental or legal issues (if any).

In addition to these universal mitigation measures, we also devised a market-by-market approach to addressing specific legislative changes and government law-making decisions in each of our operating markets where necessary.

FY2020 also saw MYEG taking the lead in developing and distributing multiple healthcare-related services on behalf of its government partners across the region in an effort to control COVID-19 pandemic in those operating markets. Further details are provided in the Management Discussion and Analysis section of this report.

In the future, we will continue to lend our industry expertise and organisational resources to aid our government partners in controlling the spread of the COVID-19 virus and protecting the welfare of their citizens.

ETHICAL WORK CONDUCT AND POLICY

MYEG continues to advocate ethical business principles and fair practices in its financial and non-financial dealings. Therefore, in addition to its ABAC Policy and supply chain governance, the Group has also established the following to further cultivate strong corporate and ethical behaviour within the organisation:

Code of Conduct	Defines the expected ethical conduct of MYEG's employees and intermediaries based on the Group's core values and principles of integrity and responsibility.
Code of Ethics	
Code of Business Ethics	
Non-Discrimination and Equal Employment Opportunity Policy	Outlines issues related to racial discrimination, sexual harassment and other forms of inequity and prejudice, including revolting and threatening behaviours deemed inappropriate in MYEG's workplace environment.

MATERIALITY MATTERS (CONT'D)

ABAC Policy	Addresses any and all forms of corrupt behaviours, acts and practices that may cause the MYEG to be exposed to corruption in any form. This includes, but is not limited to, corruption elements of bribery, gifts, improper payment or benefits, favours, misuse of power, theft, fraud, forgery of documents, money laundering, blackmail, using insider information for personal gain, political contributions and more.
Whistle-Blowing Policy	<p>Addresses the fully confidential channel where employees, vendors and any stakeholder can safely report corruption, or any other malpractices or grievances, without fearing punitive repercussions such as retaliation, dismissal, victimisation, demotion, suspension, intimidation, discrimination, and more.</p> <p>The report will be received by the AC. Either an internal auditor or an appointed third-party investigator will subsequently investigate the whistleblowing reports. The Group's AC also ensures whistleblowing channels remain open and accessible at all times.</p>

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

INTELLECTUAL PROPERTY

IP has long been one of MYEG's fundamental competitive advantages. The Group's capability in tapping technology to develop new value propositions has been core to MYEG's ability to adapt and respond to market forces. This is notably evident in FY2020 when MYEG was quick to develop new products and services to respond proactively to the many issues brought on by the COVID-19 pandemic.

More importantly, we continued to maintain our existing IPs and trademarks in the face of increasingly volatile market trends in order to safeguard our unique brand proposition among stiff competition.

In fact, we have leveraged on existing IPs, technology and registered trademarks in order to respond proactively to the many issues brought on by the COVID-19 pandemic, particularly in the healthcare sector.

As in previous years, the Group's approach to managing IP is two-pronged as follows:

IP DEVELOPMENT		IP PROTECTION
STRATEGY	<p>Innovating on existing and new product and service offerings to satisfy with the existing needs of customers and improve user experience.</p> <p>Exploring new business areas and technologies relevant to Fourth Industrial Revolution (IR 4.0).</p> <p>Focussing on accessibility and cost effectiveness as prime considerations in our innovation output.</p> <p>Sourcing third-party knowledge via collaborations and partnerships with local universities and promising technology start-ups.</p>	<p>Internal policies to ensure legal protection of our IP.</p> <p>Application and filing of patents on innovations developed by the Group.</p> <p>Registering trademarks and brand logos as IP.</p>

MATERIALITY MATTERS (CONT'D)



IP DEVELOPMENT		IP PROTECTION
RESULTS	<p>Undertook the provision of an online payment system for Malaysia. This development was later refined and launched as MySafeTravel, a digital health pass system for inbound travellers that included features such as online payment for COVID-19 swab tests and quarantine stay bookings.</p> <p>Entered into a MoU with Jakarta Smart City to develop and implement a contact tracing application.</p> <p>Formed a strategic partnership with Family Vaccine Specialty Clinics, Inc. (Health Direct Now) in the Philippines, to develop a mobile application for the booking and payment of COVID-19 tests, and the issuance of a digital QR code system as proof of testing.</p> <p>Collaboration with University of Malaya to produce academic research and development projects in blockchain as well as the implementation of an on-campus e-wallet are progressing positively.</p>	<p>Trademarks registered and IPs patented in FY2019 and before have been carefully maintained, safeguarded and utilised throughout FY2020. These included the continued provision of government services and MYEG's entry into the healthcare sector.</p>

CUSTOMER EXPERIENCE AND SATISFACTION

Delivering customer satisfaction does not just include improving the technological innovation of our platforms and systems, but also in how to meet customers' changing needs and to deliver a more seamless and convenient journey across our products and services. This is especially true during a pandemic period and coping with the huge rise in phone call and online inquiries due to social distancing measures.

The focus is not just on improving customer engagement points, but by also reviewing back-end systems and leveraging on technologies such as Big Data Analytics towards better understanding user behaviour and to offer enhanced value propositions.

These efforts have enabled MYEG to notch improved scores in its customer benchmark scores, which are used as final indicators of its overall performance in delivering satisfying customer experiences.

However, despite the marked progress being made in customer experience delivery, the onset of the COVID-19 pandemic and ensuing MCOs disrupted our customer service response rates and delivery times. Call rates during the MCO period were also unusually high due to more issues raised during this time such as renewals that were unable to be obtained in time due to travel restrictions. This was especially true during the first MCO from March to May during the year under review.

This made overall performance in this department inconsistent as physical-free queries and processing times increased and while physical-focussed walk-ins decreased dramatically throughout the reporting year.

All channels continue to be utilised more on ensuring the customers inquiries, escalations and complaints are handled urgently. In FY2021, with MCO restrictions lessened and COVID-19 vaccinations taking place throughout the country, we hope to bolster our already robust customer experience performance in all areas as well as achieve new or current targets set to usher in significant improvement.

Regarding our over-the-counter services, the number of walk-in customers were inconsistent each month due to the pandemic and MCO restrictions that discouraged face-to-face interactions. For instance, monthly tickets served decreased towards the end of FY2020 when COVID-19 cases spiked back up.

MATERIALITY MATTERS (CONT'D)

Our Immigration counter services experienced a lower number of customers in FY2020. However, the total number of cases referred were higher than the number of actual customer walk-ins. This is especially true for foreign worker permit renewals and inquiries, where the customer or company's representative will each bring a minimum 5 cases to be referred to.

Road Tax counters re-opened after the MCO restrictions eased, with the number of customers increasing due to our delayed delivery service. Our customers decided to self-collect instead of waiting for their road tax to be delivered. The number of customer walk-ins were closely tied to the delivery of road tax services such that the increase in deliveries reduced the number of walk-ins.

Over-The-Counter FY2020 Highlights

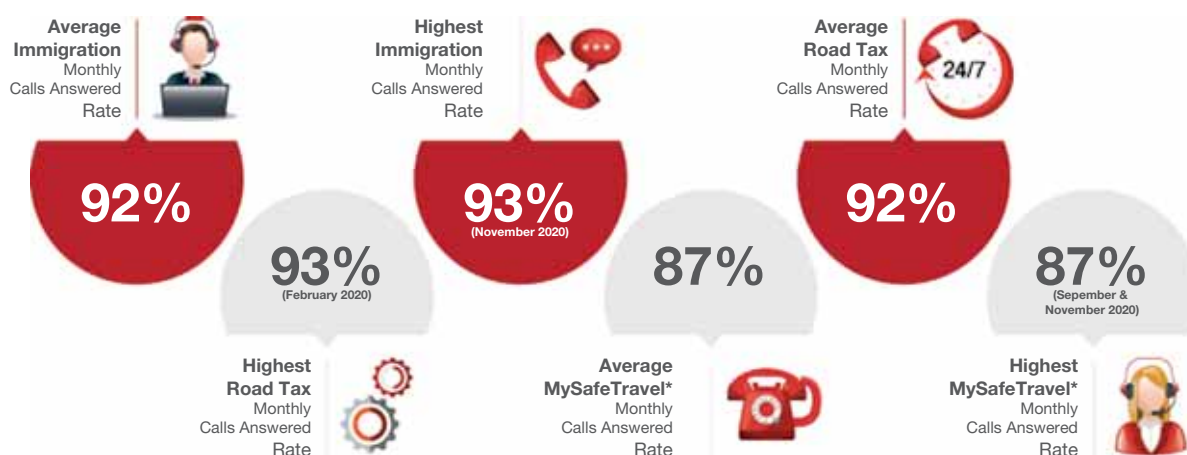


* Excluding April 2020 as counters were closed due to the MCO.

In relation to our phone call-related customer experience, overall performance was once again inconsistent due to the pandemic and resultant MCO lockdowns which caused limited delivery of various services. This resulted in spike in number of call queries, particularly from April 2020 to June 2020 for road tax services and in June 2020 for immigration services.

The new MySafeTravel service was launched in November 2020 and while customer experience resources leaned more towards e-mail inquiries for this new service, we also had a dedicated team of 20 call agents focussing on MySafeTravel queries.

Phone Call Queries FY2020 Highlights



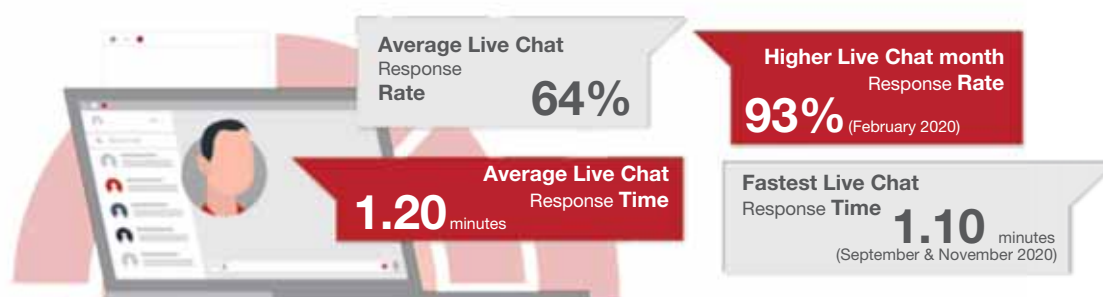
* For MySafeTravel call data is only from the months of November 2020 and December 2020, since MySafeTravel only launched in November 2020.

Live chat transactions experienced a sharp decline from April 2020 to June 2020 as more users are calling our customer services directly. Major service-related inquiries during this time span pertained to the delayed delivery of road tax services since it was during the MCO.

However, while inquiries increased drastically, the team maintained a fast response time of less than 2 minutes on average each month.

MATERIALITY MATTERS (CONT'D)

Live Chat FY2020 Highlights



CUSTOMER SERVICE TRAINING

In addition to systems and processes, MYEG continues to emphasise the human element in the delivery of customer service. In FY2020, the Group organised 5 customer service training sessions for its counter and helpdesk personnel.

Our new hires were trained on our service offerings as well as the proper interpersonal skills and problem solving efficacies needed to address customers' concerns and inquiries successfully. As MySafeTravel was introduced in 2020 along with a dedicate customer service hotline, related training was provided on this as well. Here are the customer service trainings conducted in FY2020:

Date	Training Topic	No. of Attendees	Department
August 2020	New Intake Training	5	HELPDESK
1 September 2020	New Intake Training	2	CRE*
1 October 2020	MySafeTravel Product Training - Call and Email Assistance	5	HELPDESK
12 October 2020	New Intake Training	1	CRE*
1 December 2020	MySafeTravel Product Training - Email Assistance	3	CRE*

* Customer Relations Executive ("CRE")

CUSTOMER SATISFACTION SURVEY

We had previously launched a customer satisfaction survey on our main portal enclosed with customer experience-related metrics that include customer satisfaction scores, breakdown of new and returning customers, most popular engagement channel and common complaints.

We were unable to carry out our survey in FY2020 due to the unpredictable operating hours as well as service delivery complexities caused by the pandemic. However, we remained committed towards carrying out customer satisfaction improvements based on the previous year's survey results although difficulties related to the pandemic had made us put our implementation measures on hold.

We endeavour to expand upon our customer satisfaction evaluation format to include assessments on our government and commercial online services, brand awareness evaluation and more.

In FY2021, we target to improve on our customer satisfaction performance since with the added MySafeTravel service and ensuing dedicated customer service personnel, the number of current support structures may be considered inadequate.

Moreover, we are revising the complaint procedure to ensure each escalated matter is recorded and handled in an adequate and smoother manner. We are also looking into increasing the efficiency of our non-physical communication channels to minimise customers' visits to our physical offices.

Customers wishing to provide feedback to us can contact our general helpline at help@myeg.com.my or call 03-7801 8888.

MATERIALITY MATTERS (CONT'D)

ENVIRONMENTAL

ENVIRONMENTAL FOOTPRINT MANAGEMENT AND CLIMATE CHANGE

MYEG's carbon footprint is limited to only energy consumed in our office environment as we are a technological service provider, and therefore our business does not impact biodiversity or climate change in any significant way. However, we do believe that every action taken, big or small, to manage our impact on the environment makes a huge difference in the fight against climate change.

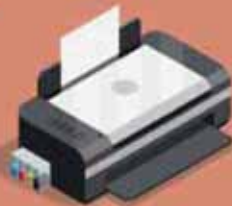
We have in place a Waste Management and Recycling Statement and an Environmental Policy which are benchmarked against international best practices.

The purpose of our Environmental Policy is to minimise the Group's impact on the environment and maximise the effective use of resources. We strive to achieve this by increasing communication and awareness of our efforts in accordance with this policy and fostering responsible environmental behaviour amongst our employees and any external stakeholders / public providing services to the Group, including consultants, vendors, suppliers, independent contractors, external agencies and/or any other party with a business relationship with the Group and clients. Our full Environmental Policy as well as Waste Management and Recycling Statement can be downloaded from our Investor Relations portal at https://www.myeg.com.my/investor_relations (under the "Corporate Governance" subsection).

The policy has been cascaded across our entire organisation, beginning at MYEG Tower to set best practices standards. These policy measures consist of:



Switching off lights when not in use (during lunch hour and end of work)



Printing only when necessary



Editing documents on computers before printing



Printers set to print double sided as the default to save paper



Shutting down computers and switching off appliances when not in use



Encouraging reuse of products and packaging to prolong its useful life and delay disposal



Encouraging the use of coffee mugs rather than single-use or disposable cups



Unplugging machines at the end of work day

MATERIALITY MATTERS (CONT'D)



Given MYEG is a primarily digital-focussed company, computers are some of the biggest energy users in our office buildings. Many of our environmental footprint management initiatives thus focus on being mindful of our office equipment's energy usage in addition to water savings and waste reduction.

Staff inductions and periodic reminders of these protocols are some of the active methods taken by the Group to fortify the presence of this policy within the organisation.

Moreover, the public's increasing awareness of their own environmental impact bodes well for MYEG's proposition as an e-services provider. This is because the increased public usage of our e-services offers the public greater convenience of reducing their own carbon footprint through reduced travel distances to physical offices and lesser carbon emissions.

MYEG also continues to explore renewable energy solutions in addressing climate change in the long term. In this vein, we are also working towards the possibility of including climate change as a new key agenda under the Board's oversight.

ELECTRICITY CONSUMPTION

Unlike other business models centred on manufacturing, construction or similar energy intensive processes, MYEG's business model does not see the Group consume large amounts of energy nor produce excessive carbon emissions. In FY2020, our electricity bill in was RM182,602.87.

Moving forward, the Group will strive to discover more methods to improve electricity consumption management, especially in regards to our ICT-related equipment and structures, such as data centres, and also our office power usage.

PAPER USAGE

As a technological solutions provider, MYEG's robust digitalisation of its operations and services have minimised the need for physical paper usage. Any significant amount of paper consumption would come from office and administrative-related needs.

Adhering to the Group's Environmental Policy, we endeavour to closely manage our paper usage when it comes to printing documents. All employees are strongly encouraged to print documents only when necessary to reduce paper usage. Our office printers are also set to double-sided printing by default in order to save paper.

Going forward, MYEG will seek more ways to curb its paper usage as it systematically digitalises more facets of its organisation to enhance workflow and productivity.

WASTE RECYCLING

In FY2020, MYEG persisted in its ongoing recycling initiatives by collecting recyclable waste such as glass, paper and plastic.

MYEG's Waste Management and Recycling Statement guides our waste recycling initiatives, as we aim to reduce the production of waste through good purchasing practice of materials used throughout the business as well as reuse and recycle materials whenever it is practical to do so.

In lieu of this, the Group continues to implement more systems and procedures to encourage the recycling of material with a view to minimise the overall levels of waste we produce.

We remain committed towards expanding our recycling policy and procedures in regards to recycling other types of wastes, which will be developed and suitably implemented in the future when it is feasible to do so. These may include recovering and recycling equipment and materials related to the Group's operations.

MATERIALITY MATTERS (CONT'D)

SOCIAL

TALENT RETENTION AND DEVELOPMENT

The professional expertise and experience of MYEG's workforce remains a key material topic for the Group. Hence, management's approach towards recruiting, upskilling, rewarding and retaining employees is crucial to maintaining the Group's position as a leader in e-government and commercial services.

Our recruitment approach is two-pronged:

- Seeking to attract experienced individuals with industry-relevant experience
- Recruiting young talents from the nation's vast undergraduate pool through our internship programmes (such as our UUM graduate placement programme) which provide an avenue for successful candidates to join our workforce full-time

A total of 23 interns were mentored in FY2020 (FP2019: 29 interns).

We also employ individuals hailing from under-privileged groups, including those from deprived backgrounds, have poor social statuses or possess no formal education or qualifications. Given the lacklustre job market in FY2020 due to the COVID-19 pandemic, we believe our efforts have contributed towards reducing unemployment for experienced workers and youths.

We were unable to conduct regular performance-based appraisals due to complex nature of social distancing and lockdowns caused by the pandemic, however we do target to conduct them in FY2021 if and when the pandemic subsides to safer levels and lockdowns reduce. The Group also has an internal employee rewards programme that recognises and appreciates excellence and individual performance called The Abdullah Ahmad Awards.

HUMAN RIGHTS AND LABOUR STANDARDS

MYEG continues to subscribe to the United Nations International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights. MYEG's own policies utilise these treatises as the guiding backbone towards ensuring appropriate governance, processes and behaviours are followed and cultivated among our staff.

The Group has established its Human Rights Policy and Non-Discrimination and Equal Opportunity Employment Policies. We treat each and every employee with impartial dignity and equal opportunity.

Employees are to be treated equally with demographic factors such as race, gender, religion, age, disabilities, pregnancy, socio-economic background, nationality or any other factor to be a consideration in the remuneration, promotion and career progression of employees.

Furthermore, our Human Relations Department periodically conducts employee risk assessments for existing and potential new operations or projects to evaluate various risk factors including labour issues, employee conduct, abscondment and more which may affect MYEG's financial and non-financial performance.

MYEG also respects our employees the right of freedom of association as well as the right of collective bargaining, with local law pertaining to both of them. The Group also complies with the local labour laws on working hours and overtime.

MYEG's employee handbook provides a transparent outline of employees' rights, benefits and overall working conditions as well as the Group's subscribed labour standards and policies, standard operating procedures and grievance mechanisms.

MATERIALITY MATTERS (CONT'D)

Non-compliance of these directives will incur strict disciplinary proceedings that include inquiries, warnings, suspension of duty, or dismissal and contract termination. For clearer communication and more inclusive compliance of our employee handbook's content, the handbook is currently undergoing the final stages of its translation into Malaysia's main language, Bahasa Malaysia.

MYEG has never used child or forced labour.

Our approach to human rights is also extended to our supply chain with all service providers, business partners and contractors obligated to practice a similar management approach as well as adhere to our Human Rights Policy and Non-Discrimination and Equal Opportunity Employment Policies. MYEG swiftly and effectively addressed any labour law non-compliance in FY2020.

MYEG has and continues to communicate labour standards to its employees. This is carried out through various briefing & trainings such as on-the-job training as well as internal and external trainings. Additional communication measures include staff meetings to communicate policy updates, posting new workplace policies in common areas such as break rooms where employees can easily see them, handing out hardcopies of new policies in the form of memos or updated employee handbooks as well as electronically informing all employees of changes via e-mail or our ESS human resource system.

The Group's managers in multiple departments continue to be trained on handling reports and dealing with cases pertaining to bullying and harassment. In FY2020, 10 managers attended such training.

Our whistleblowing channel continued to remain an effective portal for the Group to receive and act upon possible incidents involving harassment, bullying, human rights violations and labour law non-compliance. In FY2020, there were no incidents of bullying and harassment reported through our whistleblowing channel.

HIRING AND ATTRITION RATES

MYEG hired a total of 243 new employees in FY2020, which brought our total employee count to 2,482 personnel as at 31 December 2020. The number of staff hired was less than the 355 employees who underwent attrition in the same reporting year. This trend was attributed to the release of contract staff as well as role restructuring within the organisation to boost work efficiency.

As with previous years, MYEG has given precedence to hiring Malaysian in our operating environments, with only 1.8% of the workforce consisting of foreigners at our Malaysian operations.

