

HeiTech[®]

HEITECH PADU BERHAD
199401024950 (310628-D)



HIGHLIGHTS AND ACHIEVEMENTS

REVIEW OF THE YEAR & KEY ACHIEVEMENTS

ORGANISATIONAL STRENGTH

FINANCIAL HIGHLIGHTS

181

Certified IT Professionals

985

Staff Strength

Supported by World Class Technology Partners

Accredited practices with International Certifications and Standards

Total Assets of **RM377.3 million**

Revenue of **RM325.4 million**

Increase of net profit by **111%**

EBITDA of **RM38.5 million**

ACHIEVEMENTS

Conferred the **Malaysia Cloud Infrastructure Services Competitive Strategy Innovation & Leadership Award 2020** by Frost & Sullivan Malaysia.

Conferred the **Malaysia Managed Security Services Provider of the Year Award 2020** by Frost & Sullivan Malaysia.

Conferred the **Malaysia Technology Excellence Award ("MTEA") 2020, for Penang Smart Parking.**

Awarded **Malaysia Technology Excellence Awards 2020** for IoT for Transportation Category.

Obtained **ISO 37001:2016 Anti-Bribery Management System ("ABMS")** certification from SIRIM QAS International.

Obtained **Rating 3 for Data Centre in HeiTech Village 2**, in accordance with requirement of ANSI/TIA-942-B:2017.

Bagged **RM19.9 million contract** from Malaysia National Registration Department ("JPN") for maintenance of core business application.

Secured **RM126.02 million contract** from Road Transport Department of Malaysia ("JPJ") for maintenance and technical support services.

Secured **RM28.3 million contract renewal** from **TESCO** for connection of disaster recovery centre in Thailand.

Commissioned the latest **IBM z15 Mainframe Implementation** for JPN and JPJ.

Deployment of **Cooperative System in Indonesia** for Indonesia's cooperative sector.

FINANCIAL CALENDAR 2020

Announcement of Financial Results

25 Feb 2021

Quarterly report on the consolidated results for the financial period ended 31 Dec 2020

26 Nov 2020

Quarterly report on the consolidated results for the financial period ended 30 Sep 2020

27 Aug 2020

Quarterly report on the consolidated results for the financial period ended 30 Jun 2020

30 Jun 2020

Quarterly report on the consolidated results for the financial period ended 31 Mar 2020

HIGHLIGHTS AND ACHIEVEMENTS

SIMPLIFIED SELECTED FIVE (5) YEARS GROUP REVIEW

REVENUE	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Network Services Fees	66,553	55,334	51,367	56,601	51,028
System Application and Development	63,270	69,746	59,296	125,946	43,392
Disaster Recovery and Facility Management Services	45,332	38,736	40,443	35,406	55,722
Maintenance of Hardware, Software and Application	117,144	137,688	97,930	94,115	113,222
Mailing and document processing services	25,516	22,241	18,046	11,681	13,389
Engineering works	20,673	80,725	86,013	10,725	10,574
Database management services	5,673	6,435	6,528	7,795	8,354
Software support and licence fees	4,126	4,117	3,303	2,996	-
Mobile value added services	5,774	4,751	3,754	2,761	1,429
Others	8,527	7,099	12,766	12,797	28,258
	362,588	426,872	379,446	360,823	325,368

PROFITABILITY	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Profit Before Tax (RM'000)	14,049	(14,541)	(36,431)	6,636	13,321
Profit Before Tax Margin (%)	3.9%	-3.4%	-9.6%	1.8%	4.1%
Profit After Taxation (RM'000)	7,883	(15,346)	(36,786)	6,219	13,127
(Loss)/Profit Attributable to Shareholders (RM'000)	7,169	(13,998)	(27,064)	7,429	10,976
Earnings per Share (RM)	0.0708*	-0.1383*	-0.2674*	0.0734*	0.1084*

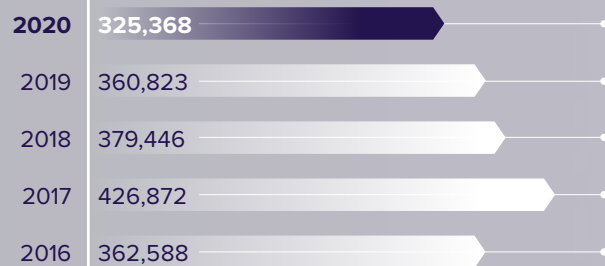
* Based on the weighted average of 101,225,000 ordinary shares of RM1.00 each

ASSETS EMPLOYED	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Total Assets (RM'000)	460,525	435,916	313,562	324,789	377,311
Fixed Assets (RM'000)	131,159	103,474	98,245	80,509	87,065
Net Current Assets (RM'000)	80,902	73,846	9,209	40,203	47,519
Current Ratio	1.33	1.29	1.04	1.22	1.20
Gearing Ratio	53%	54%	53%	57%	59%
Debt/Equity Ratio (times)	1.62	1.78	1.77	1.74	1.96
Shareholders' Fund (RM'000)	171,275	151,222	105,955	113,215	123,634
Net Tangible Assets per Share (RM)	1.38	1.27	0.95	1.05	1.12
Share Capital (RM'000)	101,225	117,751	117,751	117,751	117,751
Share Capital units ('000)	101,225	101,225	101,225	101,225	101,225

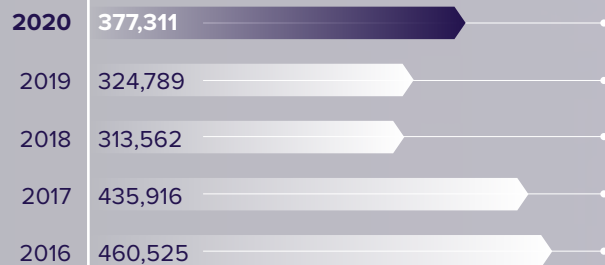


HIGHLIGHTS AND ACHIEVEMENTS

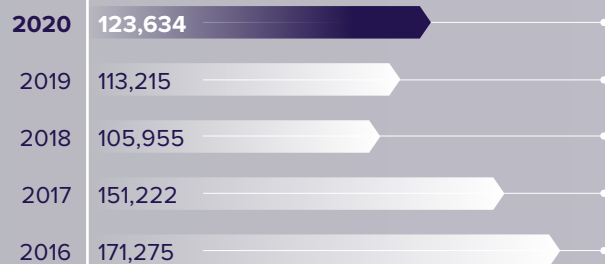
Revenue (RM'000)



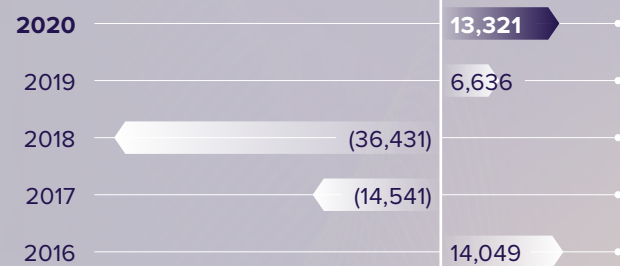
Total Assets (RM'000)



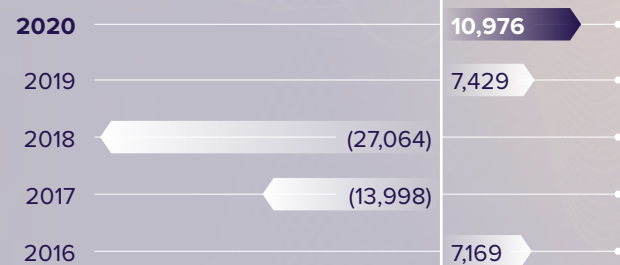
Shareholders' Fund (RM'000)



Profit before Taxation (RM'000)



Profit Attributable to Shareholders (RM'000)



Net Tangible Assets (RM'000)

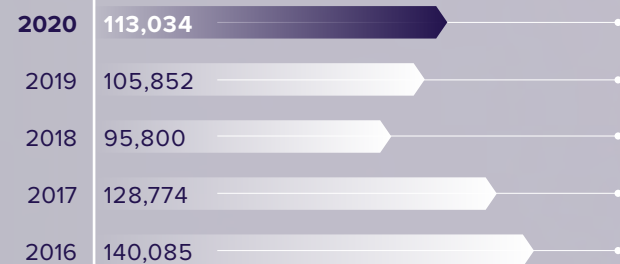


TABLE OF CONTENTS



You can find this Annual Report and additional information about **HeiTech Padu Berhad** on our corporate website.

WHAT YOU'LL FIND IN THIS REPORT

4 Our Integrated Reporting Journey

OUR INVESTMENT CASE

5 Corporate Profile 10 Disclosure to Bursa Malaysia

FROM OUR LEADERS

13 From The Chairman's Desk 17 Management Discussion
15 Letter From President/
Executive Deputy Chairman & Analysis

THIS IS HOW WE CREATE VALUE

29 Business Strengths 36 Our Strategic Progress
31 How We Assess Materiality 38 Creating Sustainable Value
34 The Risks We Consider

SUSTAINABILITY STATEMENT

40 Sustainability at HeiTech
Padu Berhad

Measuring Our Economic Matters

42 Supply Chain
45 Service Quality
45 Innovation

Doing Our Part For The Environment

48 Environment
50 Safety and Health

Progressing Society

52 Employees
57 Customers
58 Community Support
59 Cybersecurity

COMMITTED TO TRANSPARENCY AND ACCOUNTABILITY

60 Profile of Directors 75 Corporate Governance
69 Profile of Company
Secretaries 83 Audit Committee Report
70 Profile of Executive Council 86 Statement on Risk
Committee Management and Internal
74 Chairman's Introduction
on HeiTech's Corporate
Governance Control

FINANCIAL STATEMENTS

93 Directors' Report 107 Statements of Financial
98 Statement by Directors Position
98 Statutory Declaration 109 Statements of Changes in
99 Independent Auditors' Equity
Report 111 Statements of Cash Flows
105 Statements of 114 Notes to the Financial
Comprehensive Income Statements

ADDITIONAL INFORMATION

194 Corporate Information 196 List of Properties
194 Group Structure 197 Shareholdings Analysis

OUR INTEGRATED REPORTING JOURNEY

Since 2019, HeiTech has embarked into Integrated Reports with the intention of conveying the most material financial and non-financial aspects of performance for the Group and its businesses. Our second integrated report represents a further step in our endeavours to narrate our value creation journey.

Our focus this year was on presenting a holistic view of the Group in line with our strategy of service to customers. We give a view of our successes, challenges and ambitions through the lens of our material issues. Our material issues were revisited during the year and have been adjusted to align more closely with our key stakeholders – customers, employees, investors and society – underpinned by sound governance.



SCOPE

This Report covers the financial year spanning 1st January 2020 to 31st December 2020. Its contents relate to the activities and performance of our continuing operations.

Summary commentary on the key elements of our financial performance and our governance practices are disclosed in this Report. The full version of both are available online at <https://www.heitech.com.my/investor/investorCentre>.

REPORTING PRINCIPLES

HeiTech takes direction on its governance and reporting from the Bursa Malaysia Main Market Listing Requirements and aligns its reporting with the Integrated Reporting Council's Integrated Reporting (<IR>) Framework. We also take guidance from the Malaysian Code on Corporate Governance 2017, the Companies Act 2016, Bursa Malaysia's Management Discussion and Analysis, Sustainability and Corporate Governance Guidelines. Our financial statements are produced in accordance with the International Financial Reporting Standards (IFRS) and the Malaysian Financial Reporting Standards (MFRS).

ASSURANCE

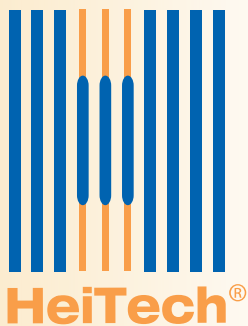
HeiTech's external auditor, Messrs. AlJafree Salihin Kuzaimi PLT, has provided assurance on the consolidated Annual Financial Statements and expressed an unmodified audit opinion.

FEEDBACK

In line with our heightened focus on our stakeholders, gathering their input is of particular importance. We welcome all feedback on this report and the issues covered. Please channel them to our Corporate Communications department via corpcomm@heitech.com.my

CORPORATE PROFILE

WHO WE ARE



HeiTech Padu Berhad is an Information Technology (“IT”) systems service provider that specialises in developing Information and Communication Technology (“ICT”) systems and infrastructure for public and private sectors.

VISION

We aim to be
“the trusted technology partner to enable customers’ vision”

MISSION

We fulfil this ambition by
“touching lives with innovative solutions”

CORE VALUES

INTEGRITY



- Accountability
- Trustworthy
- Fairness

PASSION FOR EXCELLENCE



- Service Beyond Expectation
- Role Model
- Responsiveness

DYNAMISM



- Stay Ahead
- Professionalism
- Versatility

PEOPLE CENTRIC



- Customer Centric
- Developing Talent
- Respect


CORPORATE PROFILE

OUR SOLUTIONS & SERVICES



ICT INFRASTRUCTURE SOLUTIONS

i-Sentrix Managed Data Centre Services



We provide world class services of developing, building and managing data centre facilities for our customers, well known for our service level, availability, data integrity and security.


Our services continue to achieve the following technical accreditations:

- ANSI/TIA-942-B:2017 Rated-3 Certified Data Centre Facility
- Quality Management System (ISO/ IEC 9001:2015)
- Information Security Management System (ISO/IEC 27001:2013)
- Information Technology Service Management System (ISO/ IEC 20000-1:2011)

Our suite of Managed Data Centre Services consists of:

- Data Centre Management Services
- Infrastructure Development & Management Services
- Business Recovery Management Services
- Mainframe Technical Services

PaduNet Managed Network Services



As Malaysia's largest non-telecommunications service provider, our network services support multiprotocol applications and multiple telecommunications and trunk carriers, into one secured private network.

We are committed in providing up to 99.9% network service availability to our customers. This commitment is realized through our centralised monitoring and round-the-clock customer service.

We also assist our customers to develop, build and managed network infrastructure and services.

Our network services consist of the following technologies:

- Software Defined Wide Area Network ("SD-WAN")
- Multi-Protocol Label Switching ("MPLS")
- Internet Protocol Virtual Private Network ("IPVPN")
- IP Broadband ("DSL")
- Metro Ethernet ("Metro-E")
- 3G/ 4G
- VSAT
- Leased Line
- Wireless Leased Line
- Branch in a Bag

AwanHeiTech Cloud Computing Services



We offer flexible cloud computing services, tailored to our customers' specific business requirement – from building a private cloud and hosting cloud infrastructure to managing shared cloud services.

Our cloud computing services help to streamline customers' budget as they are economically friendly on capital expenditure, hardware refresh cycles, hardware-software operations and maintenance expenses.


Our suite of cloud computing services consists of:

- Backup-as-a-Service
- Disaster Recovery-as-a-Service
- Security-as-a-Service
- Software-as-a-Service
- Platform-as-a-Service

CORPORATE PROFILE

ICT INFRASTRUCTURE SOLUTIONS

Secure-X Managed Security Services



Secure-X provides leading-edge managed security services solutions to Malaysian organizations including government agencies and enterprises in achieving their digital transformation goals by unlocking value from today's networking technologies amidst an increasingly complex environment.

Our adoption of a zero-trust model and defense-in-depth framework keeps it ahead of the local industry innovation curve and in line with global best practices.

Secure-X's suite of managed security services consists of:

- NexGen SOC Security Operation Centre-as-a-Service
- Vulnerability Assessment-as-a Service

PRO*Services ICT Maintenance & Deployment




We offer ICT maintenance and deployment services nationwide, particularly to organisations that have multiple branches. Our dedicated onsite engineers provide 24/7 support to customers, attending to problems and providing rectifications.

With the establishment of Universal Service Centre ("USC") 2.0 nationwide, we have extended our services to data recovery services, telco value-added services and IT hardware repair services.

Our suite of ICT maintenance and deployment services consists of:

- ICT Maintenance Services
- ICT Deployment Services
- Co-Location & ICT Infrastructure
- Telco Value-Added Services
- Universal Service Centre

FIN*Solutions



With 25 years of experience in the local ICT domain, we have ventured into application development for the Financial Services Industry ("FSI") market.

Our FSI subject matter experts have enabled us to develop our suite of home-grown products.

- **Re.Con** is a data reconciliation software that allows online assignment of data management tasks to employees to enhance operation effectiveness.
- **ezVERIFY** offers two-factor authentication capability using passwords and biometrics.
- **Device Service Server ("DSS")** is developed to make device integration and device sharing easier.
- **e-Connect** is a middleware that provides 'protocol-switching' between applications that use different network protocols.
- **Hybrid Client** is a software development tool that enables fast development of a new front-end application of a branch delivery system.

SPECIFIC SOLUTIONS

With over two decades of experience in various markets and industries, we have developed expertise in multiple areas, armed with incisive knowledge of the specific needs and challenges of these industries to formulate the required applications, systems and solutions.

	<p>National Security</p>	<ul style="list-style-type: none"> • Passport Issuance • Visa Issuance • Border Management
	<p>Transport</p>	<ul style="list-style-type: none"> • Road Transport Management System • Automated Learning, Driving Test and Training Solutions (“PINTARDRIVE”) • Workshop Management System (“Bodynet”)
	<p>Defence</p>	<ul style="list-style-type: none"> • Simulated Interactive Maintenance Aids • Integrated Training & Tactical Command Control System
	<p>Healthcare</p>	<ul style="list-style-type: none"> • Hospital Information System (“HIS”) • GP Clinics Patient Management System • Critical Care Information System (“CCIS”) & Radiology Information System (“RIS”) • Picture Archiving & Communication System (“PACS”)
	<p>Enterprise Solutions</p>	<ul style="list-style-type: none"> • Cooperative System • Digital Printing Services • Electronic Bill Presentment • ezBill • e-Statement • Manual Mail Processing • Record Management Services • e-Licensing
	<p>Niche Solutions</p>	<ul style="list-style-type: none"> • Construction of Power Station • Electronic Commerce • Engineering Consulting Services • Identity Authentication & Mobility Solutions
	<p>Smart Solutions</p>	<ul style="list-style-type: none"> • Smart Parking System • Work From Home Application (“D-VocTrac”)

DISCLOSURE TO BURSA MALAYSIA

No	Date	Announcement
1	29 Mar 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
2	25 Mar 2021	Quarterly report on consolidated results for the financial period ended 31/12/2020
3	17 Mar 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Dealings During Closed Period
4	17 Mar 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
5	16 Mar 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings During Closed Period
6	16 Mar 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
7	16 Mar 2021	Unincorporated Joint Venture Agreement between HeiTech Padu Berhad and Regal Orion Sdn. Bhd. - Additional Information
8	12 Mar 2021	Change in Boardroom - Encik Hamzah Bin Mahmood
9	11 Mar 2021	Reply to Query - Unincorporated Joint Venture Agreement Between HeiTech Padu Berhad and Regal Orion Sdn. Bhd.
10	11 Mar 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements): Intention To Deal During Closed Period
11	05 Mar 2021	Unincorporated Joint Venture Agreement Between HeiTech Padu Berhad and Regal Orion Sdn. Bhd.
12	01 Mar 2021	Acceptance on The Letter of Award (LOA) for Perkhidmatan Penyelenggaraan Sistem Aplikasi MyIMMS Secara Komprehensif di Jabatan Imigresen Malaysia (JIM)
13	26 Feb 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
14	26 Feb 2021	Change in Principal Officer - Puan Salmi Nadia Binti Mohd Hilmey
15	25 Feb 2021	Extension of time up to 31 March 2021 for submission of Quarterly Report for the Financial Period Ended 31 December 2020
16	25 Feb 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
17	11 Feb 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings During Closed Period
18	11 Feb 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
19	11 Feb 2021	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Padujade Corporation Sdn Bhd
20	11 Feb 2021	Notice of Person Ceasing (Section 139 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
21	02 Feb 2021	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Permodalan Nasional Berhad
22	02 Feb 2021	Notice of Person Ceasing (Section 139 of CA 2016) - Permodalan Nasional Berhad
23	29 Jan 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Dealings During Closed Period
24	29 Jan 2021	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
25	29 Jan 2021	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib

DISCLOSURE TO BURSA MALAYSIA

No	Date	Announcement
26	26 Jan 2021	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Permodalan Nasional Berhad
27	25 Jan 2021	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Intention To Deal During Closed Period
28	25 Jan 2021	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Permodalan Nasional Berhad
29	13 Jan 2021	Acceptance on The Letter of Award (LOA) for Renewal of CA GEN (TSO) and Report Composer System License for Lembaga Hasil Dalam Negeri (LHDN)
30	08 Jan 2021	Notice of Interest Sub. S-hldr (Section 137 of CA 2016) - Asia Internet Holdings Sdn Bhd
31	26 Nov 2020	HTPADU - Resumption of Trading
32	26 Nov 2020	Quarterly report on consolidated results for the financial period ended 30/09/2020
33	26 Nov 2020	Memorandum of Understanding (MOU) between HeiTech Padu Berhad and Regal Orion Sdn. Bhd. (RO)
34	26 Nov 2020	Suspension of Securities
35	26 Nov 2020	HTPADU - Request for Suspension
36	28 Oct 2020	Acceptance on The Letter of Award (LOA) for Perkhidmatan Penyelenggaraan Sistem Aplikasi dan Sokongan Teknikal Bisnes Utama (BUICT) Secara Komprehensif di Jabatan Pendaftaran Negara (JPN)
37	28 Oct 2020	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Dealings During Closed Period
38	28 Oct 2020	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
39	28 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
40	26 Oct 2020	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Intention To Deal During Closed Period
41	21 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd (Amended Announcement)
42	21 Oct 2020	Notice of Person Ceasing (Section 139 of CA 2016) - Asia Internet Holdings Sdn Bhd
43	20 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd
44	19 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd
45	13 Oct 2020	Letter Subject or Reference - Unusual Market Activity
46	13 Oct 2020	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
47	13 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Padujade Corporation Sdn Bhd
48	13 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
49	12 Oct 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
50	12 Oct 2020	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib

DISCLOSURE TO BURSA MALAYSIA

No	Date	Announcement
51	12 Oct 2020	HTPADU - Unusual Market Activity
52	27 Aug 2020	Quarterly report on consolidated results for the financial period ended 30/06/2020
53	30 Jun 2020	Quarterly report on consolidated results for the financial period ended 31/03/2020
54	22 Jun 2020	General Meetings: Outcome of Meeting
55	11 Jun 2020	Change in Boardroom - Datuk Mohd Radzif Bin Mohd Yunus
56	01 Jun 2020	Annual Report & CG Report - 2019
57	01 Jun 2020	Annual Audited Accounts - 31 Dec 2019
58	21 May 2020	Acceptance on The Letter of Award (LOA) for Maintenance and Technical Support Services for Hardware and Software of Mainframe Systems for The Road Transport Department of Malaysia (JPJ)
59	21 May 2020	General Meetings: Notice of Meeting
60	21 May 2020	Circular to Shareholders in relation to the Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
61	12 May 2020	Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
62	30 Apr 2020	Extension of time for issuance of Annual Report and Circular/Statement to Shareholders
63	22 Apr 2020	Acceptance on The Letter of Award (LOA) for Supplying, Delivering, Installing, Testing, Integrating and Commissioning of Hardware and Software Upgrade to Strengthen Core Business Application at The Jabatan Pendaftaran Negara
64	03 Mar 2020	Change in Boardroom - Datuk Jayakumar A/L Panneer Selvam
65	28 Feb 2020	Quarterly report on consolidated results for the financial period ended 31/12/2019
66	12 Feb 2020	Dealings in Listed Securities (Chapter 14 of Listing Requirements) : Intention To Deal During Closed Period
67	10 Feb 2020	Change in Risk Committee - Datuk Mohd Radzif Bin Mohd Yunus
68	07 Jan 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd
69	06 Jan 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd
70	06 Jan 2020	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
71	06 Jan 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
72	03 Jan 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Asia Internet Holdings Sdn Bhd
73	03 Jan 2020	Changes in Sub. S-hldr's Int (Section 138 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
74	03 Jan 2020	Changes in Director's Interest (Section 219 of CA 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib

FROM THE CHAIRMAN'S DESK

**TAN SRI DATO' SRI ABI MUSA ASA'ARI
BIN MOHAMED NOR**

Chairman



DEAR VALUED SHAREHOLDERS,

It is a great honour for me to address the opening remarks on behalf of the Board of Directors ("Board") of HeiTech Padu Berhad ("HeiTech"), and to present the Annual Report and audited financial statements for the financial year ended 31 December 2020.