In FY2020, the Group experienced a healthy attrition rate compared to its industry peers despite the lockdown measures and COVID-19 virus negatively affecting the overall economy. In terms of top talents within the organisation, the Group managed to retain approximately 87% of individuals in managerial positions and above as shown below:

Attrition Rate in FY2020

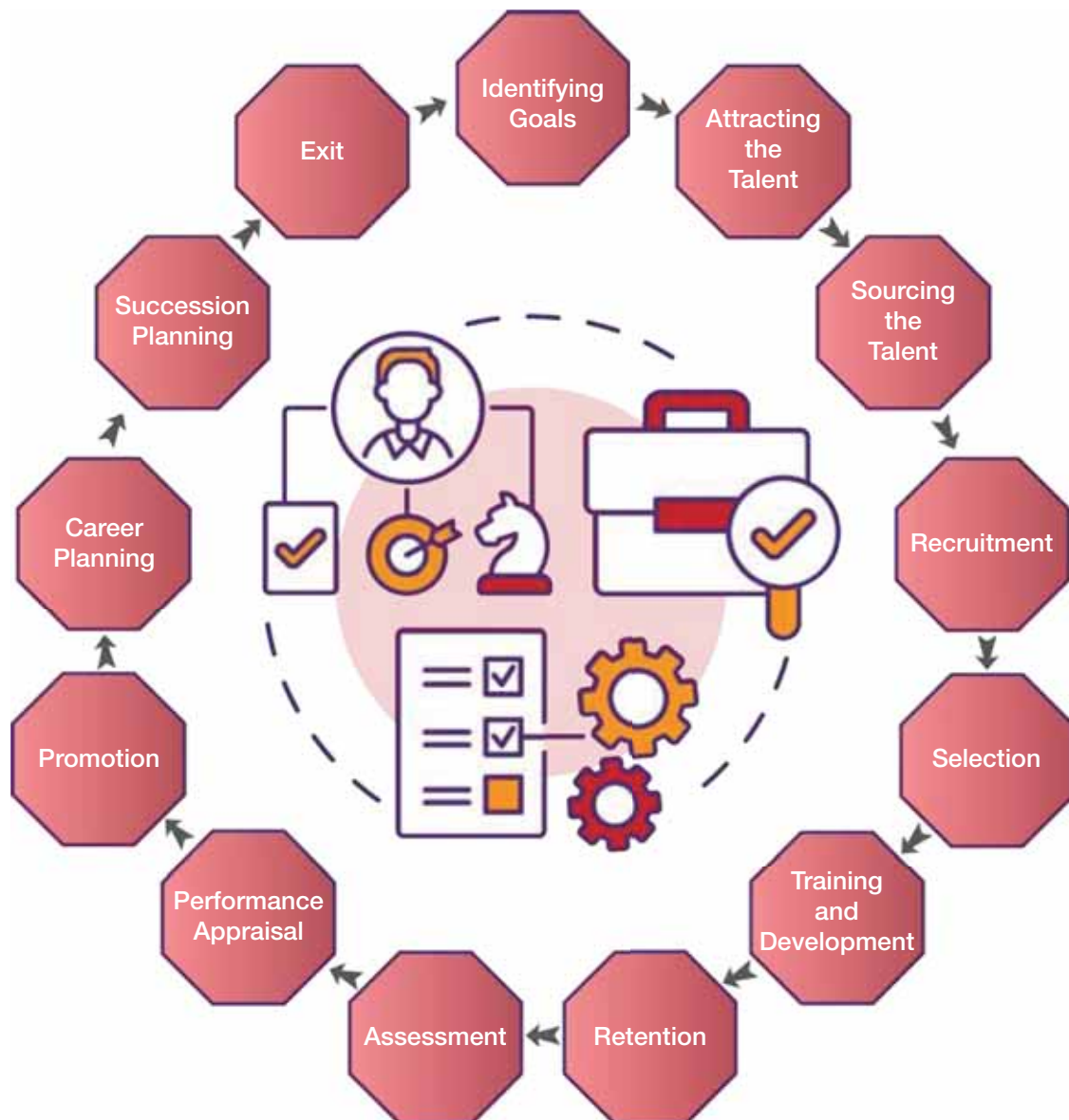
Category (as of December 2020)	Resigned	Average Head Count	Attrition Rate %
Managerial and above	23	177	12.99
Executive and below	327	2,361	13.85

MATERIALITY MATTERS (CONT'D)

TALENT TRAINING AND DEVELOPMENT

Talent development remains one of MYEG's core pursuits as it seeks to train and develop its employees to not only increase their productivity and performance, but also to increase uniformity in work processes and understanding which will strongly contribute to smoother and more effective business for the company.

We therefore have in place a carefully-crafted talent development process model in place in order to attain those aforementioned ambitions. Detailed here is our talent development process model:



Identifying the goals – To identify what the organisation aims to achieve and what characteristics, qualifications and skills the recruits should possess to realise these goals.

Attracting the talent – To hire the best talent for the organisation. Organisations at this stage make an effort to attract the best, most talented candidates from the job market.

Sourcing the talent – The talent management personnel looks for appropriate sources in the job market or industries where the targeted candidates can be hired or recruited.

MATERIALITY MATTERS (CONT'D)

Recruitment – This is the first stage of hiring the best, most talented people for the organisation. Skilled and qualified candidates are invited to join the organisation.

Selection – This is the stage where the objective of talent management becomes a reality, as it is when the truly talented candidates are finally recruited or hired in various roles.

Training and development – At this stage, the selected recruits are provided with the necessary training to make them more productive and efficient in working towards organisation's goals.

Retention – The objective of talent management is not only hiring talent but also ensuring their retention in the organisation. Factors that the retention rate depends on include attractive pay packages, job specifications, safety and security of the employees, personal development of an employee, recognition and culture of the organisation, as well as the compatibility between the job and respective talent.

Assessment – Periodical assessments of employees' skills, abilities, improvements and competencies enable the organisation to know if they are a proper fit for employment continuation and promotion.

Performance appraisal – It is a measurement of the actual performance of the employees in the job. It enables the organisation to ascertain if an employee can be granted extra responsibilities.

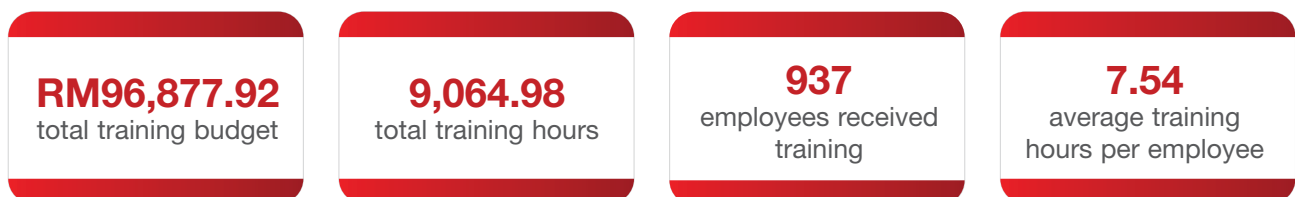
Promotion – It refers to job enrichment. It keeps the energy level of the employees high and they become inspired to continue working for the organisation.

Career planning – If an employee is found befitting to handle work pressure and extra responsibilities well, the management needs to plan his / her career trajectory so that he or she feels elevated and rewarded. Such recognition and rewards inspire the employees to remain with the organisation for a long time.

Succession planning – This deals with the replacement of employees within the organisation. Employees who have contributed their best to the organisation and have been serving for a long time deserve to hold higher positions within the company.

Exit stage – This is the final stage of the talent management process that ends in the retirement of the employees and therefore they are no more a part of the organisation.

Shown here are the key highlights of MYEG's employee training and development in FY2020:



Talent training in FY2020 was marked by increased difficulties in execution attributed to the reduction in physical training courses and rise in online training interactions primarily caused by the COVID-19 pandemic and stringent MCO lockdowns.

These online training sessions were conducted via online video calls, virtual training courses or in-house trainings that are in compliance of the SOP.

The key focus areas of our training sessions in FY2020 consisted of safety & health, nurturing positive relationships at work, building a high-performing team, handling conflicts and confrontations effectively, ethics and integrity, time management as well as privacy and security.

MATERIALITY MATTERS (CONT'D)

Following is a complete list of FY2020 internal and external training programmes held:

INTERNAL:

- New Intake Induction Programme
- Training on ABAC Policy
- SOP Training for Permit Printing
- Pembentukan Personaliti Unggul & Budaya Kerja Cemerlang
- Quality Customer Service – Miles to Miles
- ESS Training e-Appraisal Module
- Integrity at Workplace & Loss of Document
- Industrial Relations – Standard Operating Procedure
- MYEG IR & PDPA Refreshed – Logistics Officer, Customer Service Officer Training
- MYEG IR & PDPA Refreshed – CRE, CSE, Corporate Sales Training

EXTERNAL:

- Webinar Series: Discovering the Technical and Practical Application of Beneficial Ownership Framework
- MINDSET Transformation
- Developing Your HR Policy & Employee Handbook
- Online Training: Teknik-Teknik Menangani Pekerja Bermasalah
- Protection of Employers Rights – Know Your Rights, The Legalities and Implications

STAFF BENEFITS AND REMUNERATION

MYEG continues to provide one of the most competitive remuneration packages and benefits in the country as part of its ongoing strategy to attract and retain good talent. Our wage structure carefully takes into account the respective qualifications, skills, experience and capabilities of the job role and talent to form a solid remuneration offer for our talents.

Besides wages, benefits of full-time MYEG employees include:

Paid sick leave, depending on the period of service
<ul style="list-style-type: none"> • 14 days for less than 2 years • 18 days for between 2 - 5 years • 23 days for between 5 - 8 years • 24 days for more than 8 years
A period up to 60 days is granted if hospitalisation is necessary
Maternity leave (60 consecutive days for each confinement period)
Paternity leave (2 working days)
Marriage leave
Compassionate leave
Examination leave
Baby gifts
Health and medical coverage
Paid and unpaid leave
Bereavement benefits
Discounted car insurance
Overtime compensation* (either by pay or leave)

* As stipulated by Labour Laws

MATERIALITY MATTERS (CONT'D)

The Group also continues to comply with the government-legislated minimum wage structure in all of our operating markets and therefore affirms its observance of this basic human right for our employees.

No significant gender bias or discrimination affects our remuneration strategy, as noted by the narrow gaps of male and female employees' median salary in accordance to job category. This is a healthy gap in median salary differences between male and female employees which MYEG will continue to champion going forward.

Category	Salary (Median) Difference in MYR
Assistant Manager & Above	123.75
Senior Executive & Below	205.00
Overall	185.00

SUCCESSION PLANNING

MYEG's longevity as a market force and knowledge leader in e-government services provision rests upon the leadership and guidance of the organisation's top and senior management. These positions will require emphasis on productivity as well as enhancement of skills and processes in order to be more efficient in the delivery of services.

With this in mind, MYEG continues to develop its leadership bench in FY2020 through identifying top performers within the organisation and department as well as rotating of portfolios within and across departments. Candidates to be groomed for management positions within the organisation are identified by focussing on the top 5% performers in each department.

These candidates have been thoroughly evaluated to ascertain their preparedness and are either currently undergoing, or will soon undergo, leadership training programmes.

We also hire 100% local-born talent for management positions, with exceptional cases based on talents' skillsets, in order to promote the domestic talent pipeline.

This forward-thinking approach to maintain the strength and working capacity of MYEG's senior hierarchy ensures the sustainability of the Group's decision-making process at important operational and managerial roles.

EMPLOYEE ENGAGEMENT

Due to the widespread COVID-19 pandemic, all of our physical-based employee engagement initiatives, programmes and events were put on an indefinite hold in FY2020. In spite of that, MYEG still managed to meaningfully engage with employees in regards to their health and safety by communicating with them SOP information and protocol in regards to COVID-19 mitigation and prevention. With our country currently undergoing a gradual vaccine roll-out and relaxation of lockdown SOP in FY2021, we hope to carry out our usual employee engagement activities during FY2021 in order to continue cultivating stronger relationships between employees and managers of different hierarchal levels while still adhering to strict social distancing and safety protocols.

Other employee engagement initiatives under the year in review also involved our employees positively impacting the health and safety of local communities through our Blood Donation Campaigns held on March 2020 and September 2020. More details of this engagement are in our Community Investment section of this Sustainability Statement.

WORKFORCE INCLUSIVITY AND DIVERSITY

Investing in a diverse and inclusive workforce at MYEG is of essential significance to the Group that believes a melting pot of perspectives and ideas from various backgrounds and thought processes contributes to a high-performance workplace culture.

We continue to utilise the already established Non-Discrimination and Equal Employment Opportunity Policy to closely guide our recruitment processes. We endeavour to shape MYEG's workforce into a representative microcosm of the multi-cultural nature of Malaysia and which also adheres to our core hiring principles which are the acceptance of our fundamental organisational values and shared commitment towards excellence, as well as job scope capability.

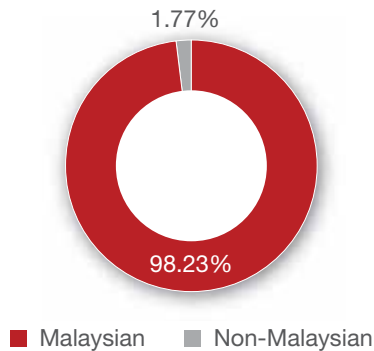
MATERIALITY MATTERS (CONT'D)

We also promote a variety of initiatives to encourage equal opportunity and diversity within MYEG which consisted of:

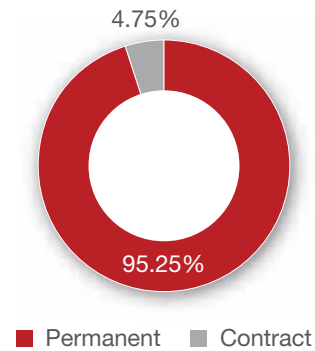
- Encouraging the celebration of cultural holidays by decorating the office space according to the aesthetic of the various festive holidays we observe in order to promote the spirit of cross-cultural festive celebrations.
- Fostering mutual respect amongst MYEG employees regarding its diverse ethnicity by creating a working environment in which everyone feels welcomed, impartially treated and fully supported to achieve their best.
- Diversity and equality advocacy and implementation is embedded in our performance appraisal approach. Our performance appraisals are conducted to enhance managerial and organisational performance, in addition to sustaining employees' motivation.
- Nurturing a greater inclusivity impact in MYEG's employee base by recruiting and retaining people who are differently abled.

The following constitutes our workforce breakdown by gender, ethnicity, citizenship, contract type, age and job category:

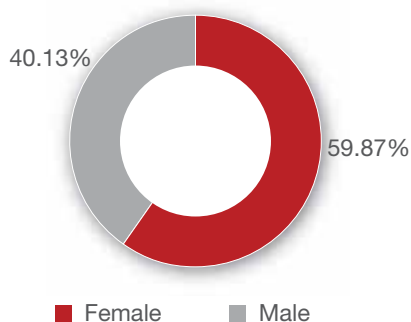
Workforce Breakdown by Citizenship



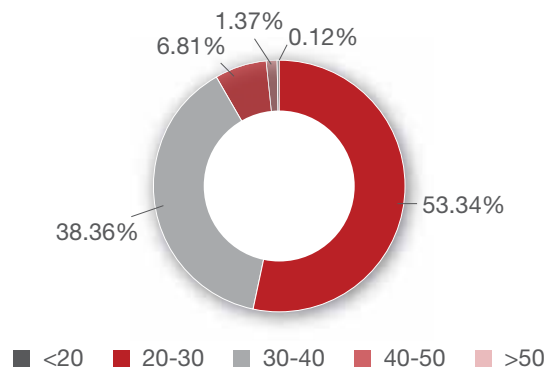
Workforce Breakdown by Contract Type



Workforce Breakdown by Gender

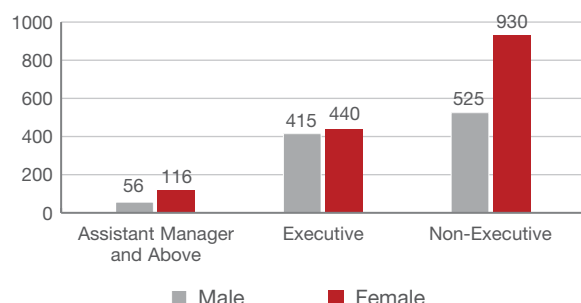


Workforce Breakdown by Age



MATERIALITY MATTERS (CONT'D)

Workforce Gender Breakdown by Category



“Assistant Manager and Above” includes Assistant Manager, Manager, Senior Manager and Director.

“Executive” includes Executive and Senior Executive.

“Non-Executive” includes Intern, Non-Executive, Officer and Senior Officer.

OCCUPATIONAL SAFETY AND HEALTH (“OSH”)

A healthy and safe work environment at MYEG’s operating premises is of utmost significance to the Group to ensure a productive and satisfied workforce. Responsibility over MYEG’s OSH at the Board level comes under the Group’s Managing Director. MYEG’s OSH standards strictly abide by the Occupational Safety & Health Act 1994.

As MYEG employs frontliner staff members involved in work activities that potentially have a high incidence or high risk of specific diseases, their health and safety are crucial to management especially as the COVID-19 pandemic has without a doubt increased the workplace safety and health risk of these frontliners.

Beyond upholding a strict compliance to government SOPs to protect our employees from potential exposure to the virus, other health and safety measures have also been proactively adopted by MYEG. These include:

- Daily cleaning of all workstations using germicidal disinfectant for surface cleaning
- Providing gauze swab to all delivery officers and customer service counter personnel
- Supplying face masks and face shields to all staff,
- Providing disposable gloves to all delivery officers and customer service personnel
- Reducing crowdedness in the office by scheduling our employees with work-from-home periods.

These measures are a timely complement to our Safety and Health Policy which sets guidelines, protocols and best practices regarding workplace safety, health and wellbeing.

In FY2020, due to the COVID-19 pandemic, MYEG routinely take steps to ensure the safety of all employees, customers and visitors by installing temperature monitoring stations, requiring the use of MySejahtera and MyHealth for registration purposes, installing hand sanitisers at strategic location and daily and weekly sanitisation works at all common area and office area.

We have also made significant efforts to boost positive mental health in our employees caused by work stress and burnout during the MCO lockdowns.

HEALTH AND SAFETY EMPLOYEE COMMITTEE

38% of MYEG’s employees are represented by formal joint management-worker health and safety committees. Our various safety and health measures in our organisation are deliberated upon by our Employee Health and Safety Committee. It was established in 2014 and consists of 15 members from the Group’s management to represent the employer and 25 staff representatives to provide a balanced dialogue on employee health and safety measures.

Among the primary purposes of this committee is evaluating the health and safety risks of MYEG’s existing operations, discuss the risks of new projects, contracts or operations and provide appropriate counsel to the Board and organisation’s management. Additionally, this committee collects Health and Safety data in compliance with Occupational Safety and Health Act standards for industry benchmarking purposes.

MATERIALITY MATTERS (CONT'D)

3 meetings were held in FY2020, with the following decisions made on the discussed matters:

1. Create programmes based on safe practices and accident-reporting protocol, awareness on the policies related to the prevention of workplace injuries as well as procedures on handling violence at the workplace.
2. Drug testing is to be used as a tool when investigating accidents. Employees using drugs at work are far more likely to get injured, in addition to the many other harmful implications for using drugs while working which include job turnover, loss of time, reduced alertness and productivity, unexplained absences, and increased vulnerability to accidents.
3. Train employees on their specific roles in the safety and health programme. The employees who are assigned on specific roles within the safety and health programme should be able to effectively carry out the accompanying responsibilities, including:
 - a. Hazard recognition and controls
 - b. Participation in incident investigations
 - c. Program evaluation and improvement

A total of 23 staff members attended OSH training respectively in the form of Certificate in Occupational Health and Safety. The budget allocated for such training in FY2020 was RM11,450.00.

COMMUNITY INVESTMENT

MYEG remains committed to fulfilling its role as a responsible corporate citizen, more so during a pandemic year. As a company that is user-oriented, we strive to deliver positive outcomes for the society whenever possible. While our activities and initiatives aid Malaysians of all ages, they especially positively impact children since they are the future generation of our society.

Community investment also remains a key facet of MYEG's brand awareness strategy through certain participated activities. More communities will therefore become cognisant of the e-services MYEG provides and increased usage of our platforms will occur, easing the livelihoods of more individuals in the process.

Furthermore, community investment allows us to strategically leverage on our business strength as a trusted market leader. This is because being a market leader gives us a unique platform that allow us to effectively shed light on crucial community-related topics and concerns that can lead to proper responses and aid being delivered to the right sectors of the community.

As with previous years, Komuniti MYEG led our CSR efforts that are structured into 3 pillars which are Community Service, Entrepreneurship, and Environmental Sustainability. Komuniti MYEG aimed to steer MYEG towards promoting sustainability not just for our Group but for communities, as communities are the entities that ultimately consume our e-services in the end and therefore we want to give back to them. We are especially passionate about socioeconomic community investment as well as children's rights and welfare.

Our CSR initiatives in FY2020 have led to underprivileged communities and agencies receiving contributions to help them sustain and manage themselves during the ongoing pandemic. Our employees continue to play a vital role in these positive CSR results, as they are encouraged to participate, contribute ideas and get involved as and when possible by signing up for CSR initiatives or channelling their thoughts on the Komuniti MYEG social media pages. MYEG also ensures they recognise employee volunteers for CSR projects through appropriate remunerations and responses.

MATERIALITY MATTERS (CONT'D)

Customers and the community are always welcomed to contact MYEG via e-mail, live chat, phone call, Facebook messenger or Twitter to raise any complains or concerns of MYEG's business operations, services, business practices or employee conduct.

Notable highlights and information on our community investment endeavours in FY2020 are as follows:

**Approximately
RM2.5 million**
total spent on
community investment activities

8
community investment
activities organised

More than 50
charity groups supported

1,084
total volunteer hours



Chinese New Year Celebration with The Residents of Selangor King George V Silver Jubilee Fund

23 February 2020

Komuniti MYEG kick-started its year 2020 CSR initiative by celebrating Chinese New Year through a special lunch organised for residents of the Selangor King George V Silver Jubilee Fund, Kuala Lumpur. With a total programme budget of RM2,388.00, a total of 38 all-female senior citizens were treated to a buffet lunch from Kembara Kitchen which included yee sang, roasted duck, ginger sesame chicken, seafood curry, pickled mustard duck soup, jiu hoo char, braised shitake mushroom with broccoli, banana nangka popiah, fruits, bubur pulut hitam and drinks. Later, they were presented with goodie bags consisting of assorted kuih selections, oranges and red packets. The programme ended with an exuberant lion dance performance to symbolise happiness, longevity and good fortune.