2020 was a year of tragedy, shaped by Covid-19 pandemic that altered almost all aspects of life as we know it. Millions of lives were lost, industries and businesses collapsed, and countless people became jobless under the wrath of the pandemic. It has truly been a challenging year for all. However, with perseverance and dedication of our people and by the grace of the Almighty, HeiTech has able to steer itself safely out of 2020.

HEITECH AND THE NEW NORMS

Ever since the pandemic hit us beginning early 2020, we have taken the necessary measures to ensure our people are stay protected and our operations are not severely disrupted. All the necessary measures, such as work from home arrangement, minimum attendance in office premises, online meetings, sanitisation stations and provision of personal protective equipment were taken and still being continuously carried out. On top of that, shadow teams for project delivery units and upgrading of support infrastructure were also done to ensure our commitment to all our customers and business operations are not adversely affected.

BUSINESS OUTLOOK AND MARKET LANDSCAPE

Despite its calamity, the pandemic has opened up new opportunities, especially in ICT areas. We have seen the surged in the usage of ICT in 2020. Many online applications and mobile services have innovated the way businesses and social activities being carried out and contribute to the acceleration of the new normal. This encouraging picture is set with the background of bleak outlook in almost all industries globally in 2020.

While the Government's resources being fully mobilised in combatting the pandemic through various programmes for the people and the economy, it is expected that the Public and Commercial Sector would continue to be very vigilant in their operational and capital spending. Initiatives were prioritised and the focus were mainly to stay afloat and to sail away safely through the calamity. This would certainly have a great impact in the country's economic cycle. Nevertheless, the nation's authority body like Bank Negara Malaysia is positive about Malaysia's prospect in 2021, which is very important in putting the confidence back in the country's economic systems.

It is hoped that the country's recovery in 2021 will be made smooth with the vaccine roll-out and eventually for the country to achieve herd immunity. As the incumbent in the industry, we have prepared ourselves to face the continuous challenges while at the same time capitalising on the opportunities. We understand that innovations and operational efficiency are key in meeting those objectives. As such, we actively focus on new ideas and innovations. We also understand the need to expand our offerings across different business models and to have our presence across different market segments, including the international market.

FROM THE CHAIRMAN'S DESK

MOVING FORWARD

Despite the challenges, HeiTech will continue to move forward and exert ourselves as the trusted technology partner to our customers. We will expand our offerings and tune up our portfolios both from contracting and transactional based businesses. We have chartered the strategic direction for HeiTech through our three (3) Core Segments. These Cores were given specific target based on their respective strength, core offerings and market presence. It also allow us to be more focus on our go-to-market strategies and optimise the use of our resources.

GOVERNANCE

In prior year, we had announced on the adoption of Integrated Reporting ("IR") as prescribed by the International Integrated Reporting Council in our annual report. We believed that by structuring our report based on the principles and contents of the IR, our stakeholders would be able to gain comprehensive understanding on HeiTech's business operations, financial performance, capital deployment, risk assessment, governance, sustainability and value creation. On top of that, we had obtained ISO 370001:2016 Anti-Bribery Management System ("ABMS") Certification from SIRIM. The adoption of IR, ABMS certification alongside with existing practices, reporting and certifications on internal controls are a demonstration of HeiTech's continuous commitment towards strengthening our governance and core values.

ACKNOWLEDGEMENTS

On behalf of HeiTech, I would like to extend a warm welcome to Encik Hamzah Mahmood as our new Independent Non-Executive Director and latest addition to the Board. Encik Hamzah Mahmood brings with him two decades of finance and management experience.

I would also like to congratulate Puan Salmi Nadia Mohd Hilmey on her appointment as the Group Chief Operating Officer. The Board sees that Puan Salmi Nadia as the right candidate to oversee the whole operations of the Group through her commitment, leadership and vast experience in HeiTech. I am confident that the synergy between the Board and the Management team will continue to steer HeiTech forward.

Thank you to my fellow Board members for the unwavering commitment, wise counsel and guidance throughout the years, especially the tough year of 2020. On behalf of the Board, I would like to express my deepest appreciation and gratitude to all our shareholders, customers, business partners, financiers, the Government and authorities for their continued support to HeiTech.

Last but not least, the highest credit to the Management team and all Warga HeiTech under the leadership of the President, Dato' Sri Mohd Hilmey Mohd Taib for successfully navigate the year 2020 amidst the adversity. Thank you for all the hard work, persistence and perseverance. To HeiTech's frontliners, a special thanks from all of us as you are the embodiment of *#kitajagakita*.

Thank you and stay safe.

TAN SRI DATO' SRI ABI MUSA ASA'ARI MOHAMED NOR
Chairman

LETTER FROM PRESIDENT/ EXECUTIVE DEPUTY CHAIRMAN

DATO' SRI MOHD HILMEY

BIN MOHD TAIB

President/Executive
Deputy Chairman



SUSTAINABILITY AMIDST CALAMITIES

I hope that everyone is safe and well. What had transpired since last year is a nerve-racking experience. Nobody would have guessed that the outbreak in Wuhan had led to a world-wide pandemic. The scale of its devastation has never been seen in modern times, plunging economies and countries into crisis, killing millions of lives and countless number of jobs were lost.

Since the beginning of the outbreak in Malaysia, we had strictly followed the preventive measures set by the Ministry of Health and the National Security Council. Driven by our Business Continuity Plan, we implemented alternative working arrangements, travel limitations, and enhanced health and safety procedures. These had led to profound changes to our modus operandi, with remote and flexible working structures becoming more prevalent to ensure our operations and deliverables to our customers remain unaffected.

At the height of the pandemic, about 80% of our people were operating under work-from-home arrangement. The remaining 20% were located on sites that are critical to be manned including those deployed as frontliners in hospitals, immigration entry points, government facilities and other essential services sites. Our frontliners have work tirelessly to serve our customers across the nation with some even donning the personal protective equipment.

Majority of our meetings were held online, including our first ever virtual Annual General Meeting for the year ended 31 December 2019 and HeiTech's 2021 Annual Kick-Off. What had started as preventive measures against the pandemic are now becoming constant practices and will continue to be in place as long as the threat still exists. Apart from safeguarding the safety of our people, customers, partners and other stakeholders, these steps are also important in ensuring our service deliveries and commitments are not affected. We understand that to have a sustainable operation is very crucial during this trial times. Praise to the Almighty that, despite the calamities, we are still able to carry on with our business.

OUR BUSINESS HIGHLIGHTS

Despite the bumpy and rocky 2020, we managed to successfully navigate pass the year. It is noteworthy to mention that we still managed to deliver our contractual obligations, maintain all service level agreement with customers and secure some new contracts and initiatives despite the challenges that we faced from competition, periods of lockdown and restricted movement orders.

Though the 2020 revenue of RM325.4 million was slightly lower than 2019, the net profit has increased significantly from RM6.2 million in 2019 to RM13.1 million in 2020. Meanwhile, our earnings before interest, impairment, taxation, depreciation and amortisation (EBITDA) in 2020 was RM38.5 million, as opposed to RM39.9 million in 2019. Even though slightly lower, it was important to be highlighted as a symbol of our perseverance in facing stiff competition and uncertainty in the market.

LETTER FROM PRESIDENT/EXECUTIVE DEPUTY CHAIRMAN

The highlights of our achievements in 2020 include:

- Successfully regained our presence in Jabatan Pendaftaran Negara (“JPN”) by securing the mainframe upgrade and application maintenance contract worth more than RM70 million.
- Wide Area Network contract renewal (with major scope expansion) connecting TESCO Malaysia HQ to TESCO disaster recovery centre in Thailand, which is the first international link implementation for commercial sector.
- Our home-grown Penang Smart Parking has been selected for Malaysia Technology Excellence Award (MTEA) 2020, (Transportation, IoT category). It was also bestowed by Penang State Government as the winner for the Chief Minister’s Innovation Award. This is the acknowledgement of how HeiTech has successfully implemented initiatives under Industrial Revolution 4.0 and help the Penang State Government in achieving its digital transformation.
- Secured the extension of maintenance contracts from Jabatan Pengangkutan Jalan (“JPJ”) and Jabatan Imigresen Malaysia (“JIM”).
- Successfully commissioned the latest IBM’s z15 mainframe for JPN and JPJ. These are the first z15 mainframe implementation in Malaysia.
- Strengthened our regional presence by establishing PT DesaTech Nusantara (“DesaTech”) to provide financial system for cooperatives in Indonesia.
- Launching of ezBill and eLIS, our newly developed products that help local authorities to transform and digitalise their management and service delivery to customers.

- Successfully obtained the ISO 37001: 2016, Anti-Bribery Management System certification which underlined our commitment towards integrity and good governance.
- Successfully obtained the TIA-942 Rated 3 certification for our data centre in Bukit Jelutong. This certification acknowledged the reliability of our data centre services.
- Strategic collaboration with Regal Orion to explore and expand the data centre business in Malaysia.

KEEPING OUR SPIRITS HIGH

Moving forward in year 2021 and beyond, we have aligned our strategic direction to respond more effectively to market changes, risks, threats and opportunities. The companies under the Group are segmented into 3 Cores, namely Core 1, Core2 and Core 3. Each Core will have its respective strategic focus area according to the primary strength, core offerings, diversified industries and innovations for future growth.

We will continue to strengthen our ICT contracting business, which is the existing business of system integration, maintenance, development and managed infrastructure services. This is where Core 01 and Core 03 businesses are.

At the same time, through Core 2, we will beef up our product development and offerings to cater for concession based, business-to-business and business-to-consumers market segments. Among the main targets for these products are local councils and small/medium size enterprises. Our aspiration is to help these organisations improve their services to their customers via digitalization and digitisation of the management and delivery systems. We are also working hard to expand our presence in Indonesia market. Even though the pandemic has slowed down the progress on marketing and deployment plan, we are still positive about the prospects.

GRATITUDE

We have gone through so much since our incorporation and with God’s willing, we will remain to be here, delivering and doing what we do best. We will not be able to carry on this far without strong support and commitment from everyone. For that, I would like to thank our Chairman, Tan Sri Dato’ Sri Abi Musa Asa’ari Mohamed Nor and all members of the Board for their guidance and stewardship. My appreciation is also extended to the Executive Council members for their leadership and commitment. Special thanks to all Warga HeiTech for relentlessly pursuing and delivering our commitments to our customers. The same also goes to all our customers, business partners, financiers, suppliers and regulators. Finally, my deepest gratitude to all our shareholders for staying with us through thick and thin. May we continue to be more successful in the future.

DATO’ SRI MOHD HILMEY BIN MOHD TAIB

President/Executive Deputy Chairman

MANAGEMENT DISCUSSION & ANALYSIS



🔍 BUSINESS OVERVIEW

GROUP OVERVIEW

Entering its 26th year of operations, HeiTech Padu Berhad Group (“HeiTech or the Group”) still stands as one of the nation’s incumbents in the information, communication, and technology (“ICT”) industry. HeiTech specialises in development and maintenance of ICT systems and infrastructure for public and private sectors, offering complete end-to-end, customised solutions that are essential in today’s dynamic business environment. We were also instrumental to the Government in delivering their mission-critical systems to the Malaysian public.

We believe that sound technological applications and support are vital for every organization. Therefore, through our understanding of the needs, our innovative solutions and quality deliverables, we are dedicated in transforming business processes into comprehensive system-based applications, that will further enhance efficiency and productivity. Our dedication in becoming the trusted technology partner to our customers encompassing areas such as national security, transportation, financial services, healthcare, defence and retail. We are proud of our achievements and the role that we have played in transforming various industries throughout the nation.

Apart from ICT, the Group also ventured into other areas such as engineering works, mailing and document processing activities and renewable energy.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL OVERVIEW

The Group acknowledged that political, economic and sociological factors that are currently shaping the industry and business landscape have directly impacted the decision-making process by the Management. In responding to these factors, the Group has segmented its companies based on their primary strength, core offerings, type of industries and innovations for future growth. This enables us to zoom in on each strategic focus area and allows us to respond more effectively to market changes, risks, threats and opportunities. These segments are reported as Core 1, Core 2 and Core 3 respectively.

CORE 1

Core 1 consolidates HeiTech’s brands in the information technology. As the principal business segment of the Group, Core 1 focuses in serving the public and private sectors with wide range of ICT services and products. The two (2) main business activities under Core 1 are system integration and managed services.

i. System Integration

System integration consists of application and development, trading of hardware and software, as well as maintenance service. HeiTech was a pioneer among system integrators in Malaysia. We have instilled confidence on the capabilities of local players through successful implementation of the 3J projects, and help to open the door for others to enter this sector.

ii. Managed services

Managed services consist of ICT infrastructure solutions such as Managed Data Centre Services, Managed Network and Communications Services, Desktop Management Services, Business Continuity Management, Customer Care / Helpdesk Services, ICT Deployment Services and Cloud Services. It is the Group’s main staple for fixed and recurring revenue, providing a defensive earning against the high profile and volatile contribution from the system integration business.

HeiTech has over 17 years of experience in Managed Network Services and Data Centre Services with a reputation for providing reliable, secure and cost-effective customer-driven services. We own and manage a Tier-IV ready data centre facility located in Bukit Jelutong, Selangor and we also offer services to develop, build and manage data centre facilities.

Managed Services serve both the public and commercial sectors, focusing on digitalisation of business processes (“DX”) to enhance customers’ experience (“CX”). The flagship project under managed services is servicing the IT systems

that includes application, data centre, disaster recovery, desktop management and helpdesk services for the nation’s leading unit trust body.

We are ISO certified to ensure our services meet the high-quality demand of many organizations in terms of service level, availability, data integrity and security. Among the ISO and other certifications that are being maintained are as follows:

Standards and Regulatory Compliance at HeiTech

- ISO 9001:2015: Quality Management System (“QMS”) certification
- ISO/IEC 27001:2013 Information Security Management System (“ISMS”) certification
- ISO/IEC 20000-1:2011 Service Management System (“SMS”) certification
- ISO/IEC ISO 22301: 2012 Business Continuity Management System (“BCMS”) certification
- Payment Card Industry Data Security Standard (“PCI DSS”) certification
- ISO 37001:2016: Anti-Bribery Management System (“ABMS”) certification
- The Capability Maturity Model Integration (“CMMI”) Level 3 for development framework
- Test Maturity Model Integration (“TMMi”) certification

We had also internally developed our own management and evaluation systems for this purpose, namely:

- HeiTech’s Project Management Information System (“PROMISE”)
- Application Development Information System (“ADVISE”)
- Product Evaluation for Compliance Information System (“Precise”)

MANAGEMENT DISCUSSION & ANALYSIS

CORE 1 (Cond't)

Apart from that, we have been awarded the Asia Pacific CIO Outlook 25 Most Promising Disaster Recovery Service Solutions Provider 2016, and Hewlett Packard Enterprise's HPE 100% Achievers Club 2016. HeiTech was also awarded with Excellence Award 2019: Malaysia Managed Security Services Provider of the Year and Excellence Award 2019: Malaysia Managed Infrastructure Services Provider of the Year by Frost and Sullivan and Asia Pacific CIO Outlook 2019: Top 10 Managed Service Providers in the APAC Region.

In 2020, we were conferred The Managed Security Services Provider of the Year Award 2020 and Malaysia Cloud Infrastructure Services Competitive Strategy Innovation & Leadership Award 2020 by Frost & Sullivan Malaysia.

CORE 2

Core 2 leverages on various sectors within the segment to create a new focus in the Group's strategic direction. It comprises companies that operated in database management for automotive industry, mobile and financial applications, mailing and document processing services, defence and engineering works and renewable energy in the energy sector. Among the main offerings within Core 2 are electronic licensing and billing services for local councils, financial system for cooperatives in Indonesia, training simulations, digital data processing and automotive parts database platform and training methods. Apart from some contracting nature of the services offered, Core 2 main aim is at securing shares in the mass market space via business-to-business and business-to-consumers type of offerings.

CORE 3

In prior year, Core 3 was set to be the exploration arm of new technology for the Group. However, the focus was revisited in 2020 whereby it has been recalibrated to explore the opportunities within the transportation sector and other ICT areas that are not covered by Core 1 and Core 2. This was done to ensure that the Group's market presence is widespread.

CHALLENGES

Common challenges across all Cores

Across all the Cores, limited allocation of budget, spending priority and increasing competition are some of the pertinent challenges that have to be constantly faced.

Over the past few years, the nation's ICT industry has been flourished with players from all sizes with various technology offerings. From the contracting business perspective, it has translated into a continuous battle on the solutions to be offered against the most suitable pricing and business model. Competitive pricing strategy with attractive and quality offerings are crucial in differentiating ourselves against the competitors. So far, the strategy is still favourable but not without some sacrifice on the margins. The Group had also embarked on a start-up like strategy in our bid to expand our market present with low-cost products and services.

Budget allocation for ICT is also a significant challenge, especially on the development of major ICT systems. For public sector, the allocation for development expenditure has been less than 20% of the country's yearly budget, except for 2021 at 21%. The Government would need to weigh and juggle its spending priority with regards to national development requirements between public infrastructures, ICT infrastructure and systems development. For private sector, budget limitation puts pressure on what is the acceptable spending in meeting the necessary requirements while trying to avoid any unwanted risk. These priority spending and budget limitations, coupled with increasing competition formed constant variables that the Group must endure as the time progress.

In 2020, we have to face a new challenge when Covid-19 hits the world by storm and changed the whole social and economic landscape. Business transactions and social interactions have been redefined to accommodate the new normal. HeiTech was not spared from the impact of the pandemic. The necessary measures had been taken to ensure our deliverables and service level agreements were met. While we were able to manage our deliverables, the sales and acquisition process were significantly affected as physical distancing and working from home arrangements have created gaps in the turnaround time of every initiative. The pandemic had also forced businesses and organisations to recalibrate their budget and spending pattern.

Despite all the challenges, we always strived for excellence, operating in the most efficient manner, working towards better productivity and not to compromise on the quality of our services and deliverables. Given our track record and reputation as the industry forerunner, we are confident in maintaining our presence in the market.

MANAGEMENT DISCUSSION & ANALYSIS

Challenges by segment

Segment	Challenges	Response
CORE 1	<p>System integration, development and maintenance</p> <ul style="list-style-type: none"> Reduction in value and quantity of ICT development and maintenance projects Increased competition from old and new players drives constant pressure on solutions and prices to be offered. <p>Managed Services</p> <p>Network services</p> <ul style="list-style-type: none"> As a non-telecommunication company against the telecommunication giants, the Group is at disadvantage from cost structure, infrastructure and price perspectives. <p>Data centre and disaster recovery services</p> <ul style="list-style-type: none"> Keeping up with customers' demands and requirements for a stable and reliable services. Ensuring that all stored data are strictly safeguarded and protected from any threat whatsoever. 	<ul style="list-style-type: none"> Established strong partnerships with vendors. Emphasis on efficient delivery process Value propositions based on merits and track records in delivering mission critical systems to the customers Infused creativity in the network product portfolios to differentiate ourselves from the telcos Service redundancy as added security and reliability in order to create customer's stickiness to our services. Constant fitness tests and re-assessment to ensure the exposure to any risk is adequately mitigated. Certification on our processes and accolades on our achievements from relevant bodies as recognition on our ability and reliability.
CORE 2	<ul style="list-style-type: none"> Customers in Core 2 are largely from the private sector. Changes in technology and prudent spending by customers are the biggest challenges faced by the companies under this segment. Stiff competition as the barrier of entry in the business solutions segment is quite low. 	<ul style="list-style-type: none"> Core 2 has set up a low-cost IT outfit to meet the tight and prudent spending by customers on their business IT requirements. Ready products before approaching the market. For example, products that help local councils in the automation of their business processes that improve delivery and response time to their customers.
CORE 3	<ul style="list-style-type: none"> Core 3 was tasked to explore new areas especially within the transportation sector. The key challenge faced is the long turnaround time for each initiative due to competition with existing players in the areas that they are exploring. 	<ul style="list-style-type: none"> Forming a partnership with relevant parties for better penetration in the targeted areas.

MANAGEMENT DISCUSSION & ANALYSIS

2020 OPERATING ENVIRONMENT

The world around us was changing from 4th industrial revolution, gig economy, financial technology, cryptocurrency, blockchain and internet of things that stimulate new industries, leapfrog legacy business models and fundamentally change the lives of millions of people. Things were going really well until Covid-19 hit the whole world in 2020.

The pandemic has caused widespread concern and economic hardship for consumers, businesses, and communities across the globe. In 2020, as most companies may already have business continuity plans, some of which may not fully address the fast-moving and unknown variables of a pandemic like Covid-19. Typical contingency plans are intended to ensure operational effectiveness following events like natural disasters, cyber incidents and power outages, among others. Generally, people never took into account the widespread quarantines, extended school closures and added travel restrictions that had occurred in this global health emergency.

Malaysia was not spared. As reported by Bank Negara Malaysia (“BNM”), the country’s economy for 2020 contracted by 5.6%. The negative growth was largely attributable to the imposition of the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO). The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity during the year. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand.

Despite the challenging external environment, the technology industry remained buoyant due to rising demand in the sector. The ongoing digitalisation has also increased spending on IT systems and infrastructure, resulting in more players entering the field to compete. Regulatory reforms under the Mandatory Standard on Access Pricing (“MSAP”) implementation means more companies are able to access the country’s readily available broadband infrastructure and provide a retail market offering. The launch of 5G network at the world stage about a year ago has the industry alive and enhanced investors’ optimism in the sector. This has fueled further capital allocation on broadband services, data centres, storage enterprises and smart applications that will likely continue beyond 2020.

According to the news report on the road map set out in the Malaysia Digital Economy Blueprint, Malaysia will become a high-value-added economy and a net exporter of home-grown technologies and digital solutions by the end of this decade. The role of digital technology and digital economy has become more evident following the Covid-19 pandemic which has led to difficulties faced by the world’s population to continue business as usual. The grasp on digital technology is essential to improve Malaysia’s economy and sets the country to be a top digital economic savvy nation within the region.



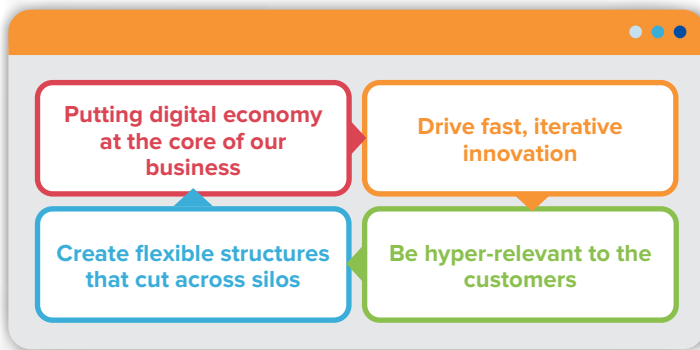
OUR STRATEGIC RESPONSE

At HeiTech, customers are our focus and technology is our soul. As such, to secure and retain our customers, our business model requires constant engagement with various stakeholders within them. It is of paramount importance for the engagement team to understand our customers – their business, cultures, pains, and desires. Through combination of business thinking and technological knowledge, we bring forth transformation that improved their experience via omni-channel touchpoints such as kiosk, portal, mobile applications, simulations and global positioning system. It also contributes to faster turnaround time for their business transactions. It is how we bring value to our customers and to ensure that they will continue to trust us as their dependable technology partner. We also understand that in the wake of Covid-19 pandemic, digital offerings have become increasingly important as system based applications will reduce the risk of infection through elimination of physical transactions.

MANAGEMENT DISCUSSION & ANALYSIS

Our customer-driven approach is emphasised in 2020 as the presence of more IT players in the industry that HeiTech operates has translated into stiffer competition and challenges for the Group. The 3 Cores segmental strategies were made in order to remain relevant via market-focus and offering-focus with competitive pricing and solutions. We also understand the need for operational efficiency and structural flexibility in order to adapt to the fast pace of digital economy, and to improve productivity and results.

In short, our efforts in meeting the strategic directions and overcome the challenges can be summarised into the following strategies:



With these as our roadmap, we have identified specific priorities and areas of opportunities for each of our 3 Cores to achieve their respective targets. These include securing recurring business from existing customers while gaining new business from both existing and new customers.