MYEG Blood Donation Campaign

11 and 12 March 2020

MYEG collaborated with Pusat Darah Negara for a fourth year to organise a blood donation campaign. MYEG would like to express the utmost appreciation to Pusat Darah Negara for this significant partnership. The MYEG team members involved have accomplished an admirable contribution and definitely deserve a huge appreciation for helping to save another person's life through their blood donations.

MATERIALITY MATTERS (CONT'D)

NAK MAKAN #KitaShare Initiative

Ramadan month 2020

During the Ramadan month, NAK MAKAN (a food service platform backed by MYEG) through its CSR programme introduced the #NAK MAKAN #KitaShare initiative where it sponsored 10,000 meals for recipients in Klang Valley. A total of 386 nominations were received across NAK MAKAN's social media platforms and recipients consisting of individuals, community groups, charity organisations and frontliners received free meals from a selection of vendors on NAK MAKAN's website. This initiative also received the support of local celebrities such as Neelofa, Awal Ashaari, Wany Hasrita, Deborah Henry and finalists of Miss Universe Malaysia 2020. The budget allocated for this programme was RM100,000.00.



Contribution of Disposable Gloves to PDRM

31 March 2020

MYEG distributed disposable gloves to PDRM for their officers usage nationwide as they carry out their daily work routine during the COVID-19 pandemic. A total of 100,000 disposable gloves were presented by MYEG's Project Director, Dato' Raja Munir Shah Bin Raja Mustapha, to the representative of Traffic Investigation and Enforcement Department ACP Zulkifli Jonit at MYEG Tower. Together, let us all Malaysians do our part by staying at home and observing the set regulations from the authorities for our own health and safety as well as for the health and safety and health of others.

MATERIALITY MATTERS (CONT'D)

Distribution of Jalur Gemilang in Conjunction with Merdeka Day 2020

24 August 2020

MYEG celebrated the nation's 63rd Merdeka Day by handing out mini Jalur Gemilang to staff members and subsidiaries at MYEG Tower. A total of 1,400 flags were distributed to the chairman's office, special project department, marketing, telemarketing, IT, helpdesk and customer service officer and so on. We at MYEG are hopeful that Malaysia will gradually recover from the COVID-19 pandemic soon and its citizens' normal routines can once again be carried out unhindered.



MYEG Blood Donation Campaign

9 and 10 September 2020

For a second time in FY2020, MYEG collaborated with Pusat Darah Negara to organise another blood donation campaign. The event saw hundreds of MYEG staff members and its subsidiaries at MYEG Tower lending their support by donating blood. We are grateful for Pusat Darah Negara for yet another successful collaboration, and our appreciation goes out to the wonderful and generous spirit of all employees who participated.

MATERIALITY MATTERS (CONT'D)

Deepavali donation to Indian community at Sg. Tua, Selangor 5 November 2020

In anticipation of Deepavali celebrations, Komuniti MYEG, with the assistance of Pertubuhan Kebajikan dan Amal Wanita Selangor ("PEKAWANIS"), handed out daily essentials to the Indian community at Sg Tua, Selangor to help them enjoy a meaningful Deepavali celebration during the COVID-19 pandemic. With a total budget of RM4,722.00, 40 families consisting of the elderly, B40 families and single mothers received a special package from NAK BELI. The package contained daily essentials such as rice, oil, flour, powdered drink, spices and dried goods. President of PEKAWANIS, Datin Seri Masdiana Muhamad, was present to hand out the donations.



Back-to-School Programme 30 December 2020

Bearing in mind COVID-19 SOPs, Komuniti MYEG, in its Back-to-School Programme, brought some children from the Pertubuhan Kebajikan dan Perlindungan Nur Qaseh in Kuala Lumpur to shop for basic school supplies for their 2021 schooling year. Utilising a budget of RM4,736.75, a total of 25 students (a mix of primary and secondary school students) received a pair of school uniforms, sports attires, inner wears, shoes, socks, school bags and stationery sets. Komuniti MYEG wishes all students a blessed 2021 schooling year filled with good health and may they progress with their learning activities the best while enduring the current challenging period under the new normal.

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 FY2020, a copy of which is available on the Group's website: www.myeg.com.my/investor_relations (under the "Reports & Presentations" tab) as well as via an announcement on Bursa Securities website.

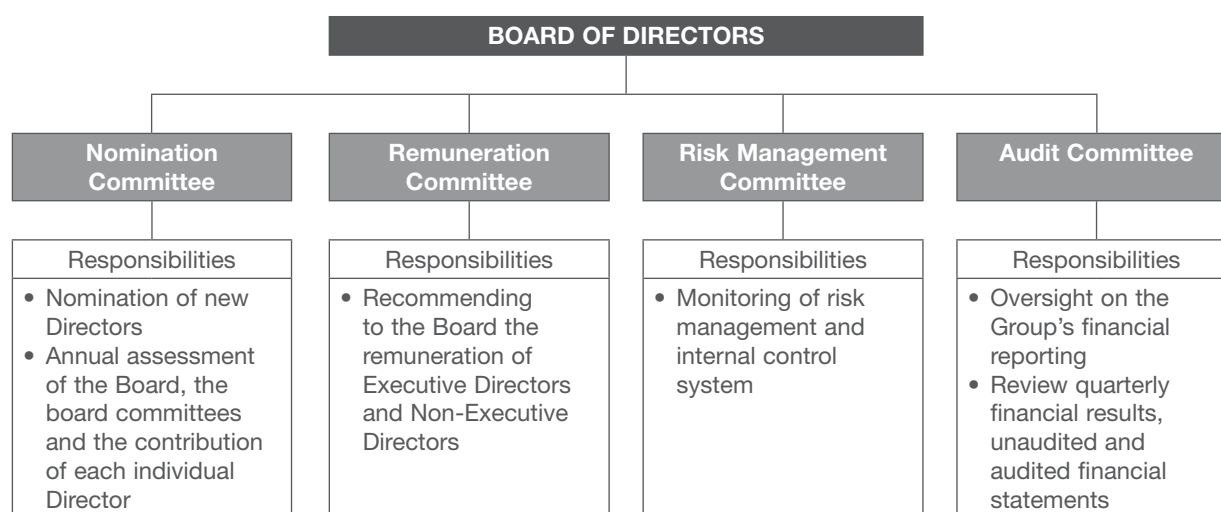
The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the FY2020, 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:-



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 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 Group 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 95 to 110 of this report.

CORPORATE GOVERNANCE OVERVIEW (CONT'D)



PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC comprises three (3) Independent Non-Executive Directors and plays a key role in ensuring integrity and transparency of corporate reporting. The AC'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 AC 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 AC 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) Operation Department
- b) Procurement Department
- c) MYEG ESC Test Centre Subang Murni & Sri Muda

Annually, the composition of the AC is reviewed by the NC and recommended to the Board for its approval. The Board is satisfied with the performance of the AC in discharging its responsibilities, based on the results of the evaluation undertaken during the year. With the view to maintain an independent and effective AC, 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 AC.

Further details pertaining to the activities undertaken by the AC can be obtained in the AC Report set out on pages 111 to 117 of this 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 Policy 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 RMC in order to manage the overall risk exposure of the Group. In addition to reviewing the adequacy and effectiveness of the internal control system of the Group, the RMC also assessed and monitored the efficacy of the risk management and controls. The Board is satisfied with the performance of the RMC in discharging its responsibilities, based on the results of the Board's evaluation outlook during the year review.

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 internal control and risk management in place during the FY2020 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 118 to 119 of this report.

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 stakeholders' 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 its Integrated Reporting since FP2019 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 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 voting at the AGM is conducted through an electronic polling system. The Nineteenth AGM of the Company was conducted entirely through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. The Group will continue to leverage on the use of technology, to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the general meetings 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 year 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) AC
- (iv) RMC

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 pages 23 to 28 of this 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 Executive Chairman of the Board, Dato' Dr Norraesah Binti Haji Mohamad, 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, 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 four (4) 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 four (4) times during the FY2020. Details of attendance are as follows:

Directors	Number of meetings attended	%
Dato' Dr Norraesah Binti Haji Mohamad	4/4	100%
Wong Thean Soon	4/4	100%
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	4/4	100%
Datuk Mohd Jimmy Wong Bin Abdullah	4/4	100%
Wong Kok Chau	4/4	100%
Dato' Sri Mohd Mokhtar Bin Mohd Shariff#	1/1	100%

Appointed on 9 November 2020.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

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 year 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:-

Directors	List of training/seminar/conference/workshop attended
Dato' Dr Norraesah Binti Haji Mohamad	<ul style="list-style-type: none"> Woman Business Network (WBN) Developing Content Strategy – Digital Marketing online workshop Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018 World Islamic Economic Forum (WIEF) – iEM Power webinar – Cash Flow – Management During a Pandemic WIEF – SIDC PowerTalk webinar – Moving Forward: Banking and Capital Market Trends
Wong Thean Soon	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Datuk Mohd Jimmy Wong Bin Abdullah	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Wong Kok Chau	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	<ul style="list-style-type: none"> Compliance with MMLR – Reporting Financial Statements How to be an Effective Non-Executive Director in a Disruptive World

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

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 FY2020 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 FY2020, 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) Reviewed the Directors' Assessment Policy and Succession Planning Policy;
- (c) Determined Directors who are subject to re-election by rotation;
- (d) Reviewed and recommended the continuation in office as an Independent Non-Executive Director 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 more than nine (9) years;
- (e) Reviewed the composition of the Board;
- (f) Reviewed the independence of the Independent Directors;
- (g) Conducted annual assessment on effectiveness and performance of the Board, the board committees and the individual Directors;
- (h) Reviewed the performance and term of office of AC; and
- (i) Reviewed and assessed Directors' training needs.

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.

The RC comprises three (3) members and are composed as follows for the FY2020:-

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

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)

During the FY2020, 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;
- (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).

RMC

Subsequent to the separation of the Audit and Risk Management Committee into two (2) committees namely AC and RMC on 27 February 2020, the Group's risk management processes, including assessment of key strategic and operational risk is now being monitored by the RMC.

The RMC comprises three (3) members and are composed as follows for the FY2020:-

RMC Members	Designation
Tan Sri Dato' Dr. Muhammad Rais Bin Abdul Karim	Chairman
Datuk Mohd Jimmy Wong Bin Abdullah	Member
Wong Kok Chau	Member

During the FY2020, the RMC held three (3) meetings and all members registered full attendance. Below is a summary of the key activities undertaken by the RMC in the discharge of its duties:-

- (a) Reviewed quarterly risk assessment reports with the head of departments; and
- (b) Reviewed internal audit report on the operation and business processes.

Further information can be found in the Risk Management and Internal Control Statement on page 118 to page 119 of this report.

A copy of the 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).

AC

The AC assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. Besides that, the AC reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

Details of the AC and the description of the activities carried out by the AC during the year is set out in the AC Report on page 111 to 117 of this report.

A copy of the AC'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).

CORPORATE GOVERNANCE STATEMENT (CONT'D)



A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

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).

8. Code of Conduct, Code of Ethics and Code of Business Ethics

The Group has established a Code of Conduct, Code of Ethics and Code of Business 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. The Code of Ethics is based on the principles in relation to sincerity, integrity, transparency, accountability and corporate social responsibility. The Code of Business Ethics sets out the standards of ethical business practices and conduct that the Group expects from all business associates of the Group.

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, Code of Business Ethics and general workplace behaviour is provided to the Group's employees to ensure they continuously uphold high standard of conduct when performing their duties.

Subsequent to the introduction of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has established an ABAC Framework setting out the Group's stance against bribery and corruption and adequate procedures for managing bribery and corruption risks in the Group's businesses, regardless of the country of operation. Consequential to the establishment of the ABAC Framework, the Group has then adopted the ABAC Policy and Anti-Bribery Procedures for Managing Stakeholders.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

8. Code of Conduct, Code of Ethics and Code of Business Ethics (cont'd)

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 Group 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, Code of Ethics and Code of Business Ethics, ABAC Policy and Anti-Bribery Procedures for Managing Stakeholders 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 AC, the Group Managing Director or Head of the Human Resource Department.

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)



A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

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 Practising 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.

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 four (4) 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 23 to page 28 of this report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

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 year, 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 all board committees meetings namely NC, RC, AC and RMC and Board meetings;
- d. they have contributed sufficient time and efforts and attended all the board committees' meetings 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.

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.

During the year, the Board with the recommendation of the NC, approved the appointment of Dato' Sri Mohd Mokhtar Bin Mohd Shariff as Independent Non-Executive Director of the Company effective 9 November 2020.

CORPORATE GOVERNANCE STATEMENT (CONT'D)



A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

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 is in the opinion 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 FY2020, the Board has utilised independent search firms in identifying suitable candidates for appointment of Director.

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 3 March 2021, 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.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

7. Annual Evaluation (cont'd)

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
- the roles and responsibilities of:-
 - (i) the Board
 - (ii) the Chairman; and
 - (iii) the 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 board 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 year, 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 pursuant to Clause 95 of the Constitution of the Company and subject to re-election at the forthcoming AGM are Dato' Dr Norraesah Binti Haji Mohamad and Datuk Mohd Jimmy Wong Bin Abdullah. Dato' Sri Mohd Mokhtar Bin Mohd Shariff, who was appointed on 9 November 2020 will also subject for retirement pursuant to the Constitution of the Company and re-election at the forthcoming AGM.

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.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (cont'd)

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 NC, RC, RMC or AC 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 year 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 FY2020 are set out below:-

	Group/ Company					
	Fees	Salaries	Bonuses	Benefit in Kind	Others	Total*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors						
Dato' Dr Norraesah Binti Haji Mohamad	154	-	-	-	-	154
Wong Thean Soon	206	-	-	-	-	206
Non-Executive Director						
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	86	-	-	-	-	86
Datuk Mohd Jimmy Wong Bin Abdullah	86	-	-	-	-	86
Wong Kok Chau	60	-	-	-	-	60
Dato' Sri Mohd Mokhtar Bin Mohd Shariff#	12	-	-	-	-	12

Notes:

* The Directors of the Company only received fees from the Group.

Appointed on 9 November 2020.

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. AC

During FY2020, the AC 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 AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The composition of the AC is presented in the AC Report on page 111 of this report.

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

The AC'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 AC 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 AC.

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 AC 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 AC, 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 AC 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 AC 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 AC or the Board.

The AC 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 FY2020, 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	312
Non-Audit		
Review of the Risk Management and Internal Control Statement	3	-

The external auditors have confirmed to the AC 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 AC may be found in the AC Report on page 111 to page 117 of this report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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 policy 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 RMC. This covers all material controls including financial, operational, compliance and risk management systems. The RMC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the existing risk controls.

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 FY2020 was Vaersa Advisory Sdn. Bhd. ("Vaersa"), which reported directly to the AC as specified in the Terms of Reference of the AC. The internal auditors carry out its function in accordance with the approved annual Internal Audit Plan approved by the AC. 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 118 to page 119 and the Management Discussion and Analysis on page 16 to page 22 of this report.

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 disclosure 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. Communication with stakeholders *(cont'd)*

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.

In view of the COVID-19 outbreak and as part of the safety measures, the Nineteenth AGM ("**19th AGM**") of the Company was conducted entirely through live streaming and online remote voting using RPV facilities. During the 19th AGM, a presentation is shown to the shareholders on the Group's performance and major activities carried out during the financial period under review. Shareholders were allowed to participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the 19th AGM via the RPV facilities.

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 COMMITTEE REPORT

The AC 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 FY2020. In the course of its duties during the financial year, the AC is of the view that no material misstatement or loss, contingencies or uncertainties have emerged.

MEMBERS OF THE AUDIT COMMITTEE AND MEETINGS

Members of the Audit Committee

The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors and at least one member is member of the Malaysian Institute of Accountant. The AC meets the requirements of paragraph 15.09(1) of the MMLR of Bursa Securities and Step-up Practice 8.4 under Principle B of the MCCG. During the financial year, the members of the AC are as follows:-

Name of AC 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
Wong Kok Chau	Member, Independent Non-Executive Director

All members of the AC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties, roles, and responsibilities for the Company.

Meetings

The AC convened four (4) meetings during the FY2020. The meetings were appropriately structured through the use of agendas, which were distributed to members of the AC with sufficient notification and attached with comprehensive information on matters to be discussed.

The attendance of the AC members during the FY2020 are as follows:

AC Members	Meetings attended
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman)	4/4
Datuk Mohd Jimmy Wong Bin Abdullah	4/4
Wong Kok Chau	4/4

Details of the members of the AC are contained in the Profile of Directors as set out on pages 23 to 28 of this report.

The Company Secretaries or their representatives were 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 AC meetings were disseminated electronically as well as in hardcopy to all the members of AC and the Board. The Chairman of the AC reported to the Board on key matters deliberated during the AC meetings.

For the financial year under review, the AC held four (4) meetings i.e. on 27 February 2020, 29 June 2020, 27 August 2020, and 24 November 2020 with the internal auditors and two (2) meetings on 29 June 2020 and 24 November 2020 with the external auditors without presence of the management to discuss any issues or significant matters, which the internal and external auditors wished to raise.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE

The Terms of Reference of the AC were as follows:

1. Objectives

The AC was established by the Board of the Company 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 Company's position and prospects; and
- In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's external and internal auditors.

2. Composition

The AC 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, 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 AC. Membership of the AC shall be disclosed in the annual report of the Company.

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 to fill the vacancy within two (2) months but in any case not later than three (3) months. Therefore, a member of the AC 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 Board must via the NC review the terms of office and performance of AC members annually to determine whether the AC members have carried out their duties in accordance with its terms of reference.

3. Chairman of the AC

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

4. Secretary

The secretary of the Company or his/her representative shall act as the secretary of the AC ("**Secretary**"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the AC.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to the AC members. The AC members may inspect the minutes of the AC at the Registered Office or such other place may be determined by the AC.

5. Quorum and Meeting Procedures

The AC 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 members present at the meeting shall be independent.

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

AUDIT COMMITTEE REPORT (CONT'D)



TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the AC were as follows: (cont'd)

5. Quorum and Meeting Procedures (cont'd)

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

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

The AC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex or telefax or other electronic communication by all AC members shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more AC members and may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the AC members.

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

6. Reporting Responsibilities

The Chairman of the AC is responsible for reporting to the Board on the AC's activities.

The AC shall make recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

7. Rights

The AC shall:-

- a) Have 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 Company;
- e) Have the right to obtain independent professional or other advice at the Company'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 management and any 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 listing requirements;
- h) Have the right to pass resolutions by a simple majority vote from the AC and that the Chairman shall have the casting vote should a tie arise;
- i) Meet as and when required on a reasonable notice; and
- j) The AC's Chairman shall call for a meeting upon the request of the external auditors or internal auditors.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the AC were as follows: (cont'd)

8. Responsibilities and 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 Company 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 and where necessary, 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 cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his 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 letter issued by the external auditors and the implementation of audit recommendations;
 - Interim financial information; and
 - The assistance given by the officers of the Company to external auditors.
- e) To review and monitor related party transactions entered into by the Company or 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, 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 Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the AC were as follows: (cont'd)

8. Responsibilities and Duties (cont'd)

- 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.
- g) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors. In considering the appointment and/or re-appointment of the 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 Company's Group being audited; and
 - The number and experience of supervisory and professional staff assigned to the particular audit.

The AC 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 auditors' 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 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 Company for the financial year, 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 Company'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 Company's external auditors) the Company is required to state the details on the nature of non-audit services-rendered in our annual report under the AC Report.
- i) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.
- j) 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 COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the AC were as follows: (cont'd)

9. Annual General Meeting

The Chairman of the AC should attend the annual general meeting to answer questions raised by the shareholders pertaining to the AC's activities.

10. Revision of the Terms of Reference

This Terms of Reference shall be reviewed annually by the AC. Any revision or amendment to the Terms of Reference, shall first be presented to the Board for its approval.

The Terms of Reference of the AC is available on the Company's website: www.myeg.com.my/investor_relations (under "Corporate Governance" tab).

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AC

During FY2020, the AC 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 related party transactions entered into by the Group to ensure that they were not detrimental to the interests of minority shareholders.
- i) the terms of reference of AC to ensure that most of the good practices recommended in the MCCG have been implemented by the Company.
- j) complaints/cases reported in relation to the Whistle Blowing policy.

AUDIT COMMITTEE REPORT (CONT'D)



TRAINING AND EDUCATION

During the financial year, the AC 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 FY2020, the internal audit function of the Group is outsourced to an independent professional firm, Vaersa, which reports directly to the AC and assists the Board in monitoring and managing risks and internal controls. The AC is satisfied that Vaersa's independence have been maintained as adequate measures are in place. The AC 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 AC 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.

The total cost incurred for the internal audit function for the financial year 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 118 to 119.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

The Board is pleased to present its Risk Management and Internal Control Statement for FY2020 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 control, 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.

On 27 February 2020, the Board had approved that the RMC decoupled from the Audit and Risk Management Committee to be in line with the recommendation under Step-up Practice 9.3 under Principle B of the MCCG to enhance our corporate governance practice. The RMC has constituted the Risk Management Working Group (“**RMWG**”) and the formation of RMWG is to assist the RMC 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 our in-house internal audit team is to carry out the risk management activities as well as audit work and identify any significant risks that are brought to the attention of the RMC and subsequently to the Board at their scheduled meetings. The Board, through the RMC, provides oversight of the entire risk management framework of the Group. Where necessary, special meetings will be convened to discuss specific matters that require immediate attention.

During the financial year under review, the RMWG had met three (3) times with the RMC to update, review, highlight the key risk areas affecting the Group and recommended risk management strategies to manage and mitigate the identified risks.