OPERATIONAL HIGHLIGHTS

Despite a competitive landscape, the Group was successful in securing several service extensions and new ventures since 2020 to date, listed as follows:

22 April 2020

HeiTech has signed the letter of award for Supplying, Delivering, Installing, Testing, Integrating and Commissioning of Hardware and Software Upgrade to Strengthen Core Business Application at the Jabatan Pendaftaran Negara with a contract value of RM19,898,989.

21 May 2020

HeiTech has signed the letter of award for Maintenance and Technical Support Services for Hardware and Software of Mainframe Systems for the Road Transport Department of Malaysia with a contract value of RM126,021,280.

28 October 2020

HeiTech has signed the letter of award for "Perkhidmatan Penyelenggaraan Sistem Aplikasi dan Sokongan Teknikal Bisnes Utama Secara Komprehensif di Jabatan Pendaftaran Negara" with a contract value of RM50,973,280.

26 November 2020

HeiTech has entered into a non-legally binding Memorandum of Understanding ("MOU") with Regal Orion Sdn. Bhd. ("RO") to explore all possible business collaboration to unlock the potential business synergy via its respective competitive advantage and seek to enhance the data centre related business activities in Malaysia. Through this MOU, both parties shall explore all possible business collaboration to unlock the potential synergy via its respective competitive advantage and seek to enhance the data centre related business activities in Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS



13 January 2021

HeiTech has signed the letter of award for Renewal of CA GEN and Report Composer System License Mainframe, for Lembaga Hasil Dalam Negeri with a contract value of RM35,200,000.

1 March 2021

HeiTech has signed a letter of award for “Perkhidmatan Penyelenggaraan Sistem Aplikasi MyImms” for Jabatan Imigresen Malaysia valued at RM33,920,000.

5 March 2021

HeiTech had entered into an unincorporated joint venture agreement with RO for construction of a world class, Tier IV, next generation green data centre at the unused portion of land owned by HeiTech in Bukit Jelutong, Shah Alam, Selangor.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	2020 RM'000	2019 RM'000	Variance RM'000
Revenue	325,368	360,823	(35,455)
Other income	14,554	7,885	6,669
Expenses	(325,114)	(361,133)	36,019
Share of associates' results	(1,487)	(939)	(548)
Profit before tax	13,321	6,636	
Taxation	(194)	(417)	223
Profit after tax	13,127	6,219	6,908

2020 was a year like no others when the whole world was plagued by Covid-19. The economic, financials, political, technology and social systems have changed tremendously because of the pandemic. Business activities, social interactions and level of spending by organisations were affected and had created chain reactions that altered the way business and social transactions being carried out.

As an organisation, HeiTech was not spared from the impact that the pandemic had posed. Even though the Group had managed to record yet another profitable year in 2020, some noticeable reduction in the revenue from RM360.8 million to RM325.4 million reflected the tough period that the Group had to sustain in 2020.

MANAGEMENT DISCUSSION & ANALYSIS

The periods of lockdown and movement control orders were indeed very challenging. Project delivery activities were affected. Resources were scrambled and reshuffled to meet the imposing rules and procedures while ensuring the timeline and service level agreements were met. Sales acquisitions were dampened, and longer turnaround time was needed due to the new way of interactions via social distancing and work from home arrangements. Priority of spending by customers was also among the challenges that the Group had to face, causing delay in achieving certain initiatives that were targeted earlier.

BREAKDOWN OF REVENUE BY SEGMENT

The breakdown of the Group's revenue by respective segment is as follows:

Revenue By Core	2020 RM'mil	2019 RM'mil	Variance RM'mil
Core 1	270.9	303.5	(32.6)
Core 2	45.9	57.3	(11.4)
Core 3	8.6	-	8.6
	325.4	360.8	(35.4)

▶▶
CORE 1

Core 1 has always been the main revenue contributor to the Group. However, it has been facing stiff competition especially in the public sector, causing some volatility in its revenue. Public sector spending for development on big systems are quite rare nowadays with the available ones were subject to strong tussles with other providers. The same goes to maintenance contracts but at this juncture, the Group still managed to defend its footing in the existing maintenance contracts.

The detailed breakdown of Core 1 revenue is as follows:

Revenue type	2020 RM'mil	2019 RM'mil	Variance RM'mil
System application and development	42	122	(80)
Maintenance services	98	82	16
Network services	51	57	(6)
Disaster recovery and facility management	56	35	21
Others	24	8	16
Total segment revenue	271	304	(33)

▶▶
CORE 2

The business activities under Core 2 are diversified and span over different sectors. During the year, some recalibration has been made for ICT services where certain contracting business has been moved to Core 3 and some were divested to be in line with the strategic planning of the Group. This was done as ICT activities under Core 2 were targeted to focus on low-cost solutions for business and public at large.

Revenue from engineering works and mailing and documents processing sectors hovered around the same results as in prior year. Engineering works stood at RM11 million as most of the projects in-hand have been completed. As for mailing and documents processing, despite facing strong competition from electronic and online statements, the sector still manage to maintain its revenue stream during the year.

MANAGEMENT DISCUSSION & ANALYSIS

CORE 2 (Cont'd)

The revenue of Core 2 from its respective business activities is as follows:

Revenue type	2020 RM'mil	2019 RM'mil	Variance RM'mil
Information technology services	18	29	(11)
Engineering works	11	11	-
Mailing and document processing	13	12	1
Others	4	5	(1)
Total segment revenue	46	57	(11)

CORE 3

Revenue from Core 3 mainly consists of maintenance and concession from transportation and service industries. The revenue for Core 3 was only registered in 2020 without corresponding prior year results as the business was only transferred from Core 1 and Core 2 respectively during the year.

REVENUE BY GEOGRAPHICAL SEGMENT

	Revenue		Contribution	
	2020 RM'mil	2019 RM'mil	2020 %	2019 %
By country:				
Malaysia	321.8	357.2	99%	99%
Australia	3.0	3.0	1%	1%
Indonesia	0.6	0.6	0%	0%
	325.4	360.8		

The Group's geographical segment is reported through companies operated in Malaysia, Australia and Indonesia. At RM321.8 million (2019: RM357.2 million), Malaysia is the biggest contributor to the Group's results followed by Australia and Indonesia.

The revenue contribution from companies in Malaysia are from information technology, engineering works and mailing and document processing business. Meanwhile, the subsidiary in Australia and Indonesia are involved in the provision of support software services for automotive repair industry and document processing and mailing activities respectively. The contribution from these companies to the Group is very minimal due to their small size of operations. 2020 would be the final contribution of revenue from Australia as the Group had disposed the business during the year and the subsidiary has now ceased operations.

The Group's venture to boost its presence in Indonesia is yet show any significant results due to the Covid-19 pandemic which had dampened travelling and delayed the targeted implementation plans.

EXPENSES

Expenses	2020 RM'mil	2019 RM'mil	Variance RM'mil
Personnel expenses	86.8	83.8	3.0
Project related expenses	185.9	211.4	(25.5)
Depreciation and amortisation	17.4	16.1	1.3
Impairment	3.1	4.1	(1.0)
Administration expenses	27.3	32.7	(5.4)
Finance expenses	4.6	13.1	(8.5)
	325.1	361.2	(36.1)

Total operating expenses of the Group reduced by RM36.1 million to RM325.1 million in 2020 compared to RM361.2 million in 2019. Our expenses for the year continued to focus on talent retention, development and acquisition to support our strategic direction of varying our technological offerings. Staff costs rose by RM3.0 million to RM86.8 million in 2020 from RM83.8 million in 2019. The Group's staff strength stood at about 935 at the end of 2020 (2019: 1,000).

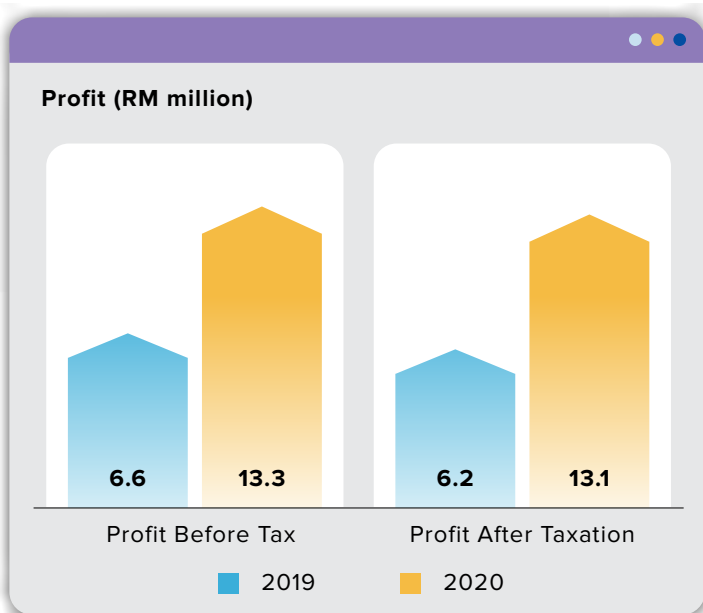
Project related expenses catered for 57% of the Group's total expenses in 2020. The reduction from RM211.4 million in 2019 to RM185.9 million in 2020 was in tandem with lower revenue, especially from the IT segment. Depreciation and amortization recorded some increase following investments in office equipment, computers and network equipment during the year. Additional amortisation of newly capitalised software development costs also added to the higher amount for the year.

MANAGEMENT DISCUSSION & ANALYSIS

The Group has been very attentive in assessing the recoverability of its assets to reflect their fair valuations. In 2020, the impairment expense was at RM3.1 million, slightly lower as compared to RM4.1 million in 2019. Major portion of the impairment was on receivables at RM2.3 million (2019: RM2.5 million) and the remaining amount relates to investment cost of RM0.8 million (2019: RM1.6 million).

As for overheads, the Group had always strived to keep the costs at bay. The efforts have resulted in lower administration costs by RM5.4 million in 2020. Finance cost in 2020 was also significantly lower by RM8.5 million, mainly due to lower utilisation of revolving credit facilities and moratorium granted by the financial institutions.

RESULTS BEFORE AND AFTER TAX (RM Million)



The Group has recorded pre-tax and post-tax profits of RM13.3 million and RM13.1 million respectively in 2020 as opposed to pre-tax and post-tax profits of RM6.6 million and RM6.2 million respectively in 2019, representing a total increase of about RM6.7 million and RM6.9 million respectively. Apart from cost savings effort and better management of financial assets, the improvement in the 2020 result was also attributed to higher other income at RM14.6 in 2020 against RM7.9 million 2019, which came mainly from gain on disposal of investments amounting to RM7.9 million.

The Group's earning before interest, impairment, taxation, depreciation and amortization (EBIITDA) stood at RM38.5 million in 2020, a slight reduction from RM39.9 million in 2019. Despite the slight reduction, it still demonstrated good resilience by the Group in facing an extremely tough business environment especially in the wake of Covid-19 pandemic.

ANALYSIS OF FINANCIAL POSITION

The table below shows the assets employed, liquidity ratios and working capital of the Group as at the year end of 2020 and 2019.

ASSETS EMPLOYED	2020	2019	Variance
Non-current Assets (RM'000)	87,065	80,509	6,556
Current Assets (RM'000)	290,246	241,898	48,181
Assets of disposal group classified as held for sale	-	2,382	(2,382)
Total Assets (RM'000)	377,311	324,789	52,355
Net Current Assets (RM'000)	47,519	40,203	7,315
Shareholders' Fund (RM'000)	123,634	113,215	10,418
Share Capital (units)	101,225	101,225	-
Net Tangible Assets per Share (RM)	1.12	1.05	0.071

The Group's total assets stood at RM377.3 million in 2020. Non-current assets registered an increase by RM6.6 million due to capitalisation of software development costs and addition of fixed assets during the year. Included in the non-current assets is a right-of-use asset of RM11.2 million (2019:RM13.6 million) that relates to long term operating leases following the adoption of accounting standards on leases since 2019. Current assets were higher by RM48.2 million in 2020, mainly due to increase in the balance of contract costs assets for development projects that are yet to be amortised. These items had strengthened the total assets of the Group by RM52.4 million from RM324.8 million in 2019 to RM377.3 million in 2021.

MANAGEMENT DISCUSSION & ANALYSIS



As of 2020, the Group's net current assets (current assets less current liabilities) stood at RM47.5 million, higher by RM7.3 million as compared to 2019. The positive financial performance in 2020 had also contributed to the improvement in the Group's shareholders' fund and net tangible assets (NTA) per share respectively.