The Group Risk Management Policy established in October 2013 was reviewed by the Board at their scheduled meeting held on 3 March 2021 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 year 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 AC in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

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 staff, 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 AC, which in turn reports these matters to the Board.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT (CONT'D)



INTERNAL AUDIT FUNCTION (CONT'D)

During the FY2020, internal audits were carried out in accordance with the risk based internal audit plan which has been reviewed and approved by the AC. The business processes reviewed were Management Information System and E-Service Centre operations processes of the Group. The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the AC 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 report. The total costs incurred for the internal audit function for FY2020 was approximately RM30,000.

In addition, the internal auditors had met with AC on 27 February 2020, 29 June 2020, 27 August 2020, and 24 November 2020 with as well as 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 AC 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 internal controls and risk management 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.

REVIEW 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 Governance 2017 to be set out, nor is factually inaccurate.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

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 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	267,194	276,630
Attributable to:-		
Owners of the Company	268,656	276,630
Non-controlling interests	(1,462)	-
	267,194	276,630

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2019 are as follows:-

	RM'000
<u>In respect of the financial period ended 31 December 2019</u>	
A final dividend of 2.0 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 6 August 2020, paid on 5 November 2020	69,053
<u>In respect of the financial year ended 31 December 2020</u>	
A first interim dividend of 0.50 sen per ordinary share, paid on 5 November 2020	17,263
	86,316

At the forthcoming Annual General Meeting, a final dividend of 1.7 sen per ordinary share amounting to approximately RM62.42 million in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year 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 2021.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

(CONT'D)



ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM360,630,599 to RM634,262,802 by:-
 - (i) Issuance of 12,500,000 new ordinary shares amounting to RM14,975,000, net of transaction costs, as part of the total consideration for the acquisition of a 10% equity interest in an other investment by the Group as disclosed in Notes 11(c) and 23 to the financial statements;
 - (ii) issuance of 45,623,744 new ordinary shares from the exercise of the first and second Dividend Reinvestment Plan ("DRP") at an exercise price of RM1.28 per share amounted to RM58,398,392 as disclosed in Notes 23 and 40 to the financial statements; and
 - (iii) issuance of 120,000,000 new ordinary shares from the exercise of the first tranche private placement for a cash consideration of RM211,508,811, net of transaction costs, as disclosed in Note 23 to the financial statements.

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

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

TREASURY SHARES

During the financial year, the Company purchased 25,999,600 of its issued ordinary shares from the open market at an average price of RM1.19 per share. The total consideration paid for the shares purchased was RM30,914,378 including transaction costs. In addition, the Company had cancelled 112,500,000 of its treasury shares at an average price of RM1.01. The ordinary shares purchased were being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and were presented as a deduction from equity.

As at 31 December 2020, the Company held as treasury shares a total of 53,664,700 of its 3,671,929,737 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM61,652,241. The details of the treasury shares are disclosed in Note 24 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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.

DIRECTORS' REPORT (CONT'D)

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.

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 year 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 year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may 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 year 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 year 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 year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year 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' Sri Mohd Mokhtar Bin Mohd Shariff (Appointed on 9 November 2020)

DIRECTORS' REPORT

(CONT'D)

DIRECTORS

The names of directors of the Company's subsidiaries who served during the financial year 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
 Khaw Siong Long
 Malcolm Caesar Leong Sze Kwong
 Tan Seong Yeau
 Sean Cornelius Yoong Wan Yen
 Zulhelmi Bin Othman
 Tan Kai Jie
 Wong Thean Chye
 Elaine Daly
 Lim Gian Huang (Appointed on 30 July 2020)
 Priyaa Darshini A/P Paremasivem (Appointed on 22 January 2021)
 Chan Yat Choong (Appointed on 20 April 2021)
 Chow Kah Siong (Appointed on 20 April 2021)
 Wong Meng Choon (Appointed on 25 November 2020 and resigned on 27 November 2020)
 Leon Loo Ee Han (Resigned on 1 December 2020)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<i>Direct Interests</i>				
Dato' Dr Norraesah Binti Haji Mohamad	26,260,000	256,445	-	26,516,445
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	11,219,000	175,296	(160,000)	11,234,296
Wong Thean Soon	302,939,130	93,216,725	(10,280,000)	385,875,855
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	64,687	-	3,376,687
<i>Indirect Interests</i>				
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	4,301,000 ⁽¹⁾	-	-	4,301,000
Wong Thean Soon	766,113,777 ⁽²⁾	39,181,467	(73,020,000)	732,275,244

⁽¹⁾ Indirect interests through his spouse and son, by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.

⁽²⁾ Indirect interests through his interests in Asia Internet Holdings Sdn. Bhd. ("AIH") by virtue of Section 8 of the Companies Act 2016.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

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 year 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 year had no interest in shares in the Company or its related corporations during the financial year.

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 43 to the financial statements.

Neither during nor at the end of the financial year 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 year are disclosed in Note 42 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, 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 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 48 to the financial statements.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 49 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

Signed in accordance with a resolution of the directors dated 28 May 2021.

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 131 to 234 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 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 28 May 2021.

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 131 to 234 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 28 May 2021

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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 234.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment of Financing Receivables Refer to Notes 4.1(e) and 14 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As disclosed in Note 14 to the financial statements, financing receivables as at the reporting date amounted to approximately RM229.63 million representing 16% of total assets of the Group.</p> <p>The management assessed the level of allowance for impairment losses on financing receivables based on, amongst others the realisable value of collaterals pledged, the borrowers' financial position and their abilities to repay.</p> <p>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.</p> <p>We considered this as a key audit matter due to the significance of financing receivables and the uncertainty inherent in determining the level of allowance for impairment losses.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • 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 year; and • considered the adequacy of the Group's disclosures in this area.

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)

Capitalisation and Impairment Assessment of Capital Work-In-Progress Refer to Note 8 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As disclosed in Note 8 to the financial statements, capital work-in-progress as at the reporting date amounted to approximately RM44.52 million representing 13% of total carrying value of property and equipment of RM330.82 million.</p> <p>The management assessed the impairment based on the value in use method which involves significant assumptions on future results of the business. In particular, key assumptions are made on the growth rates and discount rates in the future cash flow forecasts.</p> <p>This assessment involves significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of impairment losses.</p> <p>We considered this as a key audit matter due to the significance of the capital work-in-progress of the Group and the uncertainty inherent in determining the level of impairment losses.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> We obtained management's impairment analysis and gained an understanding of their impairment assessment process; We reviewed the reasonableness of the key assumptions used and judgement made in determining the recoverable amount; We also checked the sensitivity analysis on revenue growth, profit margin and discount rate; and Evaluated the capitalisation process and determined that costs capitalised met the requirements of MFRS 116.
Impairment of Development Costs Refer to Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As disclosed in Note 12 to the financial statements, development costs as at the reporting date amounted to approximately RM126.73 million representing approximately 9% of total assets of the Group.</p> <p>Development costs are subject to impairment assessment by comparing the carrying amounts to their corresponding recoverable amounts.</p> <p>The recoverable amounts were determined by the management using the value in use method, based on future financial information.</p> <p>We considered this as a key audit matter due to the significance of the carrying amount and the uncertainty inherent in determining the recoverable amounts.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> We obtained management's impairment analysis and gained an understanding of their impairment assessment process; We reviewed the reasonableness of the key assumptions used and judgement made in determining the recoverable amount; and We also checked the sensitivity analysis on revenue growth, profit margin and discount rate.

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.

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)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As 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.

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 (cont'd)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 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

Kuala Lumpur
28 May 2021

Lee Kok Wai
02760/06/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	19,895	18,895
Investments in associates	6	12,810	13,714	-	-
Investments in joint ventures	7	6,121	4,756	8,423	6,359
Property and equipment	8	330,823	302,883	182,101	192,370
Investment properties	9	30,313	30,966	107,784	110,104
Right-of-use assets	10	6,253	10,623	601	762
Other investments	11	138,000	34,600	-	-
Development costs	12	126,733	854	92,841	569
Goodwill on consolidation	13	18,454	18,454	-	-
Financing receivables	14	196,667	288,357	-	-
		866,174	705,207	411,645	329,059
CURRENT ASSETS					
Inventories	15	3,428	3,245	-	-
Financing receivables	14	32,964	30,674	-	-
Trade receivables	16	172,783	156,785	1,003	313
Other receivables, deposits and prepayments	17	103,959	56,258	58,204	34,670
Amount owing by subsidiaries	18	-	-	697,403	429,771
Amount owing by associates	19	5	6	#	-
Amount owing by joint ventures	20	514	95	-	95
Current tax assets		2,295	1,540	-	-
Fixed deposits with licensed banks	21	12,829	12,439	7,688	7,688
Cash and bank balances	22	221,784	63,781	95,612	39,894
		550,561	324,823	859,910	512,431
TOTAL ASSETS		1,416,735	1,030,030	1,271,555	841,490

- represents an amount less than RM1,000

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

(CONT'D)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	23	634,262	360,630	634,262	360,630
Treasury shares	24	(61,652)	(144,743)	(61,652)	(144,743)
Reserves	25	576,612	497,045	537,842	450,283
Equity attributable to owners of the Company		1,149,222	712,932	1,110,452	666,170
Non-controlling interests		(6,399)	(4,937)	-	-
TOTAL EQUITY		1,142,823	707,995	1,110,452	666,170
NON-CURRENT LIABILITIES					
Lease liabilities	26	1,911	3,941	172	153
Long-term borrowings	27	120,840	132,574	109,985	120,009
Deferred tax liabilities	30	2,373	2,223	1,910	1,910
		125,124	138,738	112,067	122,072
CURRENT LIABILITIES					
Trade payables	31	72,404	102,237	2,300	1,440
Other payables and accruals	32	26,839	30,484	6,896	13,421
Amount owing to subsidiaries	18	-	-	1,362	-
Amount owing to associates	19	33	-	-	-
Deferred revenue	33	1,252	1,159	-	-
Current tax liabilities		36	235	14	14
Lease liabilities	26	3,546	5,755	439	633
Short-term borrowings	34	44,678	43,427	38,025	37,740
		148,788	183,297	49,036	53,248
TOTAL LIABILITIES		273,912	322,035	161,103	175,320
TOTAL EQUITY AND LIABILITIES		1,416,735	1,030,030	1,271,555	841,490

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020

		The Group		The Company	
		1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	35	530,463	593,578	308,735	310,829
COST OF SALES		(166,757)	(161,477)	(8,087)	(11,012)
GROSS PROFIT		363,706	432,101	300,648	299,817
OTHER INCOME		2,261	15,327	17,210	27,082
		365,967	447,428	317,858	326,899
ADMINISTRATIVE EXPENSES		(55,528)	(92,919)	(18,387)	(33,715)
OTHER EXPENSES		(31,379)	(35,247)	(16,107)	(16,776)
FINANCE COSTS		(8,063)	(8,762)	(6,765)	(8,054)
NET IMPAIRMENT (LOSSES)/GAINS ON FINANCIAL ASSETS	36	(403)	(1,016)	195	-
SHARE OF NET LOSS ON EQUITY ACCOUNTED ASSOCIATES		(937)	(1,147)	-	-
SHARE OF NET LOSS ON EQUITY ACCOUNTED JOINT VENTURES		(699)	(1,398)	-	-
PROFIT BEFORE TAXATION	37	268,958	306,939	276,794	268,354
INCOME TAX EXPENSE	38	(1,764)	(4,783)	(164)	(2,469)
PROFIT AFTER TAXATION CARRIED FORWARD		267,194	302,156	276,630	265,885

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020
(CONT'D)

	Note	The Group		The Company	
		1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
		RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAXATION BROUGHT FORWARD		267,194	302,156	276,630	265,885
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(18)	38	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		267,176	302,194	276,630	265,885
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		268,656	303,090	276,630	265,885
Non-controlling interests		(1,462)	(934)	-	-
		267,194	302,156	276,630	265,885
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		268,638	303,128	276,630	265,885
Non-controlling interests		(1,462)	(934)	-	-
		267,176	302,194	276,630	265,885
EARNINGS PER SHARE (SEN)	39				
Basic		7.6	8.6		
Diluted		7.6	8.6		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

	← Non-Distributable → Distributable							
	Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
Balance at 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	-	(91,939)	-	-	-	(91,939)	-	(91,939)
- Dividends:								
- by the Company	-	-	-	-	(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 Year Ended 31 December 2020

(CONT'D)

	Note	← Non-Distributable → Distributable							
		Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 1.1.2020		360,630	(144,743)	6,401	38	490,606	712,932	(4,937)	707,995
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	268,656	268,656	(1,462)	267,194
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	-	(18)	-	(18)	-	(18)
Total comprehensive income for the financial year		-	-	-	(18)	268,656	268,638	(1,462)	267,176
Contributions by and distributions to owners of the Company:									
- Issuance of new shares	23	14,975	-	-	-	-	14,975	-	14,975
- Issuance of ordinary shares pursuant to Dividend Reinvestment Plan ("DRP")	23	58,398	-	-	-	-	58,398	-	58,398
- Issuance of ordinary shares pursuant to private placement	23	211,509	-	-	-	-	211,509	-	211,509
- Purchase of treasury shares	24	-	(30,914)	-	-	-	(30,914)	-	(30,914)
- Cancellation of treasury shares	23, 24	(11,250)	114,005	-	-	(102,755)	-	-	-
- Dividends:									
- by the Company	40	-	-	-	-	(86,316)	(86,316)	-	(86,316)
Total transactions with owners		273,632	83,091	-	-	(189,071)	167,652	-	167,652
Balance at 31.12.2020		634,262	(61,652)	6,401	20	570,191	1,149,222	(6,399)	1,142,823

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

(CONT'D)

	Note	Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
The Company					
Balance at 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	24	-	(91,939)	-	(91,939)
- Dividends	40	-	-	(66,202)	(66,202)
Total transactions with owners		-	(91,939)	(66,202)	(158,141)
Balance at 31.12.2019/1.1.2020		360,630	(144,743)	450,283	666,170
Profit after taxation/Total comprehensive income for the financial year		-	-	276,630	276,630
Contributions by and distributions to owners of the Company:					
- Issuance of new shares	23	14,975	-	-	14,975
- Issuance of ordinary shares pursuant to DRP	23	58,398	-	-	58,398
- Issuance of ordinary shares pursuant to private placement	23	211,509	-	-	211,509
- Purchase of treasury shares	24	-	(30,914)	-	(30,914)
- Cancellation of treasury shares	23, 24	(11,250)	114,005	(102,755)	-
- Dividends	40	-	-	(86,316)	(86,316)
Total transactions with owners		273,632	83,091	(189,071)	167,652
Balance at 31.12.2020		634,262	(61,652)	537,842	1,110,452

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	268,958	306,939	276,794	268,354
Adjustments for:-				
Amortisation of development costs	5,056	2,136	2,438	1,228
Bad debts written off	8	49	-	-
Depreciation of property and equipment	23,752	29,303	11,279	11,610
Depreciation of investment properties	653	817	2,320	2,899
Depreciation of right-of-use assets	5,909	7,280	731	1,000
Equipment written off	142	558	-	534
Impairment losses:				
- trade receivables	-	33	-	-
- financing receivables	602	1,014	-	-
- investment in an associate	-	-	-	400
Interest expense on lease liabilities	304	659	24	67
Other interest expense	7,961	8,505	6,765	8,048
Inventories written down	69	31	-	-
Share of net loss on equity accounted:				
- associates	937	1,147	-	-
- joint ventures	699	1,398	-	-
Dividend income	-	-	(300,000)	(300,000)
Gain on disposal of equipment	(9)	(72)	-	-
Gain on disposal of right-of-use assets	(110)	-	-	-
Gain on modification of leases	(75)	-	(2)	-
Gain on partial disposal of an other investment	-	(3,553)	-	-
Interest income	(493)	(1,142)	(12,281)	(10,932)
Reversal of impairment loss:				
- trade receivables	(2)	(31)	-	-
- other receivables	(2)	-	-	-
- amount owing by associates	(195)	-	(195)	-
Reversal of inventories previously written down	(17)	(52)	-	-
Unrealised (gain)/loss on foreign exchange	(56)	(1)	(4)	5
Operating profit/(loss) before working capital changes carried forward	314,091	355,018	(12,131)	(16,787)

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

(CONT'D)

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes brought forward	314,091	355,018	(12,131)	(16,787)
(Increase)/Decrease in inventories	(235)	173	-	-
Decrease/(Increase) in financing receivables	88,798	(148,354)	-	-
(Increase)/Decrease in trade and other receivables	(63,703)	16,708	(24,224)	10,022
Decrease/(Increase) in trust account balances	#	(2)	-	-
(Decrease)/Increase in trade and other payables	(33,478)	(55,485)	(5,664)	7,957
(Increase)/Decrease in amount owing by subsidiaries	-	-	(190,592)	182,512
(Increase)/Decrease in amount owing by joint ventures	(419)	(82)	95	(82)
Increase in net amount owing by associates	(161)	(6)	(195)	-
Increase in deferred revenue	93	68	-	-
CASH FROM/(FOR) OPERATIONS	304,986	168,038	(232,711)	183,622
Income tax paid	(2,568)	(6,311)	(164)	(2,363)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	302,418	161,727	(232,875)	181,259

– represents an amount less than RM1,000.

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020
(CONT'D)

	Note	The Group		The Company	
		1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(63,461)	(283,930)
Additions of right-of-use assets		(39)	-	-	-
Dividend received		-	-	300,000	300,000
Development costs incurred		(130,935)	-	(94,710)	
Interest income received		493	1,142	63	623
Decrease in pledged deposits with licensed banks		(388)	(2,370)	-	(438)
Proceeds from disposal of equipment		562	16,802	-	13,218
Proceeds from disposal of right-of-use assets		168	-	-	-
Purchase of property and equipment		(51,997)	(69,864)	(620)	(64,192)
Proceeds from partial disposal of an other investment		-	5,779	-	-
Purchase of:					
- other investments		(103,400)	(8,299)	-	-
- a subsidiary		-	-	(1,000)	(2,000)
- associates		(33)	(14,861)	-	-
- a joint venture		(2,064)	(4,148)	(2,064)	(3,633)
Subscription of shares in a subsidiary by non-controlling interest		-	40	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(287,633)	(75,779)	138,208	(40,352)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid	40	(86,316)	(66,202)	(86,316)	(66,202)
Drawdown of term loans	41(b)	-	50,053	-	50,053
Drawdown of revolving credit	41(b)	-	10,000	-	10,000
Drawdown of block discounting	41(b)	4,337	18,028	-	-
Interest paid	41(b)	(8,265)	(9,164)	(6,789)	(8,115)
Net proceeds from issuance of ordinary shares		284,882	-	284,882	-
Purchase of treasury shares	24	(30,914)	(91,939)	(30,914)	(91,939)
Repayment of lease liabilities	41(b)	(5,722)	(7,781)	(743)	(977)
Repayment of term loans	41(b)	(9,739)	(19,828)	(9,739)	(19,828)
Repayment of revolving credit	41(b)	-	(4,660)	-	-
Repayment of block discounting	41(b)	(5,081)	(876)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		143,182	(122,369)	150,381	(127,008)

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

(CONT'D)

	Note	The Group		The Company	
		1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
		RM'000	RM'000	RM'000	RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		157,967	(36,421)	55,714	13,899
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		38	39	4	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/ PERIOD		63,861	100,243	39,894	26,000
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	41(d)	221,866	63,861	95,612	39,894

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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 28 May 2021.

2. 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 5 to the financial statements.

3. 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.

- 3.1 During the current financial year, 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)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)



3. BASIS OF PREPARATION (CONT'D)

- 3.2 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 year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(b) Amortisation of Development Costs

The estimates for the residual values, useful lives and related amortisation charges for the development costs 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 development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation 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 amortisation charges could be revised. The carrying amount of development costs measured at revaluation as at the reporting date is disclosed in Note 12 to the financial statements.

(c) 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 which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 13 to the financial statements.

(d) 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 8, 9 and 10 to the financial statements.

(e) 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 (including changes in the customer payment profile in response to the COVID-19 pandemic) 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 14 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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(f) 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. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. 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 associates and amounts owing by joint ventures as at the reporting date are disclosed in Notes 17, 18, 19 and 20 to the financial statements.

(g) 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 11 to the financial statements.

(h) Impairment of Development Costs

The assessment of whether development costs and other intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these assets are 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 amounts of development costs and other intangible 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).

(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 Year Ended 31 December 2020

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 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 Year Ended 31 December 2020

(CONT'D)



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 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 of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 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.

4.4 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 Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 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 or joint venture 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.

4.5 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 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.

Financial instruments recognised in the statement of financial position are disclosed in the policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(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/profit income is recognised by applying the effective interest/profit 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/profit rate to the amortised cost of the financial asset.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset and of allocating interest/finance income over the relevant period. The effective interest/profit 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/profit 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 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 Year Ended 31 December 2020

(CONT'D)



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 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.

4.6 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.

4.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES (cont'd)

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.

4.8 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY AND EQUIPMENT (cont'd)

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.

4.9 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.

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.

4.10 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 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.

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.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 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 an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and 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 unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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.

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.

4.13 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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.

4.16 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.

4.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.19 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 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.

4.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

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.

(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. Lease incentives granted are recognised as an integral part of the total rental income, over the terms of the lease.

(f) Income from Ijarah Financing

Ijarah

This represents a lease contract that transfers the ownership of an asset to another party for a specified period in exchange for a rental. Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or gift of the asset to the lessee. Al-Ijarah Thumma al-Bai' ("AITAB") is a form of Ijarah lease contracts where the sale of asset to the lessee is executed at the completion of the lease period. Income from an Ijarah lease contract is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest Income

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

4.23 DEFERRED REVENUE

The deferred revenue primarily relate to advance considerations received from customers for the rental of devices and advanced billings for other maintenance, advertising, and marketing services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

4.24 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.

4.25 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.

4.26 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 2020. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 JOINT ARRANGEMENTS (cont'd)

Joint Ventures (cont'd)

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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	19,895	18,895

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
		2020	2019	
		%	%	
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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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5. 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
		2020 %	2019 %	
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.
MY E.G. Digital ID Sdn. Bhd. ("MYEGDI")*	Malaysia	100	-	Development and implementation of distributed ledger technology and solutions for digital identification services.
Subsidiaries of MYEGC				
MY EG Ad Networks Sdn. Bhd. ("MYEGAD")	Malaysia	100	100	Provision of advertisement and marketing services.
Agensi Pekerjaan MY EG Jobs Sdn. Bhd. ("MYEGJOBS")	Malaysia	100	100	To carry on business as a private employment agency to recruit and place a worker to another employer.
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 and money lending services.
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	Advertising.
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 and e-commerce platform.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

5. 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
		2020 %	2019 %	
Subsidiaries of MYEGC (cont'd)				
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	100	Provision of payment settlement systems.
PayMe Sdn. Bhd. ("PayMe")	Malaysia	100	100	Provision of human resource management and payroll services.
MY EG Islamic Finance Sdn. Bhd. ("MYEGIF")	Malaysia	100	100	Provision of Islamic financial lease activities and other Islamic credit granting activities.
MYEG Medical Services Sdn. Bhd. ("MYEGM")	Malaysia	100	-	To market medical products and services including health screening solutions and quarantine services.
Subsidiaries of CardBiz				
CardBiz Solutions Sdn. Bhd. ("CSSB")	Malaysia	55	55	Engaged in business as an information and communication technologies software solutions provider that provide software and system customisation for clients.
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, software, printer, accessories, and related products.
Buy Now Asia Sdn. Bhd. ("BNASB")	Malaysia	55	55	E-Commerce service provider, online purchase and redemption, merchant and marketing services and other related activities.
CardBiz eServices Sdn. Bhd. ("CBES")	Malaysia	55	55	Engaged in the business of providing infrastructure for hosting data processing services and related activities.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

5. 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
		2020 %	2019 %	
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, repairs, breakdown assistance, and sale of removable motor vehicle spare parts and provision of membership in relation thereto.
Subsidiary of Hurr Tv				
Muca Wellness Sdn. Bhd. (“MUCA”)	Malaysia	60	60	General merchants, importers, exporters, distributors and manufacturers of cosmetics, skin care products, healthcare products and pharmaceuticals.
Subsidiary of MYEGI				
MY EG (Indonesia) Sdn. Bhd. (“MYEGIND”)	Malaysia	100	100	Investment holding.
MY EG (Bangladesh) Sdn. Bhd. (“MYEGBD”)	Malaysia	100	100	Investment holding.
MY EG (Philippines) Sdn. Bhd. (“MYEGP”)	Malaysia	100	100	Investment holding.
Subsidiary of MYEGIND				
PT MYEG Services Indonesia. (“PTMYEG”)^	Indonesia	90	90	To build, own, and operate a digital platform for commercial services.
Subsidiary of MLSB				
MYEG FWA (Tanjong Langsat) Sdn. Bhd. (“MYEGFWA”)	Malaysia	100	-	Property investment and provision of workers accommodation services.
Subsidiary of MYEGM				
MYEG Pharma Sdn. Bhd. (“MYEGPHA”)# (f.k.a MYEG Medical Technology Sdn Bhd)	Malaysia	100	-	Manufacturing, trading, export and import, and distribution of medical devices and equipment and related ancillary services.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- ^ This subsidiary was unaudited as at the financial year end. The subsidiary's financial statements are not material to the Group. This subsidiary was not audited by Crowe Malaysia PLT in the financial period 2019.
- * There is no audit carried out on the financial statements of the subsidiary for the financial year as it was incorporated on 10 August 2020. The subsidiary's financial statements are not material to the Group.
- # There is no audit carried out on the financial statements of the subsidiary for the financial year as it was incorporated on 25 August 2020. The subsidiary's financial statements are not material to the Group.
- (a) During the financial year:-
- (i) On 10 March 2020, MLSB incorporated a wholly-owned subsidiary with 1,000 ordinary shares, representing 100% of equity interest in MYEGFWA for a total consideration of RM100.
 - (ii) On 3 June 2020, MYEGC incorporated a wholly-owned subsidiary with 100 ordinary shares, representing 100% of equity interest in MYEGM for a total consideration of RM100.
 - (iii) On 23 July 2020, EGSB subscribed for an additional 499,999 ordinary shares, representing 100% of equity interest in MYAA for a total consideration of RM499,999.
 - (iv) On 10 August 2020, the Company incorporated a wholly-owned subsidiary with 1,000,000 ordinary shares, representing 100% of equity interest in MYEGDI for a total consideration of RM1,000,000.
 - (v) On 25 August 2020, MYEGM incorporated a wholly-owned subsidiary with 2 ordinary shares, representing 100% of equity interest in MYEGPHA for a total consideration of RM2.
 - (vi) On 31 October 2020, MYEGC subscribed for an additional 5,000,000 ordinary shares, representing 100% of equity interest in MYEGM for a total consideration of RM5,000,000.
 - (vii) On 31 December 2020, MYEGC subscribed for an additional 1,500,000 ordinary shares, representing 100% of equity interest in MYEGAD for a total consideration of RM1,500,000.
 - (viii) On 31 December 2020, EGSB subscribed for an additional 2,000,000 ordinary shares, representing 100% of equity interest in MTSB for a total consideration of RM2,000,000.
 - (ix) On 31 December 2020, EGSB subscribed for an additional 2,000,000 ordinary shares, representing 100% of equity interest in MYAA for a total consideration of RM2,500,000.
- (b) In the previous 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) In the previous financial period:- (cont'd)

- (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.
- (c) On 18 March 2021, EGSB incorporated a wholly-owned subsidiary with 2 ordinary shares, representing 100% of equity interest in MYEG TwoCar Sdn Bhd for a total consideration of RM2.00.
- (d) On 20 April 2021, EGSB subscribed for an additional 79,998 ordinary shares, representing 80% of the equity interest in MYEG TwoCar Sdn Bhd for a total consideration of RM79,998.
- (e) Summarised financial information of non-controlling interests has not been presented as both the current non-controlling interests and future non-controlling interests of the subsidiaries are not individually material to the Group.

6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	15,294	15,261	400	400
Share of post-acquisition losses	(2,484)	(1,547)	-	-
	12,810	13,714	400	400
Accumulated impairment losses	-	-	(400)	(400)
	12,810	13,714	-	-

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2020	2019	
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.
Dinamik Koridor Sdn. Bhd. (“DKSB”)*	Malaysia	33%	-	Investment holding.
Associate of MYEGIND				
PT Cartenz Inti Utama (“PT Cartenz”)*	Indonesia	19%	19%	Engaged in development, trading, industry and service.

* These associates were audited by other firms of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

6. 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 financial information of the associate that is material to the Group is as follows:-

	MINT	
	Unaudited 2020	Audited 2019
	RM'000	RM'000
Non-current assets	100	731
Current assets	907	915
Non-current liabilities	-	(83)
Current liabilities	(142,041)	(142,319)
Net liabilities	(141,034)	(140,756)
<u>12-month Year Ended 31 December/15-month Period Ended 31 December</u>		
Revenue	-	-
Loss during the financial year/period/Total comprehensive expenses	(278)	(548)
Group's share of losses for the financial year/period/Total comprehensive expense	-	-
<u>Reconciliation of Net Liabilities to Carrying Amount</u>		
Group's share of net liabilities	(56,414)	(56,302)
Share of losses recognised	400	400
Share of losses in excess of the interest in the associate not recognised	56,014	55,902
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 RM56.0 million (2019 - RM55.9 million), of which approximately RM112,000 relates to the share of the current financial year's losses. The Group has no obligations in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

6. INVESTMENTS IN ASSOCIATES (CONT'D)

- (c) The summarised unaudited financial information of the associate that is material to the Group is as follows:-

	PT Cartenz	
	2020 RM'000	2019 RM'000
Non-current assets	7,666	6,906
Current assets	1,808	4,098
Non-current liabilities	(5,708)	(2,898)
Current liabilities	(2,389)	(1,775)
Net assets	1,377	6,331
<u>12-month Year Ended 31 December/15-month Period Ended 31 December</u>		
Revenue	6,825	1,346
Loss for the financial year/period/Total comprehensive expenses	(4,932)	(6,048)
Group's share of losses for the financial year/period/Total comprehensive expense	(937)	(1,144)
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets	261	1,198
Goodwill	12,516	12,516
Carrying amount of the Group's interest in this associate	12,777	13,714

In the previous financial period, MYEGIND entered into a Share Subscription Agreement with PT Cartenz on 22 July 2019. 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 year, the total paid-up cash consideration amounted to USD3.5 million (approximately RM14.9 million), representing 19% equity interest. There has been no additional paid up consideration during the financial year.

MYEGIND will further inject the required capitalisation subject to the fulfilment of the conditions as stated in the Share Subscription Agreement amounting to USD 6.5 million (approximately RM26.1 million).

- (d) 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 RM8,072 (2019 - RM5,673), of which RM2,399 (2019 - RM4,986) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

- (e) The summarised financial information has not been presented for DKSB as it is not individually material to the Group.

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7. INVESTMENTS IN JOINT VENTURES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	8,938	6,874	8,423	6,359
Share of post acquisition losses	(2,817)	(2,118)	-	-
	6,121	4,756	8,423	6,359

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest		Principal Activities
		2020	2019	
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%	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) On 11 August 2017, the Company entered into a Joint Venture Agreement with I-Pay Commerce Ventures Inc. to incorporate MYEG Philippines. The Company will hold 40% equity interest in MYEG Philippines for a total cash consideration of USD2 million. As at the end of the financial year, the total paid-up cash consideration amounted to USD2 million (approximately RM8,423,000). The Company has fully paid up its cash consideration during the financial year.
- (c) The summarised unaudited financial information for the joint venture of the Group is as follows:-

	MYEG PHILIPPINES	
	2020	2019
	RM'000	RM'000
Non-current assets	2,044	584
Current assets	6,032	3,797
Non-current liabilities	(7,444)	(5,220)
Current liabilities	(4,917)	(1,708)
Net liabilities	(4,285)	(2,547)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

- (c) The summarised unaudited financial information for the joint venture of the Group is as follows:- (cont'd)

	MYEG PHILIPPINES	
	2020	2019
	RM'000	RM'000
<u>12-month Year Ended 31 December/15-month Period Ended 31 December</u>		
Revenue	7,451	11,812
Loss during the financial year/period/Total comprehensive expenses	(1,673)	(3,399)
Group's share of losses for the financial year/period/Total comprehensive expense	(669)	(1,360)
<u>Reconciliation of Net Liabilities to Carrying Amount</u>		
Group's share of net liabilities above	(1,714)	(1,019)
Add: Deposits for future stock subscriptions in this joint venture	7,389	5,299
Carrying amount of the Group's interest in this joint venture	5,675	4,280

- (d) The summarised unaudited financial information for the joint venture that is immaterial to the Group is as follows:-

	MYEG (BD) Ltd.	
	2020	2019
	RM'000	RM'000
<u>Financial year ended 31 December</u>		
Group's share of losses for the financial year/period/Total comprehensive expense	(30)	(38)
Aggregate carrying amount of the Group's interest in this joint venture	446	476

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020
(CONT'D)

8. PROPERTY AND EQUIPMENT

	At 1.1.2020 RM'000	Additions RM'000	Transfer from an associate* RM'000	Reclassification RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charges RM'000	At 31.12.2020 RM'000
The Group								
2020								
<i>Carrying Amount</i>								
IT terminals	3,608	2,131	-	-	(383)	(76)	(1,228)	4,052
Motor vehicles	963	-	-	-	(170)	-	(342)	451
Office and communication equipment	19,253	570	-	18,000	-	-	(8,894)	28,929
Office furniture and renovation	36,580	3,216	5	-	-	(64)	(4,752)	34,985
Computers	7,286	1,318	320	-	-	(2)	(3,391)	5,531
Software	1,622	237	65	-	-	-	(653)	1,271
Buildings	215,571	-	-	-	-	-	(4,492)	211,079
Capital work-in-progress	18,000	44,525	-	(18,000)	-	-	-	44,525
	302,883	51,997	390	-	(553)	(142)	(23,752)	330,823

* - The equipment were transferred at net book value (carrying amount).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

8. PROPERTY AND EQUIPMENT (CONT'D)

	← 1.10.2018 →									
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions	Reclassification [#]	Disposals	Written Off	Depreciation Charges	At 31.12.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group										
2019										
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	53,746	(50,629)	(13,218)	-	-	18,000	
	283,848	(4,238)	279,610	69,864	-	(16,730)	(558)	(29,303)	302,883	

- mainly relates to buildings and renovations which were completed in the previous financial period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020
(CONT'D)

8. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
The Group				
2020				
IT terminals	7,066	(3,014)	-	4,052
Motor vehicles	2,781	(2,330)	-	451
Office and communication equipment	91,799	(62,870)	-	28,929
Office furniture and renovation	53,616	(18,631)	-	34,985
Computers	30,885	(25,354)	-	5,531
Software	4,828	(3,557)	-	1,271
Buildings	222,470	(11,391)	-	211,079
Capital work-in-progress	70,627	-	(26,102)	44,525
	484,072	(127,147)	(26,102)	330,823
2019				
IT terminals	6,281	(2,673)	-	3,608
Motor vehicles	3,355	(2,392)	-	963
Office and communication equipment	73,229	(53,976)	-	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
	433,710	(104,725)	(26,102)	302,883

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

8. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.1.2020 RM'000	Additions RM'000	Transfer from an associate* RM'000	Reclassification RM'000	Depreciation Charges RM'000	At 31.12.2020 RM'000
The Company						
2020						
<i>Carrying Amount</i>						
Motor vehicles	1	-	-	-	(1)	-
Office and communication equipment	3,077	42	-	18,000	(2,789)	18,330
Office furniture and renovation	31,190	47	5	-	(3,893)	27,349
Computers	2,686	368	320	-	(1,357)	2,017
Software	983	163	65	-	(414)	797
Buildings	136,433	-	-	-	(2,825)	133,608
Capital work-in-progress	18,000	-	-	(18,000)	-	-
	192,370	620	390	-	(11,279)	182,101

* - The equipment were transferred at net book value (carrying amount).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

8. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.10.2018	Additions	Reclassification [#]	Transfer From Investment Properties (Note 9)	Disposal	Written Off	Depreciation Charges	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
2019								
<i>Carrying Amount</i>								
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 in the previous financial period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

8. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
The Company				
2020				
Motor vehicles	540	(540)	-	-
Office and communication equipment	36,373	(18,043)	-	18,330
Office furniture and renovation	41,126	(13,777)	-	27,349
Computers	12,927	(10,910)	-	2,017
Software	2,771	(1,974)	-	797
Buildings	141,249	(7,641)	-	133,608
Capital work-in-progress	26,102	-	(26,102)	-
	261,088	(52,885)	(26,102)	182,101
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

At the end of the reporting year, 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Buildings	119,572	122,107	119,572	122,107

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

9. INVESTMENT PROPERTIES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 January 2020/1 October 2018	32,654	32,654	115,989	123,275
Transfer to property and equipment (Note 8)	-	-	-	(7,286)
At 31 December 2020/2019	32,654	32,654	115,989	115,989
Accumulated depreciation:-				
At 1 January 2020/1 October 2018	(1,688)	(871)	(5,885)	(3,180)
Depreciation during the financial year/period (Note 37)	(653)	(817)	(2,320)	(2,899)
Transfer to property and equipment (Note 8)	-	-	-	194
At 31 December 2020/2019	(2,341)	(1,688)	(8,205)	(5,885)
	30,313	30,966	107,784	110,104
Represented by:-				
Buildings:				
- at cost	30,313	30,966	107,784	110,104
- fair value	34,273	34,972	117,665	118,552

- (a) The investment properties of the Group are leased to customers under operating leases with rental payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 4 years.

As at the reporting date, the future minimum rental receivable under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within 1 year	1,210	1,422	5,706	5,782
Between 1 and 2 years	726	847	4,715	4,799
Between 2 and 3 years	333	363	3,541	4,170
Between 3 and 4 years	-	-	-	3,117
	2,269	2,632	13,962	17,868

- (b) Certain investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 28 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 year/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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

10. RIGHT-OF-USE ASSETS

	At 1.1.2020 RM'000	Additions RM'000	Disposal RM'000	Modification of lease liabilities RM'000	Depreciation Charges (Note 37) RM'000	At 31.12.2020 RM'000
The Group						
2020						
<i>Carrying Amount</i>						
Motor vehicles	1,078	540	(58)	-	(619)	941
Office and communication equipment	1,601	-	-	-	(384)	1,217
Office buildings	832	832	-	75	(654)	1,085
Premises	7,112	2,302	-	(2,152)	(4,252)	3,010
	10,623	3,674	(58)	(2,077)	(5,909)	6,253

	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 37) RM'000	At 31.12.2019 RM'000
2019						
<i>Carrying Amount</i>						
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

	The Group	
	2020 RM'000	2019 RM'000
Analysed by:-		
Cost	17,322	21,668
Accumulated depreciation	(11,069)	(11,045)
	6,253	10,623

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

10. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2020 RM'000	Addition RM'000	Modification of lease liabilities RM'000	Depreciation Charges (Note 37) RM'000	At 31.12.2020 RM'000
The Company					
2020					
<i>Carrying Amount</i>					
Office buildings	73	-	-	(65)	8
Premises	689	592	(22)	(666)	593
	762	592	(22)	(731)	601

	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 37) RM'000	At 31.12.2019 RM'000
2019						
<i>Carrying Amount</i>						
Office buildings	-	132	132	34	(93)	73
Premises	-	724	724	872	(907)	689
	-	856	856	906	(1,000)	762

	The Company	
	2020 RM'000	2019 RM'000
Analysed by:-		
Cost	1,379	1,762
Accumulated depreciation	(778)	(1,000)
	601	762

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

**10. RIGHT-OF-USE ASSETS (CONT'D)**

- (a) The Group leases various office properties, equipment and motor vehicles of which the leasing activities 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 between 1 year and 3 years. |
| (iv) Premises | The Group has leased a number of sites, warehouses and retail shops between 1 year and 4 years. The Group is not allowed to sublease the warehouses and retail shops. |
- (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.

11. OTHER INVESTMENTS

INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at fair value	138,000	34,600

The Group has designated the below equity investments at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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11. OTHER INVESTMENTS (CONT'D)

INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

The fair value of each investment is summarised below:-

		The Group	
		2020	2019
		RM'000	RM'000
Unquoted shares of Entity A	(a)	10,774	874
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		5,999	5,999
Unquoted shares of Entity G		9,141	9,141
Unquoted shares of Entity H	(b)	3,500	-
Unquoted shares of Entity I	(c)	90,000	-
		138,000	34,600

Other investments stated at fair value are analysed into level 2 and level 3 fair value measurements.

The level 2 fair value of other investments have been determined based on transacted values during the financial year and the market comparison technique using market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares. Investments in Entities F, G, H and I fall within level 2 fair value measurements.

The level 3 fair value of other investments have been determined using discounted cash flow income approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs. Investments in Entities A, B, C, D and E fall within level 3 fair value measurements.

- (a) On 2 November 2020, MYEGC subscribed for an additional 100,500,000 shares in Entity A for a total cash consideration of RM9,900,000.
- (b) On 5 March 2020, MYEGC subscribed for a total of 145,162 Redeemable Convertible Preference Shares ("RCPS") in Entity H, for a total cash consideration of RM3,500,000. Upon conversion of the RCPS on a fully diluted basis, MYEGC will then hold 22.5% equity interest in Entity H.

As at the financial year end, the RCPS has not been converted into ordinary shares.

- (c) 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 Entity I, representing 10% of the issued and paid-up share capital of Entity I by MYEGC from MAL for a total consideration of RM90 million, which was satisfied partly by cash consideration of RM75 million and the balance sum of RM15 million which was satisfied by allotment and issuance of 12,500,000 new ordinary shares (at RM1.20 per share) in the Company ("Consideration Shares") to MAL.

As at the end of the financial year, unquoted equity investments with carrying amount of approximately RM15,140,000 were transferred from level 3 to level 2 as there is a change in valuation technique from income approach to market approach.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

11. OTHER INVESTMENTS (CONT'D)

The details of significant unobservable inputs of material investments under level 3 fair value measurement relating to Entity A, B and C are as follows:-

Investment in an entity engaged in computer and mobile software application and provision of information technology related services activities (Entity A)

<u>Unobservable Inputs</u>			<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
(aa)	Revenue growth rates of 22%	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 RM1,330,000.
(bb)	Pre-tax operating profit margins of 40%	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 RM384,000.
(cc)	Discount rate of 15%	Determined using a Capital Asset Pricing Model.	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 RM712,000.

Investment in an entity engaged in online fashion boutique business (Entity B)

<u>Unobservable Inputs</u>			<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
(aa)	Revenue growth rates of 30% (2019 - 28%)	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 RM2,637,000.
(bb)	Pre-tax operating profit margins of 50% (2019 - 50%)	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 RM1,847,000.
(cc)	Discount rate of 14% (2019 - 9%)	Determined using a Capital Asset Pricing Model.	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 RM611,000.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

11. OTHER INVESTMENTS (CONT'D)

Investment in an entity engaged in providing debt collection system, telecommunication services, computer software, hardware and related accessories (Entity C)

<u>Unobservable Inputs</u>			<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
(aa)	Revenue growth rates of 17% (2019 - 15%)	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 RM1,131,000.
(bb)	Pre-tax operating profit margins of 70% (2019 - 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 RM350,000.
(cc)	Discount rate of 9% (2019 - 14%)	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 RM714,000.

12. DEVELOPMENT COSTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 January 2020/1 October 2018	20,624	20,624	10,267	10,267
Addition during the financial year	130,935	-	94,710	-
At 31 December 2020/2019	151,559	20,624	104,977	10,267
Accumulated amortisation:-				
At 1 January 2020/1 October 2018	(19,770)	(17,634)	(9,698)	(8,470)
Amortisation during the financial year/period	(5,056)	(2,136)	(2,438)	(1,228)
At 31 December 2020/2019	(24,826)	(19,770)	(12,136)	(9,698)
	126,733	854	92,841	569

Development costs were incurred for Electronic Government Services' software/system development, immigration related integrated modules, MySafeTravel ("MST") Portal, and other related services. Their amortisation charges are recognised in statements of profit or loss and other comprehensive income under the "Other Expenses" line item. Additional development costs with finite useful lives are amortised over a period of 2 to 3 years. Certain development costs are not amortised as these assets are not available for use and are still under development as at the financial year end.