LIABILITIES AND WORKING CAPITAL	2020	2019	Variance
Payables (RM'000)	111,234	90,337	20,897
Borrowings (RM'000)	131,044	112,085	18,959
Lease liability (RM'000)	12,427	14,394	(11,967)
Total liabilities (RM'000)	254,705	216,816	37,889
Gearing Ratio (%)	59%	57%	2%
Current ratio	1.20	1.22	(0.02)

The Group had always strived to keep its liabilities at a reasonable level. The Group used the combination of its internally generated funds and credit facilities to finance its operations and meet its obligations. The weightage on utilisation on these two methods would determine the gearing level needed in deploying its working capital. At this juncture, the Group's possessed adequate credit facilities to cater for its operational requirements.

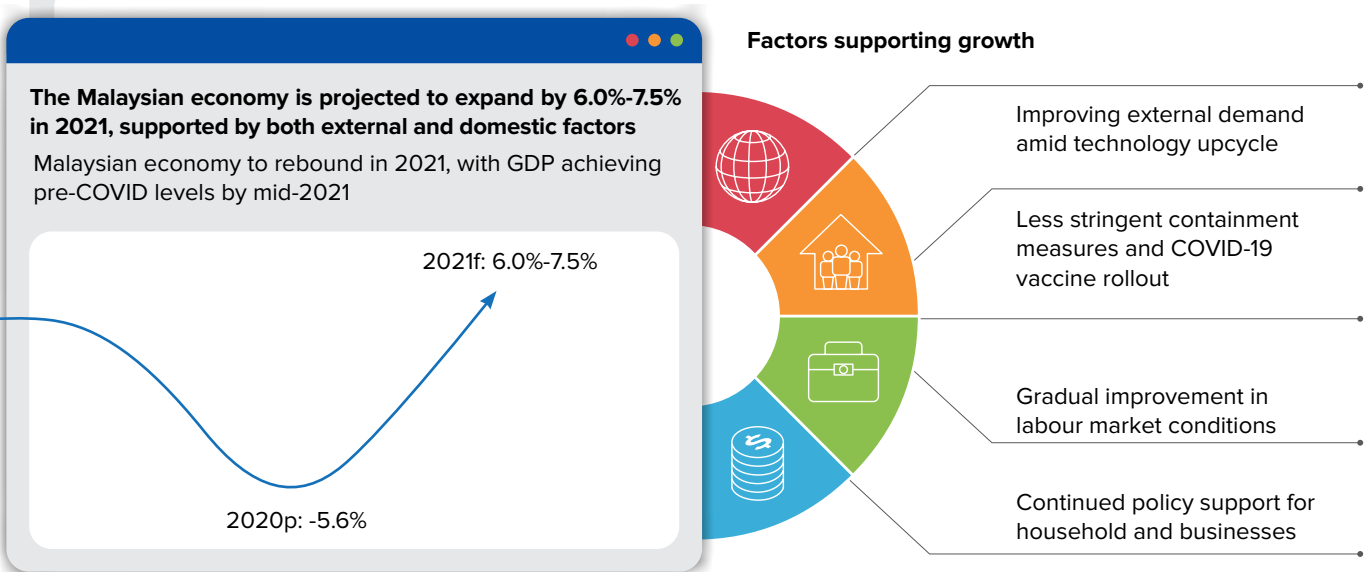
The gearing ratio in 2020 was slightly higher at 59% against 57% in 2019. The current ratio was also recorded slightly lower at 1.20 times in 2020 against 1.22 times in 2019. Notwithstanding that, the deployment of the Group's working capital was still in acceptable position as the current ratio was still healthy and the Group's financial obligations were still contained below the equity limit.

MANAGEMENT DISCUSSION & ANALYSIS

MOVING FORWARD 2021

HeiTech entered 2020 with a clear momentum from the contracts secured including the 7-year smart parking concession from Majlis Bandaraya Pulau Pinang and Majlis Bandaraya Seberang Prai. However, the steady pace in early 2020 was disrupted by the rapid global spread of Covid-19, the weak global economy and change of Government.

BNM projected for Malaysian economy to rebound between 6.0% and 7.5% in 2021. The recovery of the domestic economy that began in the second half of 2020, is expected to continue in 2021. However, the recovery will be shaped by several factors, among others are the course of Covid-19 pandemic and vaccine rollout, sector-specific developments, and level of improvement in the labour market. BNM says that as the operating environment remains highly uncertain, continued and targeted policy measures by the authorities are vital in supporting the needed growth.



Source: Bank Negara Malaysia – Annual Report, Economic and Monetary Review & Financial Stability Review 31 March 2021

Despite the Bank’s positive remarks about Malaysia’s economic conditions, we are still bracing for an uncertain future. Rising cases of Covid-19, is the pandemic going to really end, will the economy ever get back to normal and will there be another shift of government are among the ramifications that we are facing. But for a company that has survived multiple recessions over the years and faced tough competition from well-connected competitors, HeiTech still managed to be relevant. Our professionalism, quality deliverables and creativity are key to this resilience.

We will continue to successfully deliver mission-critical projects to our clients both in the public and private sector. For 2021 and beyond, HeiTech has established a more focus business plan and strategic directions with regards to 4th Industrial Revolution and new markets, with special emphasis on offerings in both the business-to-business and business-to-consumers segments. This is done to ensure that our business is built for the crisis and beyond.

As we embraced the new normal, reshaped the interactions with our clients and revised our operational matters, our future will still have to be reimagined. While we continue to provide cutting edge and customised solutions to our clients, we are also working on how we can do so in a better and safer way.

To our shareholders, we remain committed to creating more success for the Group. 2021 is going to be another challenging year but we shall remain steadfast and come what may, we will take the bull by the horns and continue to march forward.

BUSINESS STRENGTHS

HeiTech's value creation model is centred on leveraging our 25 years' of strength and competitive advantages towards delivering an effective response to market trends and needs. These strengths are guided by maximising our competitive advantages as the key enabler to digital economy and at the same time minimising exposure to business and operational risks. These strengths are also pivotal in our approach and response to a dynamic and rapidly evolve marketplace.

HeiTech constantly assess the strengths that were progressively developed over the years, in tandem with the changes in technology and marketplace. This is to ensure that we stay relevant and continue to create values for our stakeholders.



MARKET LEADER WITH MERIT EXCELLENCE

HeiTech has more than 25 years of track record for delivering transformative, cutting-edge, mission-critical ICT solutions and services to Malaysia's public and private sectors. We are the industry pioneer in Malaysia's large scale, enterprise wide system integration, bringing deep expertise and extensive experience to deliver proprietary, homegrown solutions and/or international products and services meeting the needs of a vast array of industries and sectors.



A BROAD REVENUE MIX SPANNING DIVERSE COMMERCIAL AND PUBLIC SECTOR SOLUTIONS

HeiTech derives revenue from multiple revenue streams, ranging from government concession services to commercial services, and not overly dependent on a single market product or service. This enables greater market penetration, reduces exposure to market volatility and the cyclical nature of our business while enabling stronger possibility to leverage on emerging growth opportunities across multiple segments. Our solution' portfolio ranges from managed infrastructure to systems applications, bring greater value to our customers which yielded a balanced revenue mix.



INNOVATIVE SOLUTIONS AND SERVICES FOR ALL MARKETS

HeiTech constantly offers innovative solutions for all markets that we operate in. We continuously put our efforts in creating new products and solutions that are customized to our customer's requirements to ease their business process in serving their customers.



BUSINESS STRENGTHS

GROWING REGIONAL FOOTPRINT

HeiTech's experience in various markets and providing multiple solutions has elevated HeiTech as the trusted technology to our customers. We continue to explore and expand our regional footprint, and evolve our business model from Business-to-Government to Business-to-Business.

DYNAMIC STRATEGIC ALLIANCE WITH PARTNERS

HeiTech leverages on the latest technology and innovative products and services through our multiple partnerships with global ICT brand names, complementing our homegrown solutions portfolio. These partnerships enhanced the quality and reliability of HeiTech's offerings to various industries that we served.

PROCESS ACCREDITATION

HeiTech obtained and maintained the accreditation from international certification bodies, which indicated that our business adheres to the requirements of an internationally recognized management system standard. This recognition guarantees the reliability of our system hence building trust from our customers.

HUMAN AND INTELLECTUAL CAPITAL

HeiTech's experienced and certified technical personnel allow us to deliver cutting edge end-to-end solutions to all our customers. The talent pool comprises of industry's top technology experts in their respective fields. This provides us with an extensive knowledge base and vast institutional memory to serve various markets.

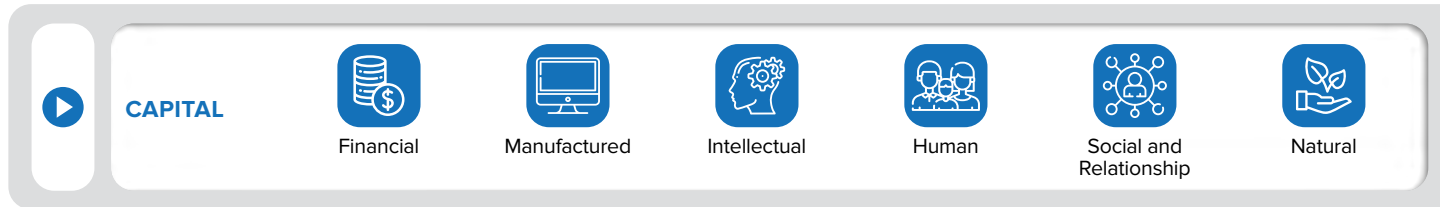
HOW WE ASSESS MATERIALITY














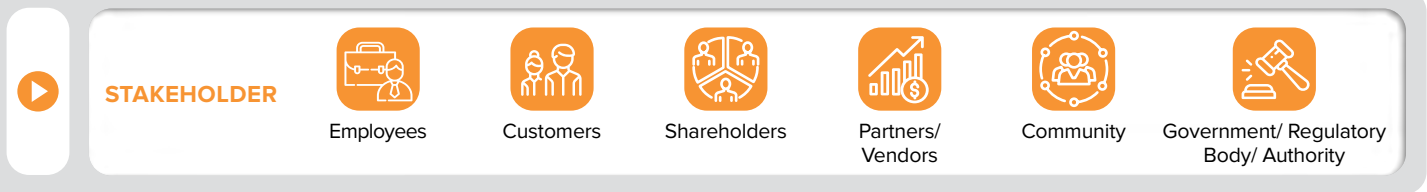
THIS IS HOW WE CREATE VALUE

HOW WE ASSESS MATERIALITY



Material Matters	Description
 Supply Chain	HeiTech's ability to leverage on efficient and reliable partner / vendor is material to the Group's ability to achieve cost efficiency, service reliability and customer satisfaction.
 Innovation	HeiTech promotes innovation culture amid a diverse workforce that focuses on creating innovative solutions for the ease of our customers' digitalisation journey.
 Cyber Security and Privacy	Cyber threats on personal privacy, businesses and government functions have been escalating worldwide. Given the vast amount of customer data in our care and our nature of business providing services to the Government and Private Sectors, we consider cyber security the foremost concern of HeiTech. Beyond tangible financial losses from service downtime, cyber-attacks can cause irreparable damage to brand reputation and credibility, and lead to a potential fallout with the public due to broken trust.
 Human Capital Development	A company is only as strong as its workforce; more so a tech-based company like HeiTech where IP development relies heavily on a talented and committed workforce. HeiTech is recognised for having skilled and vast experience personnel with good industry background who can support us in our growth areas.
 Customer Satisfaction	Customer satisfaction is vital to our aim of becoming a market leader in the globally competitive IT industry. Our interactions with customers are a crucial means by which we gain a better understanding of the needs and challenges of our customers and cultivate lasting relationships.
 Service Quality	As a leading player in the IT industry, service quality is of utmost importance to ensure excellent service delivery to our customers. We adopt international standards and methodologies as commitment towards providing industry benchmark services.
 Strategic Social Contribution	True business sustainability is only achieved when we fulfil our role as a good corporate citizen. We support nation-building, talent development and job creation initiatives for the benefit of the industry and the community as a whole.
 Governance, Ethics and Compliance	Our ability to operate effectively is tied to strict adherence of standards and regulations set by the relevant authorities. HeiTech has established an effective governance and controlled structure to ensure proper code of conduct in our business.
 Environment, Safety and Health	Environment, safety and health are the elements that contribute to sustainable business. As a technological solutions provider, HeiTech's carbon footprint is limited to the energy and resources we consume within the office environment. We believe that a fit and productive workforce is of paramount importance to HeiTech's sustainability and strive to promote a safe and healthy working environment at all our premises.