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12. DEVELOPMENT COSTS (CONT'D)

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Included in additions, at cost, during the financial year are:-				
Electronic Government Services	48,710	-	24,710	-
Immigration related integrated modules	70,000	-	70,000	-
MST Portal	12,000	-	-	-
Staff costs	225	-	-	-
	130,935	-	94,710	-

13. GOODWILL ON CONSOLIDATION

	The Group	
	2020	2019
	RM'000	RM'000
Cost	18,549	18,549
Accumulated impairment losses	(95)	(95)
	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	
	2020	2019
	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	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	
	2020	2019	2020	2019	2020	2019
E-business activities	85%	85% - 86%	3% - 5%	5%	12%	13%
Provision of credit card terminal, hardware, solutions and other related services	35% - 40%	35% - 38%	20% - 32%	27% - 29%	12%	13%

NOTES TO THE FINANCIAL STATEMENTS

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13. GOODWILL ON CONSOLIDATION (CONT'D)

- (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.

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 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.

14. FINANCING RECEIVABLES

	The Group	
	2020	2019
	RM'000	RM'000
Current assets		
Loan receivables (Secured)	18,889	11,111
Loan receivables (Unsecured)	3,789	3,654
Hire purchase and finance lease receivables	14,631	21,026
Ijarah financing receivables	1,584	-
Micro financing receivables	3	7
	38,896	35,798
Non-Current assets		
Loan receivables (Secured)	127,407	224,630
Loan receivables (Unsecured)	27,705	26,746
Hire purchase and finance lease receivables	41,828	44,637
Ijarah financing receivables	5,953	-
	202,893	296,013
	241,789	331,811
Less: Unearned profit	(9,993)	(11,217)
Gross financing receivables	231,796	320,594
Allowance for impairment losses	(2,165)	(1,563)
Net financing receivables	229,631	319,031

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14. FINANCING RECEIVABLES (CONT'D)

	The Group	
	2020	2019
	RM'000	RM'000
<u>Allowance for impairment losses under MFRS 9</u>		
At 1 January 2020/1 October 2018	1,563	549
Addition during the financial year/period (Note 36)	602	1,014
At 31 December 2020/2019	2,165	1,563
The maturity of the financing receivables is as follows:-		
Not later than 1 year	34,378	34,047
Later than 1 year and not later than 5 years	125,619	161,561
Later than 5 years	79,627	134,640
	239,624	330,248
Less: Unearned profit	(9,993)	(11,217)
	229,631	319,031
Analysed as follows:-		
Current	32,964	30,674
Non-Current	196,667	288,357
	229,631	319,031

15. INVENTORIES

	The Group	
	2020	2019
	RM'000	RM'000
Used motor vehicles	476	692
Finished goods	2,952	2,553
	3,428	3,245
Recognised in profit or loss:-		
Amount written down to net realisable value	69	31
Reversal of inventories previously written down	(17)	(52)
Inventories recognised as cost of sales	15,506	31,395

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE RECEIVABLES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables	172,103	156,053	1,003	313
Allowance for impairment losses	(5)	(15)	-	-
	172,098	156,038	1,003	313
Accrued income	685	747	-	-
	172,783	156,785	1,003	313
Allowance for impairment losses under MFRS 9:-				
At 1 January 2020/ 1 October 2018	(15)	(13)	-	-
Addition during the financial period	-	(33)	-	-
Reversal during the financial year/period	2	31	-	-
Written off during the financial year	8	-	-	-
At 31 December 2020/2019	(5)	(15)	-	-

The Group's normal trade credit terms range from cash terms to 180 (2019 - cash terms to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other receivables:-				
Third parties	32,595	29,465	18,389	16,205
Allowance for impairment losses under MFRS 9	(18)	(20)	-	-
	32,577	29,445	18,389	16,205
Goods and services tax recoverable	54	494	-	-
	32,631	29,939	18,389	16,205
Deposits	3,351	3,297	1,667	1,691
Prepayments	67,977	23,022	38,148	16,774
	103,959	56,258	58,204	34,670
Allowance for impairment losses under MFRS 9:-				
At 1 January 2020/ 1 October 2018	(20)	(20)	-	-
Reversal during the financial year	2	-	-	-
At 31 December 2020/2019	(18)	(20)	-	-
Breakdown as below:-				
Purchase of equipment	42,460	15,448	37,141	15,148
Advance payments for health screening services	2,626	-	-	-
Advance payments for inventories	638	-	-	-
Performance guarantee placed with gateway provider	30,475	26,930	17,206	14,099
Performance bond placed with government agency	99	99	-	-
Vaccine storage centre	12,090	-	-	-
Prepayment for leasehold land	5,081	5,081	-	-

18. AMOUNT OWING BY/(TO) SUBSIDIARIES

The non-trade balances represent unsecured interest-free advances and payment made on behalf. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

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19. AMOUNT OWING BY/(TO) ASSOCIATES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amount owing by:				
- trade	65,450	65,450	42,750	42,750
- non-trade	29,810	30,006	29,805	30,000
	95,260	95,456	72,555	72,750
Less: Allowance for impairment losses	(95,255)	(95,450)	(72,555)	(72,750)
	5	6	#	-
Amount owing to:				
- non-trade	33	-	-	-
Allowance for impairment losses under MFRS 9:-				
At 1 January 2020/ 1 October 2018	(95,450)	(95,450)	(72,750)	(72,750)
Reversal during the financial year	195	-	195	-
At 31 December 2020/2019	(95,255)	(95,450)	(72,555)	(72,750)

represents an amount less than RM1,000

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 2019, 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 financial period ended 2018.

20. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

21. 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 1.35% to 3.35% (2019 - 2.65% to 3.35%) per annum and 3.10% to 3.35% (2019 - 3.10% to 3.35%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2019 - 1 to 12) months and 12 (2019 - 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 RM12,624,440 and RM7,688,096 (2019 - RM12,240,016 and RM7,688,096) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.
- (c) At the end of the reporting period, the fixed deposits of the Group and the Company amounting to RM227,460 and RM33,000 (2019 - RM316,000 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.

22. CASH AND BANK BALANCES

Included in the cash and bank balances is the following:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term cash investments	116,347	1,193	55,650	618

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 RM1.38 (2019 - RM0.51 to RM1.33). The short-term cash investments have maturity periods ranging from 1 to 30 (2019 - 1 to 30) days.

At the end of the reporting year, the bank balances of the Group and the Company amounting to RM26,718 (2019 - RM100,000) was held in trust by a director of the Company and a director of a subsidiary.

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For The Financial Year Ended 31 December 2020

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23. SHARE CAPITAL

		The Group/The Company			
		2020		2019	
		Number Of Shares	Share Capital	Number Of Shares	Share Capital
		’000	RM’000	’000	RM’000
Issued and Fully Paid-Up					
Ordinary shares					
At 1 January 2020/October 2018		3,606,306	360,630	3,606,306	360,630
Issuance of new shares for cash pursuant to:					
- issuance of new shares	(b)	12,500	14,975	-	-
- DRP	(c)	45,623	58,398	-	-
- private placements	(d)	120,000	211,509	-	-
Cancellation of treasury shares	(e)	(112,500)	(11,250)	-	-
		65,623	273,632	-	-
At 31 December		3,671,929	634,262	3,606,306	360,630

- (a) 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.
- (b) Issuance of 12,500,000 new ordinary shares amounting to RM14,975,000, net of transaction costs, as part of the total consideration for the acquisition of a 10% equity interest in an investment by the Group as disclosed in Note 11(c) to the financial statements.
- (c) Issuance of 45,623,744 new ordinary shares from the exercise of the first and second DRP at an exercise price of RM1.28 per share amounting to RM58,398,392 as disclosed in Note 40 to the financial statements.
- (d) Issuance of 120,000,000 new ordinary shares from the exercise of the first tranche private placement for a cash consideration of RM211,508,811, net of transaction costs.
- (e) During the financial year, the Company has undertaken the cancellation of treasury shares pursuant to Section 127 of the Companies Act 2016 in Malaysia which resulted in the reduction of the issued and paid-up capital by RM11,250,000.
- (f) The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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24. TREASURY SHARES

	The Group/The Company 2020		2019	
	Number Of Shares "000	Treasury Shares RM'000	Number Of Shares "000	Treasury Shares RM'000
At 1 January 2020/1 October 2018	140,165	144,743	54,000	52,804
Buy back	26,000	30,914	86,165	91,939
Cancellation	(112,500)	(114,005)	-	-
At 31 December 2020/2019	53,665	61,652	140,165	144,743

During the financial year, the Company purchased 25,999,600 (2019 - 86,165,100) of its issued ordinary shares from the open market at an average price of RM1.19 (2019 - RM1.07) per share. The total consideration paid for the shares purchased was RM30,914,378 (2019 - RM91,938,193) including transaction costs. In addition, the Company cancelled 112,500,000 treasury shares with carrying value of RM114,004,653. 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 year, the Company held as treasury shares a total of 53,664,700 of its 3,671,929,737 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM61,652,241.

25. RESERVES

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value reserve	(a)	6,401	6,401	-	-
Foreign exchange translation reserve	(b)	20	38	-	-
Retained profits		570,191	490,606	537,842	450,283
		576,612	497,045	537,842	450,283

(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 a foreign subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS

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26. LEASE LIABILITIES

	The Group	
	2020 RM'000	2019 RM'000
At 1 January 2020/October 2018:		
- As previously reported	9,696	-
- Initial application of MFRS 16	-	8,797
- As restated	9,696	8,797
Addition during the financial year/period	3,635	8,680
Interest expense recognised in profit or loss	304	659
Changes due to lease modification	(2,152)	-
Repayment of principal	(5,722)	(7,781)
Repayment of interest expense	(304)	(659)
At 31 December 2020/2019	5,457	9,696
Analysed by:-		
Current liabilities	3,546	5,755
Non-current liabilities	1,911	3,941
	5,457	9,696

	The Company	
	2020 RM'000	2019 RM'000
At 1 January 2020/October 2018:		
- As previously reported	786	-
- Initial application of MFRS 16	-	857
- As restated	786	857
Addition during the financial year/period	592	906
Interest expense recognised in profit or loss	24	67
Changes due to lease modification	(24)	-
Repayment of principal	(743)	(977)
Repayment of interest expense	(24)	(67)
At 31 December 2020/2019	611	786
Analysed by:-		
Current liabilities	439	633
Non-current liabilities	172	153
	611	786

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 10(a)(i) to the financial statements, with lease terms ranging from 4 to 7 (2019 - 4 to 7) years and bear effective interest rates ranging from 3.12% to 6.36% (2019 - 4.72% to 6.03%).

NOTES TO THE FINANCIAL STATEMENTS

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27. LONG-TERM BORROWINGS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Term loans (Note 28)	109,985	120,009	109,985	120,009
Block discounting (Note 29)	10,855	12,565	-	-
	120,840	132,574	109,985	120,009

28. TERM LOANS (SECURED)

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current liabilities (Note 34)	18,025	17,740	18,025	17,740
Non-current liabilities (Note 27)	109,985	120,009	109,985	120,009
	128,010	137,749	128,010	137,749

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

The term loans bore effective interest rates ranging from 3.34% to 6.45% (2019 - 4.64% to 7.70%) per annum at the end of the reporting period and are secured by:-

- (i) a placement of certain Deposits of the Company; and
- (ii) specific charges over the buildings and investment properties of the Group and of the Company.

29. BLOCK DISCOUNTING

	The Group	
	2020	2019
	RM'000	RM'000
Current liabilities (Note 34)	5,553	4,587
Non-current liabilities (Note 27)	10,855	12,565
	16,408	17,152

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29. BLOCK DISCOUNTING (CONT'D)

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
Block discounting loan 9	57	48	March 2020
Block discounting loan 10	57	30	November 2020
Block discounting loan 11	60	7	November 2020
Block discounting loan 12	60	27	November 2020

The block discounting of the Group at the end of the reporting period bore fixed effective interest rates ranging from 3.86% to 6.76% (2019 - 3.86% to 6.74%) per annum and are secured by:-

- Master agreement between a subsidiary of the Company and the bank;
- Assignment of Hire Purchase/Non-Act Leasing Agreements through a power of attorney in favour of the bank;
- Corporate guarantee of the Company; and
- Placement of certain fixed deposits of a subsidiary.

30. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020/1 October 2018	2,223	2,277	1,910	1,910
Recognised in profit or loss (Note 38)	150	(54)	-	-
At 31 December 2020/2019	2,373	2,223	1,910	1,910

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	1,644	1,664	1,351	1,351
Development costs	729	559	559	559
	2,373	2,223	1,910	1,910

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30. DEFERRED TAX LIABILITIES (CONT'D)

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 crystallise in the foreseeable future as the business operations of which the deferred tax liabilities arose are operated by subsidiary of which MSC status has been granted.

	The Group	
	2020	2019
	RM'000	RM'000
Accelerated capital allowances	7,479	1,380
Development costs	(4,251)	(547)
	3,228	833

31. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from cash terms to 90 (2019 - cash term to 90) days.

32. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	4,605	6,863	4,199	5,817
Goods and services tax payable	13	48	-	-
Sales and services tax payable	398	385	60	78
	5,016	7,296	4,259	5,895
Accruals	21,006	21,049	2,433	7,328
Deposits	817	2,139	204	198
	26,839	30,484	6,896	13,421

33. DEFERRED REVENUE

The deferred revenue primarily relate to advance considerations received from customers for the rental of devices and advanced billings for other maintenance, advertising and marketing services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

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34. SHORT-TERM BORROWINGS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Term loans (Note 28)	18,025	17,740	18,025	17,740
Revolving credits	21,100	21,100	20,000	20,000
Block discounting (Note 29)	5,553	4,587	-	-
	44,678	43,427	38,025	37,740

The revolving credits of the Group and of the Company at the end of the reporting period bore contractual interest rates ranging from 3.66% to 5.36% (2019 - 5.49% to 5.72%) and 5.36% (2019 -5.49%) 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.

35. REVENUE

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
<u>Revenue from Contracts with Customers</u>				
Concession Based Services	70,043	102,231	6,360	7,737
Commercial Based Services and Products:				
- sale of goods	131,822	182,376	-	-
- services rendered	277,204	271,787	745	1,200
- concession related services	25,747	13,150	1,630	1,892
Interest income derived from financing receivables	19,238	17,119	-	-
Profit income derived from ijarah financing receivable	483	-	-	-
	524,537	586,663	8,735	10,829
<u>Revenue from Other Sources</u>				
Rental income	5,926	6,840	-	-
Dividend income	-	75	300,000	300,000
	530,463	593,578	308,735	310,829

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36. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
- financing receivables (Note 14)	602	1,014	-	-
- trade receivables (Note 16)	-	33	-	-
Reversal of impairment losses:				
- trade receivables (Note 16)	(2)	(31)	-	-
- other receivables (Note 17)	(2)	-	-	-
- amount owing by associates (Note 19)	(195)	-	(195)	-
	403	1,016	(195)	-

37. PROFIT BEFORE TAXATION

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of development costs (Note 12)	5,056	2,136	2,438	1,228
Auditor's remuneration:				
- audit fees:				
- current financial year	380	359	68	68
- under/(over)provision in the previous financial period				
- auditor of the Company	-	(2)	-	-
- other auditor	15	-	-	-
- non-audit fees	3	3	3	3
Bad debts written off	8	49	-	-
Directors' fee (Note 42)	604	845	604	845
Directors' non-fee emoluments (Note 42)	1,311	1,700	-	-
Depreciation:				
- property and equipment (Note 8)	23,752	29,303	11,279	11,610
- investment properties (Note 9)	653	817	2,320	2,899
- right-of-use assets (Note 10)	5,909	7,280	731	1,000
Equipment written off (Note 8)	142	558	-	534

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For The Financial Year Ended 31 December 2020

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37. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Impairment loss on:				
- investment in an associate (Note 6)	-	-	-	400
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- revolving credit	740	929	691	717
- term loans	6,074	7,331	6,074	7,331
- block discounting	1,147	245	-	-
Interest expense on lease liabilities (Note 26)	304	659	24	67
Inventories written down (Note 15)	69	31	-	-
Loss/(Gain) on foreign exchange:				
- realised	28	(58)	-	-
- unrealised	(56)	(1)	(4)	5
Lease expenses:				
- short-term leases	407	2,407	51	396
- low-value assets	157	139	85	48
- rental of equipment	253	248	43	74
- rental of parking	-	7	-	-
Share of losses in associates	937	1,147	-	-
Share of losses in joint ventures	699	1,398	-	-
Staff costs:				
- salaries and other benefits	85,705	114,475	8,922	13,450
- defined contribution benefits	9,431	12,901	904	1,367
Dividend income from a subsidiary	-	-	(300,000)	(300,000)
Gain on disposal of equipment	(9)	(72)	-	-
Gain on disposal of right-of-use assets	(110)	-	-	-
Gain on modification of leases	(75)	-	(2)	-
Gain on partial disposal of an other investment	-	(3,553)	-	-
Interest income on financial assets measured at amortised cost:				
- fixed deposits with licensed banks	(493)	(1,142)	(63)	(623)
- a subsidiary	-	-	(12,218)	(10,309)
Liquidated ascertained damages charged to a developer	-	(8,376)	-	(8,376)
Rental income from investment properties	(1,533)	(3,219)	(4,923)	(7,771)
Reversal of inventories previously written down (Note 15)	(17)	(52)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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38. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000
Current tax:				
- for the current financial year/period	1,441	2,064	164	223
- underprovision in the previous financial period	173	2,063	-	2,246
	1,614	4,127	164	2,469
Deferred tax (Note 30):				
- for the current financial year/period	170	(4)	-	-
- overprovision in the previous financial period	(20)	(50)	-	-
	150	(54)	-	-
- reversal of deferred tax assets	-	710	-	-
	150	656	-	-
	1,764	4,783	164	2,469

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	
	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000
Profit before taxation	268,958	306,939	276,794	268,354
Tax at the applicable statutory tax rate of 24%	64,550	73,665	66,431	64,405
Tax effects of:-				
Tax-exempt income	(73,165)	(86,321)	(15)	(16)
Non-taxable income	-	(869)	(72,000)	(72,000)
Non-deductible expenses	5,170	9,405	3,163	4,817
Deferred tax assets not recognised during the financial year/period	5,205	6,491	2,585	3,017
Utilisation of deferred tax assets previously not recognised	(147)	(306)	-	-
Effects of differential in tax rates of a foreign subsidiary	(2)	(5)	-	-
Underprovision in the previous financial year/period:				
- current tax	173	2,063	-	2,246
- deferred tax	(20)	(50)	-	-
Reversal of deferred tax assets	-	710	-	-
	1,764	4,783	164	2,469

NOTES TO THE FINANCIAL STATEMENTS

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38. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year/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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	68,997	52,610	26,279	24,463
Unabsorbed capital allowances	33,917	31,135	23,225	15,162
Accelerated capital allowances	(459)	(355)	-	-
Other provisions	2,806	795	967	77
	105,261	84,185	50,471	39,702

39. EARNINGS PER SHARE

	The Group	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
Profit attributable to owners of the Company (RM'000)	268,656	303,090
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January 2020/1 October 2018 ('000)	3,532,276	3,590,917
Effect of treasury shares buy-back ('000)	(12,849)	(58,641)
Effect of new ordinary shares issued ('000)	6,113	-
Effect of new ordinary shares issued pursuant to DRP ('000)	7,105	-
Effect of new ordinary shares issued pursuant to private placement ('000)	4,918	-
Weighted average number of ordinary shares at 31 December 2020/2019 ('000)	3,537,563	3,532,276
Basic earnings per share (Sen)	7.6	8.6

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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40. DIVIDENDS

	The Company	
	2020	2019
	RM'000	RM'000
In respect of the financial period ended 30 September 2018:		
- 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
- a final dividend of 2.0 sen per ordinary share, paid on 5 November 2020	69,053	-
In respect of the financial year ended 31 December 2020:		
- a first interim dividend of 0.50 sen per ordinary share, paid on 5 November 2020	17,263	-
	86,316	66,202

On 6 August 2020, the shareholders of the Company approved the DRP to enable the Company's efforts to enhance and maximise shareholders' value. The DRP is part of the Company's capital management plan in retaining capital for future expansion of the business.

The Board of Directors have determined that the option to reinvest through the DRP shall apply to the entire portion of the final dividend of 2.0 sen per ordinary share for the financial period ended 31 December 2019 and 0.50 sen per ordinary share for the financial year ended 31 December 2020.

During the financial year, the Company issued a total of 36,549,480 new ordinary shares pursuant to the DRP applicable to the final dividend of 2.0 sen per ordinary share of MYEG for the financial period ended 31 December 2019 ("1st DRP") and 9,074,264 new ordinary shares pursuant to the DRP applicable to the first interim dividend of 0.50 sen per ordinary share of MYEG for the financial year ended 31 December 2020 ("2nd DRP") at the price of RM1.28 per MYEG share which amounted to RM46,783,334 and RM11,615,058 respectively.