HOW WE ASSESS MATERIALITY





The Group response to the matter	Affected Capital	Stakeholder Groups Affected
<p>HeiTech is committed to manage its supply chain to ensure delivery of services to customers are made timely, effectively and with the most cost efficient manner. Various engagement activities were held with our partners and suppliers, to further strengthen the partnership. Continuous assessment on the partners and vendors are conducted to maintain excellent service quality of the partners within the supply chain.</p>		
<p>HeiTech promotes culture of innovation amid a diverse workforce that focuses on creating innovative solutions in our effort to ease the digitalisation journey of our customers. The ability of HeiTech to maintain competitive edge is key to our survival, which is why we have continued investing in product development to ensure we are among the first to market with new and improved solutions in today's businesses. We encouraged and empowered our staff to think outside the box and translate the ideas into products and services that can address customers' needs and pain points.</p>		
<p>HeiTech is proactive in our defence against cyber-attacks and have put in place a network of systems, policies and best practices designed to shield our IT infrastructure from security breaches. We have established robust cyber security measures which includes prevention of any cyber threat and protecting any breach of data privacy.</p>		
<p>HeiTech ensures its sustainability by focusing on human resources efforts to recruit, upskill, engage and reward employees accordingly as well as provide training and clear career development path to safeguard the continuity and enhancement of knowledge and know-how of HeiTech. Our recruitment efforts extend even to young talents from the undergraduate pool, where internship programmes are provided for promising students who have the potential to join HeiTech's workforce as entry-level hires upon graduation in an effort to reduce youth unemployment.</p>		
<p>We are committed to ensuring the best customer experience at every touchpoint. Aside from enhancing user experience through tech innovation, customer service is also a key area of focus for us to effectively attract, retain and grow our customer base. Customer satisfaction survey is also conducted to help us identify areas of improvement.</p>		
<p>HeiTech adopts international accredited management processes i.e CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS to gain customer confidence and loyalty in our brand.</p> <p>HeiTech proactively develop skills and talents, so as to deliver the best service to our customer.</p>		
<p>HeiTech Cares is the corporate social responsibility arm of HeiTech with the mission to improve the well-being of society, focusing on education, community and environment. We are proud to play our role to enhance and improve the standards of living of the community, in general.</p>		
<p>HeiTech conducts frequent monitoring and review all regulatory standards to ensure constant compliance in guiding our business behaviours and in our interaction with our stakeholders. HeiTech has also established multiple platforms and channels for our stakeholders to safely report on any malpractices conducted by our employees.</p>		
<p>HeiTech strongly believe in maintaining a conducive and safe working environment. We are also deeply aware of our responsibility to support our local communities and mitigate the impact of our operations to the environment.</p>		

THE RISKS WE CONSIDER

HeiTech has put in place an ongoing risk management process to reduce both the possibility of a risk occurring and its potential impact. The table below presents HeiTech’s principal risks for the year 2020. These principal risks are linked to our business strategies and material matters. We have identified the implications and put in place necessary actions to mitigate the adverse impacts that would arise from these risks.

 Risk Type	 Business Context	 Implication to HeiTech
Market	HeiTech’s competition in the technology industry has become more intense with the rapid technology advancement. The barriers to entry have been lowered since technology is part of every companies’ core element of survivability.	<ul style="list-style-type: none"> • Stiff competition and challenges from the infrastructure, cost structure and pricing • Loss of market share to innovative and disruptive competitors
Supply Chain	HeiTech’s ability to leverage on reliable partners/vendors and other various parties is crucial to achieve efficient cost, reliable service and satisfied customer. All parties play important roles to ensure the continuation and growth of business.	<ul style="list-style-type: none"> • Delay in service deliverables • Disruption to business operation
Technology Performance	HeiTech could leverage on the opportunities that rise from today’s technological innovation. Technology is a double-edged sword that could allow us to gain first mover advantages, or be impacted by others. Hence, strong technological and innovation capabilities are crucial so as not to be left behind in the industry.	<ul style="list-style-type: none"> • Lack of research and development into emerging technologies limits competitiveness and stifles innovation • Failure to meet customer’s requirement
Cyber Threat	Cyber threats on personal privacy, businesses and government functions have been escalating worldwide. Given the vast amount of customer data in our care and our nature of business as the digital extension of government services, we consider cyber security as one of the foremost concerns of HeiTech.	<ul style="list-style-type: none"> • Affecting reputation among customers • Litigation and penalties associated with leakage of confidential information
New Business Venture	HeiTech is cognizant of the competitive technology market. Therefore, we have diversified our products and service offerings in creating new revenue streams. This venture into new territory can exposes HeiTech to potential risks associated with the investment made on the diversification efforts.	<ul style="list-style-type: none"> • Unable to meet our commitments as per contracted • Reputational impact among our customers

THE RISKS WE CONSIDER

 Mitigation Conducted	 Links	
	Strategies	Material Matters
HeiTech’s value proposition always emphasized on understanding customers’ requirement and customized solutions to suit their needs. HeiTech also continues to provide attractive and appealing offerings with competitive pricing to distinguish ourselves from industry rivalry.	<ul style="list-style-type: none"> • Market Retention and Expansion • Strategic Alliance • Technological Innovation 	<ul style="list-style-type: none"> • Supply Chain • Innovation • Customer Satisfaction • Service Quality • Strategic Social Contribution
HeiTech collaborates with key industry players and formed strategic partnership with suppliers. We established a transparent and fair procurement management system that protects the right of our vendors and ensure that their practices are in line with our policies.	<ul style="list-style-type: none"> • Strategic Alliance • Accredited Management System 	<ul style="list-style-type: none"> • Supply Chain • Service Quality • Strategic Social Contribution • Governance, Ethics and Compliance
HeiTech continues to be a pioneer in offering new technological solutions for the markets we operate in. Leveraging on our strong, internal technological capabilities, we continue to innovate and create new product offerings that are customised to customer’s requirements. We formed strategic partnership with partners that specialize in niche technology which complements our overall solutions to the customers.	<ul style="list-style-type: none"> • Technological innovation • Human Capital Development • Accredited Management System 	<ul style="list-style-type: none"> • Innovation • Human Capital Development • Cyber Security and Privacy • Customer Satisfaction
HeiTech prevents cyber-attacks and hacking activities via state of the art tools and security softwares. We put in place policies and best practices designed to shield our IT infrastructure from security breaches. All these measures help to ensure our business continuity.	<ul style="list-style-type: none"> • Technological innovation • Accredited Management System 	<ul style="list-style-type: none"> • Cyber Security and Privacy • Governance, Ethics and Compliance
HeiTech has engaged subject matter expert to provide advice and insight on the new business venture. We performed regular market study and assessment to identify more opportunities and also potential threats that may rise.	<ul style="list-style-type: none"> • Market Retention and Expansion • Expansion of Product Mix 	<ul style="list-style-type: none"> • Innovation • Human Capital Development • Strategic Social Contribution • Environment, Health and Safety

OUR STRATEGIC PROGRESS

HeiTech's value creation model is centred on leveraging our 25 years' of strength and competitive advantages towards delivering an effective response to market trends and needs. These strengths are guided by maximising our competitive advantages as the key enabler to digital economy and at the same time minimising exposure to business and operational risks. They are also pivotal in our approach and response to a dynamic and rapidly evolving marketplace.

These strengths are progressively developed over the years and constantly assessed in tandem with the changes in technology and marketplace. This is to ensure that we stay relevant and continue to create values to our stakeholders.

Materiality

	Supply Chain		Service Quality
	Innovation		Strategic Social Contribution
	Cyber Security and Privacy		Governance, Ethics and Compliance
	Human Capital Development		Environment, Safety and Health
	Customer Satisfaction		

Business Strengths

Linkage to Materiality

Risks

Business Strategies

MARKET LEADER WITH MERIT EXCELLENCE		<ul style="list-style-type: none"> Market Operational 	
A BROAD REVENUE MIX SPANNING DIVERSE COMMERCIAL AND PUBLIC SECTOR SOLUTIONS		<ul style="list-style-type: none"> Market Operational 	
INNOVATIVE SOLUTIONS AND SERVICES FOR ALL MARKETS		<ul style="list-style-type: none"> Market Disruptive Technology Cyber Threat New Business Venture 	
GROWING REGIONAL FOOTPRINT		<ul style="list-style-type: none"> Market Operational 	
DYNAMIC STRATEGIC ALLIANCE WITH PARTNERS		<ul style="list-style-type: none"> Market Operational Supply Chain 	
PROCESS ACCREDITATION		<ul style="list-style-type: none"> Operational Cyber Threat 	
HUMAN AND INTELLECTUAL CAPITAL		<ul style="list-style-type: none"> Operational Disruptive Technology 	

OUR STRATEGIC PROGRESS

Business Strategies

	Market Retention and Expansion		Strategic Alliance
	Expansion of Product Mix		Accredited Management System
	Technological Innovation		Human Capital Development

Capital

	Financial		Intellectual
	Human		Natural
	Manufactured		Social And Relationship

Capital Affected

Outputs, Performance Highlights and Achievements

-
-
-
-
-
-
-

As a recognition by the industry, HeiTech was conferred Malaysia Cloud Infrastructure Services Innovation & Leadership Award 2020 and Malaysia Managed Security Service Provider of the Year Award 2020 by Frost & Sullivan Malaysia. HeiTech has also received the Malaysia Technology Excellence Award 2020 for Penang Smart Parking and IoT for Transportation Category.

The Group's revenue contributed by the customers from both public and private sectors. The Group recorded a revenue of RM325.5 million in 2020. 48% of the revenue is contributed by the public sector and the remaining from private sector namely from financial institutions, insurance companies and retail.

We customized our offerings based on the customers' needs and requirements by leveraging the latest technology and application. Among our latest products that we had successfully developed and marketed are smart parking solutions, electronic licensing application and cooperative system.

HeiTech continues to evolve its business model from a Business-to-Government and Business-to-Business. We established our presence within public and private sectors, local councils and also ventured into new geographical location in building our presence in e-commerce market.

We complement our homegrown solutions portfolio, by leveraging on the latest technology and cutting edge product through its multiple partnerships with global ICT brand names. These partnerships enhanced the quality and reliability of the Group's services and offerings.

HeiTech adhered to internationally recognized management system standards and successfully maintained the accreditations from various international certification bodies. The accreditation received includes CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS.

HeiTech has a total of 985 staffs in which 80% of the staff are technical and customer facing personnel and the remaining 20% are on the operational support. Our talent pool comprises of industry's top technology experts in their respective fields. This provides us with an extensive knowledge base and vast institutional memory to serve the relevant markets.



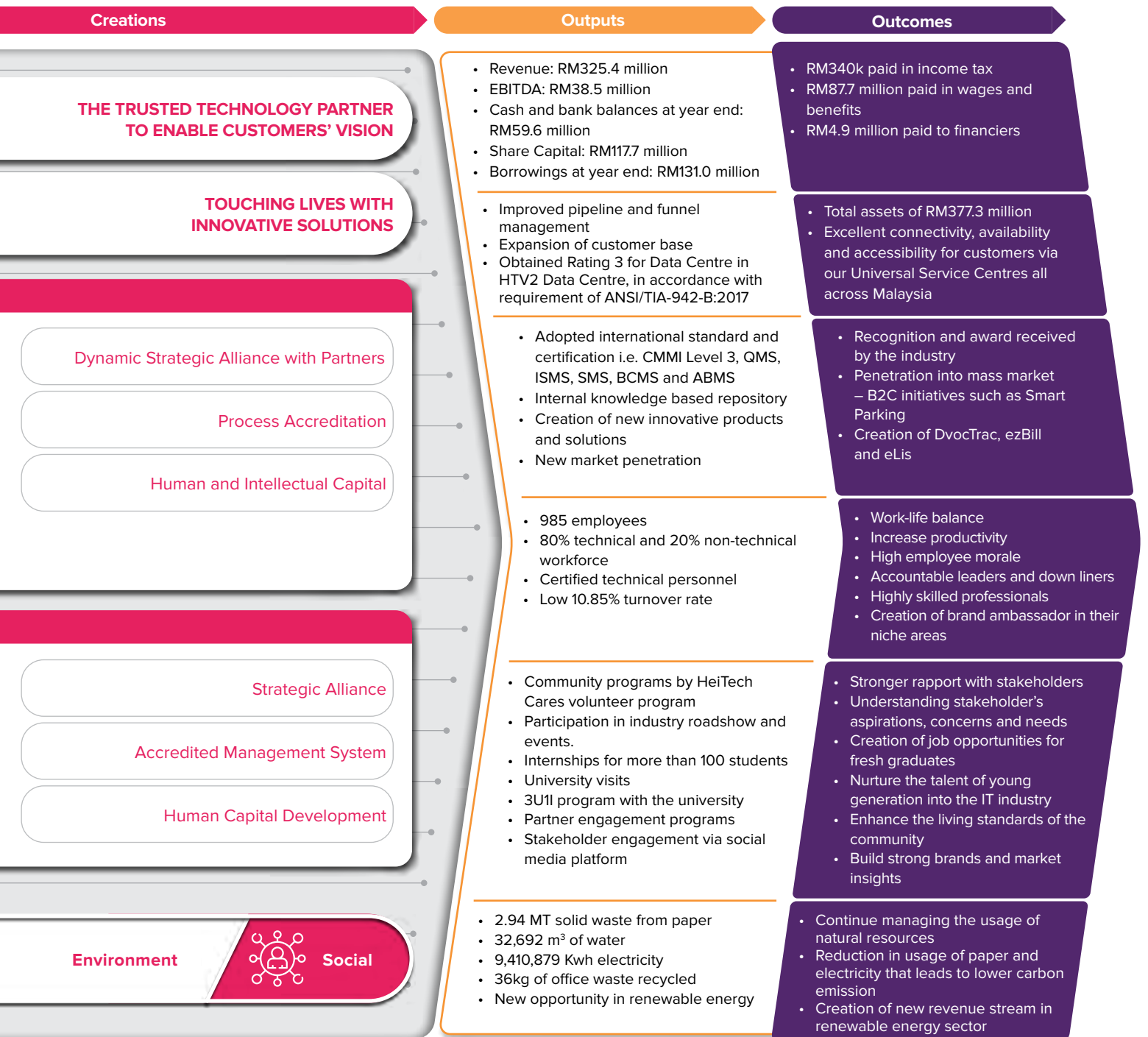
THIS IS HOW WE CREATE VALUE

CREATING SUSTAINABLE VALUE

HeiTech creates values by leveraging on six (6) capitals. The effective interplay between the capitals allow HeiTech to achieve outputs for the company and valuable outcomes that benefit all stakeholders.



CREATING SUSTAINABLE VALUE




SUSTAINABILITY AT HEITECH PADU BERHAD


INTRODUCTION


HeiTech remains committed in ensuring business operations and corporate decisions are aligned with the aspirations of being a sustainable global ICT system and technology service provider. Our sustainability commitments remain as our main agenda that calls on us to be a progressive technology service provider, enriching lives for a sustainable future. It is governed by the highest levels of Management, underscoring its significance to the Group, as we play the role to actively put the world on a more sustainable path when pursuing our business.

SUSTAINABILITY COMMITMENTS

Our sustainability commitments revolve around the following elements:

- 

Responsible Business
HeiTech is committed to uphold ethical business practice beyond legal compliance which includes human rights, anti-corruption, occupational health and safety and responsible sourcing. HeiTech continues to uphold the UN Global Compact principles and the UN Guiding Principles on Business and Human Rights.
- 

ICT for all
HeiTech is committed to deploy solutions and advocates improvements and accessibility. This foundation is the enabler for digital delivery and services to meet societal needs, health, transportation, defence, entrepreneurship, local councils and humanitarian response.
- 

Economic, Environmental and Social Impact
HeiTech is committed to continuously improve the economic and environmental performance based on the use of its products, reduce the negative impacts of its business operations and contribute to environmental benefits resulting from the implementation of technology.

We aim to safeguard the organization’s commitment through upholding strong governance mechanism and ethical business practices.

APPROACH TO SUSTAINABILITY

HeiTech is committed to operate in a sustainable manner, creating value not only for the Company, but also for the employees, business communities and society surrounding us. Our approach to sustainability is to integrate the economic, social development, and environmental performance into HeiTech’s business commitments. We believe that we can commit to the UN Sustainable Development Goals and contribute positively to the UN Global Compact, by using our solutions as the medium, where technology and digitization are fundamental in Fourth Industrial Revolution.

SUSTAINABILITY AT HEITECH PADU BERHAD

MANAGEMENT APPROACH AND ACTION PLAN

For the year under review, we continue to develop, focus and practice the best approach that will likely impact our long-term and sustainable growth. Our disclosure and strategy are segmented into Economic, Environmental and Social (“EES”), where we further define the nine (9) focus areas:




The Board is committed to oversight the sustainability and EES criteria into HeiTech’s business and operations. A holistic approach to business management which takes into consideration the EES matters, risks and opportunities alongside financial implications, is being seen as a measure to generate long term benefits and business continuity.

Sustainability Goals


The Ten Principles of the UN Global Compact provide a common ethical and practical framework for operationalising corporate responsibility. These Ten Principles highlight four (4) areas:



The 17 UN Sustainable Development Goals (“Global Goals”) have a business purpose which represents aspirational, long-term targets for business and other stakeholders to work towards creating a sustainable world. Together, the Ten Principles and the Global Goals equip HeiTech with values and vision to complement and pave effective business sustainability and continuity framework to address economic, environmental and social matters.



HeiTech has identified five (5) Global Goals that linked to the business operations. We are committed to operate in a sustainable manner along our journey in creating value not only for the Company, but also to all stakeholders. Below are the identified five (5) Global Goals:



SUSTAINABILITY AT HEITECH PADU BERHAD



MEASURING OUR ECONOMIC MATTERS



INTRODUCTION

The year ahead is uncharted. We must have faith to ride out the storm together as one team, one Warga HeiTech, while supporting the nation’s economic recovery. We have the responsibility to ensure that our business priorities are aligned with the needs and considerations of our stakeholders.

SUPPLY CHAIN

Supplier Management

HeiTech’s sustainable supply chain helps to improve sustainable business practices that are mutually beneficial in the supplier ecosystem. We expect our suppliers to subscribe to the global best practices in product and services’ quality control, labour management and environmental implications. Warga HeiTech is certified in various technical skillset to support multiple products we offer to the market in which we obtain strong support from our supplier, vendors and principals.

Vendor Satisfaction Survey Assessment (“VSSA”) is an activity undertaken by HeiTech to understand our vendors’ satisfaction level on our services. The VSSA is performed on yearly basis to all suppliers, to identify areas for improvement and also to ensure our quality of service is satisfactory. It covers various areas such as personnel, services and general competencies. For the year under review, the overall satisfaction was recorded at 87.9%. We have identified areas for improvement and necessary actions will be undertaken moving forward.

SUSTAINABILITY AT HEITECH PADU BERHAD

MEASURING OUR ECONOMIC MATTERS



four (4) categories, Bumiputera, Non-Bumiputera, Foreign and Principal, with total of 985 suppliers for the year under review. Details as per tabulated below:

Category	No of supplier/vendor
Bumiputera	373
Non-Bumiputera	554
Foreign Company	34
Principal	24
Total	985

Strategic Partners Collaboration

Strategic partnership collaboration is important as it enables access to partners with complementary capabilities and also helps to widen the marketing network and distribution channels in Malaysia and international market.

Through this collaboration, HeiTech and the partners pledge to work together to achieve the desired result, giving the best to our customers. It also allows the sharing of best practices, technology updates and strategies that we often adopt and apply across our value chain services to support our customers' needs.

For the year under review, most of the programmes with partners were conducted virtually, summarized as per table below:

Programmes	Event
Co-Joint Event and Technology Updates	HeiTech x Holm Security Webinar
	Techfest x WCIT 2020
Engagement	NeXGen SOC Launching & Press Conference
Business Support	Teaming Agreement with Partners
Quarterly Updates	Updates to all staff on the process of partnership

HeiTech also conducted quarterly Vendor Evaluation Survey ("VES") to all of our suppliers on their quality of product supplied and services rendered to HeiTech. VES helps us to monitor our vendors' performance and determine areas for further improvement, in line with the requirement from the Standard and Industrial Research Institute of Malaysia ("SIRIM").

Supplier Diversity

HeiTech subscribes to efficient, fair and transparent procurement activities. Our suppliers are selected based on their merits and capabilities. All HeiTech's suppliers are registered and background checks are performed to validate their credibility. In HeiTech, the suppliers are categorised into

SUSTAINABILITY AT HEITECH PADU BERHAD



MEASURING OUR ECONOMIC MATTERS

STAKEHOLDER ENGAGEMENT

We continue to strengthen our engagement with valuable stakeholders in a number of ways to promote transparency, trust and partnership. The involvement of stakeholders have always been our focus because of the unique benefits they bring for our sustainable development.

The types of engagement differs from each of the stakeholders which can be seen as below:

Stakeholder Group	Type of Engagement	Frequency
Employees 	Internal Satisfaction Survey	Annually
	Dialogue with employees – Town Hall	When needed
	Kick off session	Annually
	Internal newsletter	Quarterly
	Kelab Kakitangan HeiTech (“KKH”)	Periodic
Customers 	Customer Satisfaction Survey	Once every 2 years
	Customer Call Operation	24x7
	Customer engagement programme	Periodic
	Meeting and discussion	Scheduled
	Customer audit	Scheduled
Shareholders 	Annual Report	Annually
	Annual General Meeting	Annually
	Investor Relation Portal	When needed
	Financial Report	Quarterly
Partners / Vendors 	Partner engagement programme	Scheduled
	Technology updates session	When needed
	Vendor Satisfaction Survey	Annually
	Vendor Performance Evaluation	Annually
	Tender, bidding and quotation	When needed
	Procurement policy update	When needed
Community 	Community engagement through social activity with HeiTech Cares’s volunteers	Periodic
	Industry visit by University students	When needed
	Donation and sponsorship	When needed
Government / Regulatory Body / Authority 	Audit, meeting and site visit	When needed

SUSTAINABILITY AT HEITECH PADU BERHAD

MEASURING OUR ECONOMIC MATTERS



SERVICE QUALITY

Service quality is one of the most important factors in HeiTech’s business offerings. As one of the leading ICT companies in Malaysia, the quality of our service is crucial to ensure it is in line with our values and principles. Understanding customers’ needs is important in creating products and solutions that truly speaks to their demands.

Providing our customer with an excellent service is our utmost priority. We efficiently manage our resources and continuously monitor the degree of productivity of our employee, to ensure that their expertise, knowledge and talent are proactively cultivated.

With the intention to achieve excellent service quality, HeiTech has practiced international standard in our project management by upholding the certification of the Capability Maturity Model Integration (“CMMI”) Institute in the United States for Capability Maturity Model Integration Development Level 3. The certification offers a comprehensive

and systematic approach that helps us to focus on performance improvement areas for application development. Through adoption of disciplined processes in HeiTech, we are in a position to strengthen our control over the execution of projects and also ensure we deliver exceptional and quality services as required by our customers.

We also adopted structured methodologies which includes HeiTech’s Project Management Information System (“PROMISE”) and Application Development Information System (“ADVISE”) in our IT projects. It provides guidance to improve our processes and ability to manage the development, acquisition and maintenance of our products and services. Process compliance assessment is being carried out on monthly basis to assess the compliance levels and the necessary actions for improvement.

As part of the effort to progressively improve our service quality, HeiTech maintains the accreditation from International Organization for Standardization (“ISO”). The combination of experience and technical certification, such as Information Security Management System ISO 27001:2013, Quality Management System ISO 9001:2015 and Service Management System ISO 20000-1:2011, allow us to provide high standards of quality that meets the expectations of our customers in terms of service level, availability, data integrity and security. Our Data Centre in HeiTech Village 2 has just obtained TIA-942 Rated 3, in accordance with standards from the Telecommunication Industry Association, acknowledging the reliability of our data centre services. The experience of operating a