At the forthcoming Annual General Meeting, a final dividend of 1.7 sen per ordinary share amounting to approximately RM62.42 million in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

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41. CASH FLOW INFORMATION

- (a) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Right-of-use assets				
Cost of right-of-use assets acquired (Note 10)	3,674	8,680	592	906
Less: Addition of new lease liabilities (Note (b) below)	(3,635)	(8,680)	(592)	(906)
Less: Deposits paid during the financial year for motor vehicles	(39)	-	-	-
	-	-	-	-

- (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	Lease Liabilities RM'000	Total RM'000
2020					
At 1 January 2020	137,749	21,100	17,152	9,696	185,697
Changes in Financing Cash Flows					
Proceeds from drawdown	-	-	4,337	-	4,337
Repayment of principal	(9,739)	-	(5,081)	(5,722)	(20,542)
Repayment of interests	(6,074)	(740)	(1,147)	(304)	(8,265)
	(15,813)	(740)	(1,891)	(6,026)	(24,470)
Non-cash Changes					
Acquisition of new leases (Note 26)	-	-	-	3,635	3,635
Interest expense recognised in profit or loss (Note 37)	6,074	740	1,147	304	8,265
Changes due to lease modification (Note 26)	-	-	-	(2,152)	(2,152)
	6,074	740	1,147	1,787	9,748
At 31 December 2020	128,010	21,100	16,408	5,457	170,975

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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41. 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	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
<u>Changes in Financing Cash Flows</u>						
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
<u>Non-cash Changes</u>						
Acquisition of new leases (Note 26)	-	-	-	-	8,680	8,680
Interest expense recognised in profit or loss (Note 37)	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

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41. 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 Liabilities RM'000	Total RM'000
2020				
At 1 January 2020	137,749	20,000	786	158,535
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	(9,739)	-	(743)	(10,482)
Repayment of interests	(6,074)	(691)	(24)	(6,789)
	(15,813)	(691)	(767)	(17,271)
<u>Non-cash Changes</u>				
Acquisition of new leases (Note 26)	-	-	592	592
Interest expense recognised in profit or loss (Note 37)	6,074	691	24	6,789
Changes due to lease modification (Note 26)	-	-	(24)	(24)
	6,074	691	592	7,357
At 31 December 2020	128,010	20,000	611	148,621
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
<u>Changes in Financing Cash Flows</u>				
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
<u>Non-cash Changes</u>				
Acquisition of new leases (Note 26)	-	-	906	906
Interest expense recognised in profit or loss (Note 37)	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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41. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Interest paid on lease liabilities	304	659
Payment of lease liabilities	5,722	7,781
	6,026	8,440

	The Company	
	2020 RM'000	2019 RM'000
Interest paid on lease liabilities	24	67
Payment of lease liabilities	743	977
	767	1,044

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks	12,829	12,439	7,688	7,688
Cash and bank balances (including short-term investments)	221,784	63,781	95,612	39,894
	234,613	76,220	103,300	47,582
Less: Cash at trust account balances	(2)	(2)	-	-
Less: Fixed deposits pledged to licensed banks	(12,624)	(12,240)	(7,688)	(7,688)
Less: Fixed deposits with tenure more than 3 months	(121)	(117)	-	-
	221,866	63,861	95,612	39,894

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42. 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 year is as follows:-

	The Group		The Company	
	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000
Directors				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	360	540	360	540
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	244	305	244	305
	604	845	604	845
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	978	1,295	-	-
- defined contribution benefits	116	152	-	-
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- other benefits	195	226	-	-
- defined contribution benefits	22	27	-	-
	1,311	1,700	-	-
	(Restated)			
Other Key Management Personnel				
Short-term employee benefits	1,598	2,215	-	-
Defined contribution benefits	174	243	-	-
Total compensation for other key management personnel	1,772	2,458	-	-

NOTES TO THE FINANCIAL STATEMENTS

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43. 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 year/period:-

	The Group		The Company	
	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019	1.1.2020 to 31.12.2020	1.10.2018 to 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Sales to:				
<i>A subsidiary</i>				
MECSB	-	-	720	1,200
Dividend income from a subsidiary				
EGSB	-	-	300,000	300,000
Purchase from subsidiaries	-	-	1	2
Management fees charged by a subsidiary:				
MYEGMS	-	-	2,005	5,502
Rental income from subsidiaries	-	-	3,390	5,677
Interest income from a subsidiary	-	-	12,218	10,309
Professional fees charged by a related party:				
Embunaz Ventures Sdn. Bhd.*	250	312	250	312
Transfer of assets from an associate				
MINT (Note 8)	390	-	390	-

* 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.

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44. OPERATING SEGMENTS

44.1 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.

44.2 INFORMATION ON GEOGRAPHICAL LOCATION OF CUSTOMERS

Revenue is based on the countries in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments. The non-current assets located at Indonesia amounted to approximately RM15.6 million as at the financial year end (2019 - Nil).

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	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	404,575	435,601	11,923	13,376	416,498	448,977
Outside Malaysia	113,950	144,601	15	-	113,965	144,601
	518,525	580,202	11,938	13,376	530,463	593,578

44.3 MAJOR CUSTOMERS

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

	Revenue	
	1.1.2020 to 31.12.2020 RM'000	1.10.2018 to 31.12.2019 RM'000
Customer #1	113,950	84,460
Customer #2	-	60,075
	113,950	144,535

45. CAPITAL COMMITMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Purchase of property and equipment	114,210	19,002	49,205	13,921
Development costs	60,000	-	60,000	-
Balance consideration for investment in an associate	26,100	26,100	-	-
	200,310	45,102	109,205	13,921

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46. 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	
	2020	2019
	RM'000	RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	24,408	25,357

47. 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.

47.1 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"), Singapore Dollar ("SGD"), United States Dollar ("USD") and Philippine Peso ("PHP") and foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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:-

Foreign Currency Exposure

	United States Dollar RM'000	Singapore Dollar RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group					
2020					
<u>Financial Assets</u>					
Other investments	-	-	-	138,000	138,000
Financing receivables	-	-	-	229,631	229,631
Trade receivables *	-	-	-	172,098	172,098
Other receivables	-	-	11	32,566	32,577
Amount owing by an associate	-	-	-	5	5
Amount owing by joint ventures	-	-	513	1	514
Fixed deposits with licensed banks	-	-	-	12,829	12,829
Cash and bank balances	30	727	346	220,681	221,784
	30	727	870	805,811	807,438

* The trade receivables exclude accrued income.

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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 RM'000	Singapore Dollar RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group					
2020					
<u>Financial Liabilities</u>					
Trade payables	2,083	-	-	70,321	72,404
Other payables and accruals	-	-	2	26,426	26,428
Amount owing to an associate	-	-	-	33	33
Lease liabilities	-	-	-	5,457	5,457
Term loans	-	-	-	128,010	128,010
Revolving credit	-	-	-	21,100	21,100
Block discounting	-	-	-	16,408	16,408
	2,083	-	2	267,755	269,840
Net financial (liabilities)/ assets	(2,053)	727	868	538,056	537,598
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	(538,056)	(538,056)
Currency exposure	(2,053)	727	868	-	(458)

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	Indonesian Rupiah RM'000	Others RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group				
2019				
<u>Financial Assets</u>				
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
<u>Financial Liabilities</u>				
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

* The trade receivables exclude accrued income.

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Company			
2020			
<u>Financial Assets</u>			
Trade receivables	-	1,003	1,003
Other receivables	-	18,389	18,389
Amount owing by subsidiaries	-	697,403	697,403
Amount owing by an associate	-	#	#
Fixed deposits with licensed banks	-	7,688	7,688
Cash and bank balances	727	94,885	95,612
	727	819,368	820,095
<u>Financial Liabilities</u>			
Trade payables	-	2,300	2,300
Other payables and accruals	-	6,836	6,836
Lease liabilities	-	611	611
Term loans	-	128,010	128,010
Revolving credit	-	20,000	20,000
	-	157,757	157,757
Net financial assets	727	661,611	662,338
Less: Net financial assets denominated in the respective entities' functional currencies	-	(661,611)	(661,611)
Currency exposure	727	-	727

- Represents an amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Others RM'000	Total RM'000
The Company				
2019				
<u>Financial Assets</u>				
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
<u>Financial Liabilities</u>				
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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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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 28 and 34 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 1 customer which constitutes approximately 16% of its trade and financing receivables as at end of the reporting period.

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	338,464	394,667	1,003	313
Outside Malaysia	63,950	81,149	-	-
	402,414	475,816	1,003	313

(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.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than one year are deemed credit impaired and assess for their risk of loss individually.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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)

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:-

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'00
The Group			
2020			
Current (not past due)	300,046	-	300,046
Less than 3 months past due	39,852	-	39,852
3 to 6 months past due	43,327	-	43,327
More than 6 months past due	20,674	(2,170)	18,504
	403,899	(2,170)	401,729

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group			
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

The movements in the loss allowances in respect of financing and trade receivables are disclosed in Notes 14 and 16 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

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.

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 joint ventures. No expected credit loss is recognised on these balances as it is negligible.

Amount Owing By Associates

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by associates are summarised as below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Group			
2020			
Low credit risk	5	-	5
Credit Impaired	95,255	(95,255)	-
	95,260	(95,255)	5
2019			
Low credit risk	6	-	6
Credit Impaired	95,450	(95,450)	-
	95,456	(95,450)	6

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Amount Owing By Associates (cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by associates are summarised as below:- (cont'd)

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company			
2020			
Low credit risk	#	-	#
Credit Impaired	72,555	(72,555)	-
	72,555	(72,555)	#
2019			
Credit Impaired	72,750	(72,750)	-

The amount is less than RM1,000

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(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.

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 or, or if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Group						
2020						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
Lease liabilities	3.12 - 6.36	5,457	6,165	4,762	1,403	-
Term loans	3.34 - 6.45	128,010	140,111	24,768	88,486	26,857
Revolving credit	3.66 - 5.36	21,100	21,233	21,233	-	-
Block discounting	3.86 - 6.76	16,408	18,295	6,477	11,818	-
Trade payables	-	72,404	72,404	72,404	-	-
Other payables and accruals	-	26,428	26,428	26,428	-	-
Amount owing to an associate	-	33	33	33	-	-
		269,840	284,669	156,105	101,707	26,857
2019						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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 RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Company						
2020						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Lease liabilities	3.35 - 4.35	611	660	470	190	-
Term loans	3.34 - 6.45	128,010	140,111	24,768	88,486	26,857
Revolving credit	5.36	20,000	20,112	20,112	-	-
Trade payables	-	2,300	2,300	2,300	-	-
Other payables and accruals	-	6,836	6,836	6,836	-	-
Financial corporate guarantee given to certain subsidiaries	-	-	24,408	24,408	-	-
		157,757	194,427	78,894	88,676	26,857
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
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

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.2 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	
	2020 RM'000	2019 RM'000
Lease liabilities	5,457	9,696
Term loans	128,010	137,749
Revolving credit	21,100	21,100
Block discounting	16,408	17,152
Trade payables	72,404	102,237
Other payables and accruals	26,428	30,051
Amount owing to an associate	33	-
	269,840	317,985
Less: Fixed deposits with licensed banks	(12,829)	(12,439)
Less: Cash and bank balances	(221,784)	(63,781)
Net debt	35,227	241,765
Total equity	1,142,823	707,995
Debt-to-equity ratio	0.03	0.34

There was no change in the Group's approach to capital management during the financial year.

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For The Financial Year Ended 31 December 2020

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2020 RM'000	The Company 2020 RM'000
Financial Assets		
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Unquoted investments	138,000	-
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (included in cash at bank)	116,347	55,650
<u>Amortised Cost</u>		
Financing receivables	229,631	-
Trade receivables *	172,098	1,003
Other receivables	32,577	18,389
Amount owing by subsidiaries	-	697,403
Amount owing by an associate	5	#
Amount owing by joint ventures	514	-
Fixed deposits with licensed banks	12,829	7,688
Cash and bank balances	105,437	39,962
	553,091	764,445
Financial Liability		
<u>Amortised Cost</u>		
Lease liabilities	5,457	611
Term loans	128,010	128,010
Revolving credit	21,100	20,000
Block discounting	16,408	-
Trade payables	72,404	2,300
Other payables and accruals	26,428	6,836
Amount owing to an associate	33	-
	269,840	157,757

* - The trade receivables exclude accrued income.

- Represents an amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

47. FINANCIAL INSTRUMENTS (CONT'D)

47.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group 2019 RM'000	The Company 2019 RM'000
Financial Assets		
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Unquoted investments	34,600	-
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (included in cash at bank)	1,193	618
<u>Amortised Cost</u>		
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		
<u>Amortised Cost</u>		
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)

47. FINANCIAL INSTRUMENTS (CONT'D)

47.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 2020 RM'000	The Company 2020 RM'000
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	90	12,476
Financial Liabilities		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(8,265)	(6,789)
	The Group 2019 RM'000	The Company 2019 RM'000
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	3,630	10,932
Financial Liabilities		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(9,164)	(8,115)

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.5 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 or repayable on demand terms.

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 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Value RM'000	RM'000
The Group								
2020								
<u>Financial Assets</u>								
Other investments:								
- unquoted investments	-	108,640	29,360	-	-	-	138,000	138,000
Financing receivables	-	-	-	-	229,631	-	229,631	229,631
Short-term investments	-	116,347	-	-	-	-	116,347	116,347
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	128,010	-	128,010	128,010
Revolving credit	-	-	-	-	21,100	-	21,100	21,100
Block discounting	-	-	-	-	16,408	-	16,408	16,408

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

47. FINANCIAL INSTRUMENTS (CONT'D)

47.5 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Value RM'000	Amount RM'000
2019								
<u>Financial Assets</u>								
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
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	137,749	-	137,749	137,749
Revolving credit	-	-	-	-	21,100	-	21,100	21,100
Block discounting	-	-	-	-	17,152	-	17,152	17,152

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020
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47. FINANCIAL INSTRUMENTS (CONT'D)

47.5 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 Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Company								
2020								
<u>Financial Asset</u>								
Short-term investments	-	55,650	-	-	-	-	55,650	55,650
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	128,010	-	128,010	128,010
Revolving credit	-	-	-	-	20,000	-	20,000	20,000
2019								
<u>Financial Asset</u>								
Short-term investments	-	618	-	-	-	-	618	618
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	137,749	-	137,749	137,749
Revolving credit	-	-	-	-	20,000	-	20,000	20,000

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (aa) The level 2 fair value of other investments have been determined based on transacted values during the financial year and the market comparison technique using market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares.
- (bb) The level 3 fair value of other investments have been determined using discounted cash flow income approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 11 to the financial statements.
- (cc) 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 receivables 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/profit rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	%	%	%	%
Hire purchase and finance lease receivables	2.60 - 10.00	2.65 - 8.10	-	-
Ijarah financing receivables	3.69 - 10.00	-	-	-
Loan receivables	7.40 - 7.65	7.65	-	-
Block discounting	3.86 - 6.76	3.86 - 6.74	-	-

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO until 31 December 2020 to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Company and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Company's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (b) On 13 January 2020, the Group's associate company in Indonesia, PT Cartenz, 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 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.

- (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 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 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.

On 1 July 2020, the Company received a notification letter from the Ministry of Home Affairs to extend Immigration Related Services for a period of 3 years from 23 May 2020 to 22 May 2023.

On 4 December 2020, the Company also received a letter dated 3 December 2020 from the Ministry of Transport to extend the E-Government Services for a period of 3 years from 23 May 2020 to 22 May 2023.

Revenue generated from the 'concession based services' and 'commercial based - concession related services' for the 12 month period up to December 2020 contributed 18% of the Group's overall revenue (15 month period up to December 2019 - 19%).

- (e) On 5 June 2020, PT Cartenz Tekno Lab, a wholly-owned subsidiary of PT Cartenz, an associate company of MYEG, 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, a wholly-owned subsidiary of the Company, entered into a SSA and PCOA with 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.

The 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 share 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)



48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(f) *(cont'd)*

On 1 July 2020, Bursa Securities resolved and approved the listing and quotation of 12,500,000 Consideration Shares to be issued pursuant to the Proposed Acquisition, subject to certain conditions.

On 7 July 2020, the Proposed Acquisition has been completed in accordance with the terms and conditions of the SSA. Following the completion of the Proposed Acquisition, MYEGC holds 10% equity interest in the total issued share capital of S5.

Subsequently on 16 July 2020, MYEGC entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn. Bhd., MAL, Avocat Sdn. Bhd., Ancom Logistics Berhad, and Ancom Berhad to undertake a Proposed Reverse Takeover Exercise ("Proposed RTO") which entails the proposed acquisition by ALB of the entire share capital of S5.

The HOA is effective upon the signing of the HOA and shall be terminated upon occurrence of any of the following events:-

- (i) mutual written agreement to terminate by the parties at any time; or
- (ii) upon execution of the Share Sale Agreement between the parties in relation to the Proposed RTO; or
- (iii) expiry of eighteen (18) months from the date of the HOA.

As at to date, there has been no further updates on the Proposed RTO to Bursa Securities.

(g) On 1 June 2020, the Company proposed to undertake the following:-

- (i) establishment of a DRP 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 Employee Share Option Scheme ("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.

Further on 29 June 2020, Bursa Securities resolved and approved the following:-

- (i) listing and quotation of up to 66,400,109 new MYEG Shares to be issued pursuant to the Proposed DRP; and
- (ii) listing and quotation of such number of new MYEG Shares, representing up to 10% of the Company's total number of issued shares (excluding treasury shares), to be issued pursuant to the Proposed ESOS.

Following the announcements on the 1st DRP and 2nd DRP, on 28 September 2020 it was announced that the issue price of new ordinary shares of MYEG has been fixed at RM 1.28 per share.

Subsequently on 5 November 2020, MYEG has allotted and issued 36,549,480 new MYEG Shares pursuant to the 1st DRP and 9,074,264 new MYEG Shares pursuant to the 2nd DRP. The new MYEG shares have been listed and quoted on the Main Market of Bursa Securities effective 6 November 2020, thus marking the completion of the 1st and 2nd DRP.

It was also further announced that the effective date for the implementation of the ESOS will be on 24 December 2020.

(h) On 12 June 2020 and 2 November 2020, CPSSB, a subsidiary of the Company, has entered into a frame supply agreement with mPass Mobility Sdn. Bhd. and AllDebit Sdn. Bhd. for the delivery of POS terminal up to 420 and 200 units which amounted to RM 683,400 and RM 190,800 respectively under a lease term for a period of time in accordance with the terms and condition contained in the agreements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (i) On 8 October 2020, the Company received a Letter of Acceptance from the Ministry of Health, Malaysia, to undertake the provision of an online payment system for inbound travelers to register and make payment, prior to their arrival in Malaysia, for COVID-19 Screening Test and Quarantine Charges to be implemented at all entry points to the Country ("the Project"). The tenure of the Project shall be 2 years, effective from 1 November 2020.

On 3 November 2020, the Company officially launched MySafeTravel, a digital health pass system for travelers aimed at making entry into Malaysia amidst the ongoing COVID-19 pandemic faster, simpler and safer.

On 5 November 2020, the Company entered into an Agency Agreement with the Government of Malaysia to facilitate the collection of dues and/or payments under any payments made in relation to or arising from COVID-19 detection test and/or quarantine station charges issued by the Government to the public.

- (j) On 5 December 2020, the Company entered into a Memorandum of Understanding ("MOU") with Anhui Zhifei Longcom Biopharmaceutical Co., Ltd ("Zhifei") to conduct phase 3 clinical trials and subsequent commercialisation of Zhifei's COVID-19 Vaccine in Malaysia. The MOU is valid for a period of 3 years from the date of signing.

- (k) On 9 December 2020, the Company proposed to undertake the issuance of up to 220,000,000 new MYEG Shares ("Placement Shares") amounting to RM407.0 million ("Illustrative Proceeds"), representing up to about 6.29% of the total number of issued MYEG Shares (excluding treasury shares).

The purposes for the new Placement Shares are as below:-

- (i) development of foreign workers hostels under the foreign workers accommodation programme ("FWAP") of RM94.5 million;
- (ii) development of healthcare related services of RM168.0 million;
- (iii) purchase of fixed assets and related solutions for E-government concession services of RM126.0 million;
- (iv) working capital of RM9.1 million; and
- (v) expenses for the proposed placement estimated at RM9.4 million.

On 17 December 2020, the Company further announced that the first tranche of the Placement has been completed with a placement of 120,000,000 new MYEG Shares fixed at issue price of RM1.80 per Placement Share. Total gross proceeds is amounted to RM216.0 million.

49. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 January 2021, the Company and Zhifei had received affirmations of support and assistance from the Ministry of Health Malaysia and Clinical Research Malaysia respectively for the commencement of clinical trials in the country, subject to the existing laws and regulations governing such clinical trials.

On 22 February 2021, MYEGM, a wholly-owned sub-subsidiary of the Company had entered into a Supply and Distribution Agreement ("the Agreement") with Zhifei for the purpose of appointing MYEGM as the exclusive distributor in Malaysia of the COVID-19 Vaccine for a period of 3 years; thereby supersede the MOU signed on 5 December 2020.

On 8 March 2021, the Company had further clarify the following areas of cooperation continue to subsist and have been formalised in the Agreement:-

- (i) to conduct phase 3 clinical trials of Zhifei's COVID-19 Vaccine;
- (ii) to achieve compliance to Halal status requirements to secure Halal certification from the Department of Islamic Development Malaysia (JAKIM); and
- (iii) to be the exclusive distributor of the COVID-19 Vaccine in Malaysia for a period of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

49. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)

- (b) On 27 January 2021, MLSB, a wholly-owned sub-subsidiary of the Company has made the final payment amounting to RM5,381,795 whereby MLSB has previously requested a temporary extension on the payment period for the remaining lease consideration with Johor Corporation for the land at PLO 59, Tanjung Langsat Industrial Complex in relation to a proposed Tanjung Langsat Foreign Workers' Accommodation ("FWA") project.
- (c) On 29 January 2021, MYEGC announced its participation in a recent Series A financing by Beijing DeepScience Technology Co., Ltd. ("DeepScience"), a leading virtual live streaming, real-time animation and digital human company.
- (d) On 3 February 2021, MYEGM entered into a Exclusive Distribution Agreement with Rubin Investment Pte. Ltd. ("Rubin"), a company incorporated under the laws of Singapore, to act as Distributor for COVID-19 Diagnostic Suit of Products ("Products") from Veredus Laboratories Pte. Ltd. ("Veredus") in order to promote and sell the said Products in Malaysia.
- (e) On 19 February 2021, the Company launched Hotel Quarantine Portal SafeQ, an online portal offering an array of hotel accommodation and amenity options available to low risk COVID-19 local patients who wish to undergo mandatory quarantine requirements in more comfortable settings ("SafeQ online portal").
- (f) On 22 February 2021, the Company's joint venture, MYEG Philippines entered into an Exclusive Distribution Agreement with Rubin to act as Distributor for Products from Veredus in order to promote and sell the said Products in Philippines.
- (g) On 25 February 2021, the Company launched the use of deep throat saliva-based testing for the COVID-19 virus in Malaysia with the introduction of an at-home screening service in collaboration with BP Healthcare. The service will be offered at RM150 per test from 1 March 2021 at MYEG's online portal.
- (h) On 10 March 2021, EGSB entered into a Shareholders Agreement with 2Car Sdn. Bhd. to establish a new subsidiary - MYEG Twocar Sdn. Bhd. to undertake the registration and transfer of motor vehicle ownership business segment. Both parties had agreed to the equity participation as below:-

Party	Number of Shares to be Subscribed	Percentage (%)
EGSB	80,000	80
2Car Sdn. Bhd.	20,000	20
Total	100,000	100

- (i) On 16 March 2021, the Company had proposed to undertake the following proposals:-
 - (i) proposed bonus issue of up to 4,149,122,710 new ordinary shares in MYEG ("Bonus Shares") on the basis of one Bonus Shares for every one existing MYEG Share;
 - (ii) proposed diversification of existing businesses of MYEG and its subsidiaries to include healthcare related businesses; and
 - (iii) proposed amendment to Constitution of the Company to provide greater clarity, enhance administrative efficiency.
- (j) On 18 March 2021, MLSB, a wholly-owned sub-subsidiary of the Company acquired 11 units of office located at Lorong Sultan Mohamed 25, Taman IKS PKNS, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan, Malaysia, from the Selangor State Development Corporation for a total consideration of RM4,525,000.
- (k) On 12 April 2021, the Company further subscribed a total of 5,923,415 shares of MYEG Philippines, with par value of P1.00 per share representing 15% of the enlarged issued and outstanding capital stock for a total consideration of PHP43,704,000 which is equivalent to approximately RM3,723,300. As at the financial year end, the Company holds a 40% equity interest in MYEG Philippines.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

(CONT'D)

49. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)

- (l) On 27 April 2021, the Company's announced that its existing e-commerce platform NAK BELI has been rebranded to BELI e-Mart, which will offer same day delivery for customers residing within Petaling Jaya and the vicinity of its two newly opened BELI Mart grocery stores in Puchong and SS15 Subang Jaya.
- (m) On 3 May 2021, the Company had informed that the Court of Appeal had dismissed MYEG and MECSB's appeal against the decision by Kuala Lumpur High Court in affirming the decision by the Malaysia Competition Commission ("MyCC") for violating the competition law and having a dominant position in relation to the sale of mandatory insurance for online applications of temporary employment permits for foreign workers ("Pas Lawatan Kerja Sementara").

There is no financial impact for the financial year ending 31 December 2020 as MYEG and MECSB has fully paid up the fines amounting to RM9.64 million in previous financial years.

- (n) On 6 May 2021, the Company received a letter of acceptance from MIMOS Berhad in relation to the provision of service desk and its related services for vaccine traceability system ("the Project"). The tenure of the Project is for a period of one year from 1 June 2021 to 31 May 2022 with an option to extend for a further one year term upon its expiry. The total value of the Project for the first year is approximately RM400,000 and RM250,000 for the optional one (1) year extension.
- (o) On 21 May 2021, the Company entered into a Memorandum of Understanding with Breathonix Pte Ltd ("BRX") to pursue the following objectives:-
 - (i) Establish a commercial relationship with BRX and to obtain regulatory approval in Malaysia to sell and/or lease the breath analysis technology developed by BRX for identifying certain Covid-19 bio-markers and correspondingly producing rapid Covid-19 test results.
 - (ii) Establish an exclusive distribution relationship with BRX for the sale and/or lease of BRX Technology and its Associated Systems in Malaysia.
- (p) Subsequent to the reporting date, the numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.

50. COMPARATIVE FIGURES

- (i) The Group has changed its financial year end from 30 September to 31 December effective from the previous reporting period. Consequently, the comparative figures are for the previous 15 months period from 1 October 2018 to 31 December 2019. The current financial statements are for a period of 12 months from 1 January 2020. Due to the change in the financial year end, the amounts presented in the financial statements are not entirely comparable.
- (ii) The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As Previously Reported	As Restated
	RM'000	RM'000
Statements of Cash Flows (Extract):-		
Net cash from operating activities	161,729	161,727
Cash and cash equivalents at end of the financial period	63,863	63,861

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The status of the proceeds raised from the first tranche of the private placement amounting to RM216.0 million, which was completed on 17 December 2020 following the listing and quotation of 120,000,000 MYEG ordinary shares ("**Placement Shares**") on the Main Market of Bursa Securities ("**Private Placement**") as at 31 March 2020 are as follow:-

Descriptions	Proposed Utilisation RM' mil	Actual Proceeds raised from the Private Placement RM' mil	Actual Utilisation RM' mil	Balance RM' mil	Estimated timeframe for the utilisation of proceeds from the date of listing of the Placement Shares
Development of foreign workers hostels under the foreign workers' accommodation programme	94.5	50.0	16.9	33.1	Within 24 months
Development of healthcare related services	168.0	89.0	36.3	52.7	Within 24 months
Purchase of fixed assets and related solutions for the e-government concession services	126.0	67.0	37.1	29.9	Within 12 months
Working capital	9.1	5.5	5.5	-	Within 12 months
Estimated expenses for the Private Placement exercise	9.4	4.5	4.5	-	Immediate
Total	407.0	216.0	100.3	115.7	

2. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the FY2020 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 involving Directors' and major shareholders' interests.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the FY2020 are disclosed in Note 43(b) to the Financial Statements.

5. EMPLOYEES' SHARE OPTION SCHEME

At the Extraordinary General Meeting held on 6 August 2020, the shareholders of the Company approved the establishment of the Employees' Share Option Scheme ("**ESOS**") of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of 5 years from the effective date of implementation of ESOS i.e. on 24 December 2020. Since then, the Company has yet to grant any option to eligible persons.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Companies Act to present the financial statements for each financial year which have been made out in accordance with the applicable approved 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 FY2020, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards 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 Companies 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 3 May 2021

Total number of issued shares	:	3,671,929,737 (including 59,164,700 treasury shares)
Class of Shares	:	Ordinary shares
Voting Right	:	One vote per ordinary share
Number of Shareholders	:	24,474

DISTRIBUTION OF SHAREHOLDINGS ⁽¹⁾

Size of Shareholdings	No. of Shareholders	% ⁽²⁾	No. of Shares	% ⁽²⁾
Less than 100	749	3.06	30,395	*
100 to 1,000	6,020	24.60	3,915,642	0.11
1,001 to 10,000	13,117	53.60	57,246,310	1.58
10,001 to 100,000	3,697	15.11	112,449,088	3.11
100,001 – less than 5% of issued shares	889	3.63	3,069,259,711	84.96
5% and above issued shares	2	*	369,863,891	10.24
Total	24,474	100.00	3,612,765,037	100.00

Notes:-

* insignificant

- (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 29 April 2021 which was subsequently captured in the Record of Depository ("ROD") dated 3 May 2021.
- (2) Excluding a total of 59,164,700 shares bought back by the Company and retained as treasury shares based on the ROD dated 3 May 2021.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names of Substantial Shareholders	Direct Interest	No. of Shares Held		
		% ⁽¹⁾	Indirect Interest	% ⁽¹⁾
Wong Thean Soon	395,439,455	10.95	743,061,144 ⁽²⁾	20.57
Asia Internet Holdings Sdn Bhd	743,061,144	20.57	-	-
Employees Provident Fund Board	270,957,716	7.50	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	187,047,156	5.18	41,222,944 ⁽³⁾	1.14

Notes:-

- (1) Excluding a total of 59,164,700 shares bought back by the Company and retained as treasury shares based on the ROD dated 3 May 2021.
- (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 KWAP's fund manager.

ANALYSIS OF SHAREHOLDINGS

As at 3 May 2021

(CONT'D)

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		% ⁽¹⁾	Indirect Interest	% ⁽¹⁾
Dato' Dr Norraesah Binti Haji Mohamad	26,516,445	0.73	-	-
Wong Thean Soon	395,439,455	10.95	743,061,144 ⁽²⁾	20.57
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	11,234,296	0.31	4,301,000 ⁽³⁾	0.12
Datuk Mohd Jimmy Wong Bin Abdullah	3,376,687	0.09	-	-
Wong Kok Chau	-	-	-	-
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	-	-	-	-

Notes:-

- (1) Excluding a total of 59,164,700 shares bought back by the Company and retained as treasury shares based on the ROD dated 3 May 2021.
- (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.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i> <i>(MGN-AIH0002M)</i>	185,671,735	5.14
2.	Kumpulan Wang Persaraan (Diperbadankan)	184,192,156	5.10
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i>	175,570,832	4.86
4.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account – AmBank (M) Berhad for Asia Internet Holdings Sdn. Bhd.</i>	133,834,713	3.70
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i> <i>(001-Account 2)</i>	119,289,948	3.30
6.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i> <i>(MY2599)</i>	96,774,460	2.68
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank Berhad (EDP 2)</i>	64,717,109	1.79
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i>	62,945,858	1.74
9.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Thean Soon (MGN-WTS0003M)</i>	61,734,649	1.71
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Wong Thean Soon</i>	61,681,640	1.71
11.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i>	61,171,875	1.69

ANALYSIS OF SHAREHOLDINGS

As at 3 May 2021

(CONT'D)

TOP THIRTY (30) SHAREHOLDERS ⁽¹⁾ (CONT'D)

No.	Names	No. of Shares	% ⁽²⁾
12.	Lembaga Tabung Haji	59,450,000	1.65
13.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Maybank Investment Bank Berhad for Wong Thean Soon</i>	57,992,058	1.61
14.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for KGI Securities (Singapore) Pte Ltd (66589 T CL)</i>	54,762,456	1.52
15.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.</i>	50,976,562	1.41
16.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Thean Soon</i>	48,937,500	1.35
17.	HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA for Utilico Emerging Markets Trust PLC</i>	44,027,393	1.22
18.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>PAMB for Prulink Equity Fund</i>	43,836,941	1.21
19.	Maybank Investment Bank Berhad <i>IVT (10)</i>	43,415,703	1.20
20.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI)</i>	41,510,600	1.15
21.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Thean Soon (8080812)</i>	40,832,226	1.13
22.	Cartaban Nominees (Asing) Sdn. Bhd. <i>GIC Private Limited for Government of Singapore (C)</i>	39,877,231	1.10
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Thean Soon (7003171)</i>	38,395,312	1.06
24.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Berhad for Principal Asia Pacific Dynamic Income Fund</i>	36,086,900	1.00
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Affin-Hwg)</i>	36,080,032	1.00
26.	Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt an for State Street Bank & Trust Company (West CLT OD67)</i>	33,143,400	0.92
27.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>BNYM SA/NV for Kenrich Asiatisk Aktier (Kap Investin Pro)</i>	31,742,400	0.88
28.	HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	30,449,450	0.84
29.	HSBC Nominees (Asing) Sdn. Bhd. <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	29,525,281	0.82
30.	Norraesah Binti Mohamad	26,516,445	0.73

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 29 April 2021 which was subsequently captured in the ROD dated 3 May 2021.

(2) Excluding a total of 59,164,700 shares bought back by the Company and retained as treasury shares based on the ROD dated 3 May 2021.

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	5 years	144,893,435	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	5 years	42,314,255	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	5 years	6,089,060	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	5 years	6,148,619	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	2 years	34,059,459	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	5 years	7,887,519	2018

* As at 31 December 2020

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth (“20th”) 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, 1 July 2021 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 following resolutions set out in this Notice.

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|-------------------------------|
| 1. To lay the audited financial statements for the financial year ended 31 December 2020 (“FY2020”) together with the Reports of the Directors and Auditors thereon. | Please refer to Note A |
| 2. To approve a final single-tier dividend of 1.70 sen per ordinary share in respect of the FY2020. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors’ fees and benefits to the Directors of the Company and its subsidiaries amounting to RM604,000 for the FY2020. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who are retiring by rotation pursuant to the Constitution of the Company: | |
| 4.1 Dato’ Dr Norraesah Binti Haji Mohamad | Ordinary Resolution 3 |
| 4.2 Datuk Mohd Jimmy Wong Bin Abdullah | Ordinary Resolution 4 |
| 5. To re-elect Dato’ Sri Mohd Mokhtar Bin Mohd Shariff, a director who is appointed during the FY2020 and is retiring at the 20th AGM pursuant to the Constitution of the Company. | Ordinary Resolution 5 |
| 6. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

- | | |
|---|------------------------------|
| 7. PROPOSED CONTINUATION IN OFFICE OF DATUK MOHD JIMMY WONG BIN ABDULLAH AS INDEPENDENT NON-EXECUTIVE DIRECTOR | Ordinary Resolution 7 |
| <p>“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 fourteen (14) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM (“21st AGM”) in accordance with the Malaysian Code on Corporate Governance (“MCCG”).”</p> | |
| 8. PROPOSED CONTINUATION IN OFFICE OF TAN SRI DATO’ DR MUHAMMAD RAIS BIN ABDUL KARIM AS INDEPENDENT NON-EXECUTIVE DIRECTOR | Ordinary Resolution 8 |
| <p>“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 twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the 21st AGM in accordance with the MCCG.”</p> | |

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

9. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** **Ordinary Resolution 9**

"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 of MYEG ("**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 ten percent (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 2020, the audited retained profits of the Company were approximately RM537.84 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 21st AGM, following the 20th 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 21st AGM, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the 21st AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in 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 TWENTIETH 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 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."

10. **PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE ACT** Ordinary Resolution 10

"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 ten percent (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 main market of Bursa Securities and THAT such authority shall continue to be in force until the conclusion of the 21st AGM of the Company."

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

11. **PROPOSED RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW MYEG SHARES IN RELATION TO THE DIVIDEND REINVESTMENT PLAN ("DRP") THAT PROVIDES SHAREHOLDERS WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN MYEG SHARE** **Ordinary Resolution 11**

"THAT pursuant to the DRP approved at the Extraordinary General Meeting ("**EGM**") held on 6 August 2020, approval be and is hereby given to the Company to allot and issue such number of new MYEG Shares for the DRP until the conclusion of the 21st AGM, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new MYEG Shares, shall be determined and fixed by the Board of Directors ("**the Board**") at not more than ten percent (10%) discount to the 5-day volume weighted average market price ("**VWAP**") of MYEG Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price at the material time;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/ or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as the Board may, in its absolute discretion, deem fit and in the best interest of the Company."

12. To transact any other business that may be transacted at the 20th 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
31 May 2021

NOTICE OF THE TWENTIETH 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 Resolutions 7 and 8 – 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

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 fourteen (14) years and twelve (12) years respectively to continue to act as Independent Non-Executive Directors of the Company until the conclusion of the 21st AGM, subject to the approval from shareholders of the Company through a two-tier voting process.

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 this Annual Report.

(C) Ordinary Resolution 9 – Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 9 if passed, will empower the Company to purchase and/or hold up to ten percent (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 21st AGM of the Company.

Please refer to the statement to shareholders in relation to the proposed renewal of authority for purchase of own Shares by MYEG dated 31 May 2021 for further information.

(D) Ordinary Resolution 10 – Proposed Authority to Allot and Issue Shares by Directors pursuant to Section 76 of the Act

The proposed authority to allot and issue shares by Directors pursuant to Section 76 of the Act shall be passed as Ordinary Resolution subject to the approval in relation to the proposed amendment to the Constitution of the Company being obtained from the shareholders of the Company at the EGM to be held on 3 June 2021.

The proposed Ordinary Resolution 10, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten percent (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 21st 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).

The Company had on 6 July 2020 issued and allotted 12,500,000 ordinary shares amounting to RM15,000,000, representing about 0.35% of the total number of issued shares (excluding treasury shares) to partially satisfied the acquisition of 10% equity interest in S5 Holdings Inc. by MY E.G. Capital Sdn. Bhd., a wholly-owned subsidiary of the Company for a total purchase consideration of RM90,000,000.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

The Company had also on 15 December 2020 issued and allotted of about 3.43% of the total number of issued shares (excluding treasury shares), representing 120,000,000 ordinary shares ("**Placement Shares**") via a private placement and raised proceeds amounting to RM216,000,000 to fund the development of hostels for foreign workers under the foreign workers accommodation programme, development of healthcare-related services, purchase of fixed assets and related solutions for the e-government concession businesses that the Group had involved in with the Road Transport Department of Malaysia such as kiosks for the online renewal of car and motorcycle road tax, and working capital.

The status of utilisation from the proceeds of RM216,000,000 are set out under the Additional Compliance Information in the Annual Report.

(E) Ordinary Resolution 11 – Proposed Renewal of Authority for Directors to Allot and Issue Shares in relation to the DRP

The Proposed renewal of authority for Directors to allot and issue shares in relation to the DRP shall be passed as Ordinary Resolution subject to the approval in relation to the proposed amendment to the Constitution of the Company being obtained from the shareholders of the Company at the EGM to be held on 3 June 2021. The proposed Ordinary Resolution 11, if passed, will give authority to the Directors of the Company to allot and issue new MYEG Shares pursuant to the DRP. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the 21st AGM of the Company.

PARTICIPATION AND PROXY:

1. The 20th 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 Shareholders 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. Shareholders, proxy(ies) and corporate representatives will not be 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 20th 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 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 MYEG Shares 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 is 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 set for holding the virtual meeting (no later than Tuesday, 29 June 2021 at 10.00 a.m.) or at any adjournment of the virtual meeting failing which, 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, 29 June 2021 at 10.00 a.m. or at any adjournment of virtual meeting. Please refer to the Administrative Guide for Shareholders for the procedures to submit the Proxy Form / e-Proxy Form.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING (CONT'D)



9. The appointment of the proxy(ies) will be **INVALID** if the Proxy Form / e-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 21 June 2021 (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.
11. The Board wishes to highlight that the 20th AGM may be re-scheduled and/or adjourned subject to the development of the COVID-19 pandemic and the Malaysian Government's announcements or guidelines to be issued from time to time. Rest assured, all participants including invitees shall be kept informed of any unexpected changes.

MODE OF COMMUNICATION:

Prior to the 20th AGM, shareholders may submit questions to the Board of Directors at www.myeg.com.my/investor_relations (under the "General Meeting" tab) latest by 29 June 2021 and the response will be broadcasted during the virtual meeting. During the 20th AGM, shareholders may submit questions by clicking on "Ask Question" on the RPV facilities while participating the virtual meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the 20th 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 20th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 20th 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.



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PROXY FORM

MY E.G. SERVICES BERHAD

[Registration No. 200001003034 (505639-K)]
(Incorporated in Malaysia)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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** (the "Company") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Twentieth ("20th") Annual General Meeting ("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, 1 July 2021 at 10.00 a.m. and at any adjournment thereof:

IMPORTANT NOTE:

Please (i) tick [✓] either **ONE** of the options (a) or (b) for the number of proxy(ies) 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 20th 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 20th 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 Directors of the Company and its subsidiaries amounting to RM604,000 for the financial year ended 31 December 2020.				
Ordinary Resolution 3	To re-elect Dato' Dr Norraesah Binti Haji Mohamad				
Ordinary Resolution 4	To re-elect Datuk Mohd Jimmy Wong Bin Abdullah				
Ordinary Resolution 5	To re-elect Dato' Sri Mohd Mokhtar Bin Mohd Shariff				
Ordinary Resolution 6	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company				
	Special Business				
Ordinary Resolution 7	To approve Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director				
Ordinary Resolution 8	To approve Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim to continue in office as Independent Non-Executive Director				
Ordinary Resolution 9	To approve the proposed renewal of authority for purchase of own shares by the Company				
Ordinary Resolution 10	To approve the proposed authority to allot and issue shares by Directors pursuant to Section 76 of the Companies Act 2016				
Ordinary Resolution 11	To approve the proposed renewal of authority for Directors to allot and issue shares in relation to the dividend reinvestment plan				

Dated this _____ day of _____ 2021

Signature / Common Seal of Shareholder

Participation and Proxy:

1. The 20th 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 Shareholders 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. Shareholders, proxy(ies) and corporate representatives will not be 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 20th 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 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.

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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

7. An instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney is 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 set for holding the virtual meeting (no later than Tuesday, 29 June 2021 at 10.00 a.m.) or at any adjournment of the virtual meeting failing which, 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, 29 June 2021 at 10.00 a.m. or at any adjournment of virtual meeting. Please refer to the Administrative Guide for Shareholders for the procedures to submit the Proxy Form / e-Proxy Form.
9. The appointment of the proxy(ies) will be **INVALID** if the Proxy Form / e-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 21 June 2021 (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.
11. The Board wishes to highlight that the 20th AGM may be re-scheduled and/or adjourned subject to the development of the COVID-19 pandemic and the Malaysian Government's announcements or guidelines to be issued from time to time. Rest assured, all participants including invitees shall be kept informed of any unexpected changes.

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 20th AGM dated 31 May 2021.



www.myeg.com.my

Corporate Head Office:

Level 43A, MYEG Tower, Empire City,
No 8, Jalan Damansara, PJU 8,
47820 Petaling Jaya, Selangor.
Tel: 03-7664 8000 Fax: 03-7664 8008
Email: investors@myeg.com.my

Customer Service Office:

Level UG, MYEG Tower, Empire City,
No 8, Jalan Damansara, PJU 8,
47820 Petaling Jaya, Selangor.
Tel: 03-7801 8888
Email: help@myeg.com.my

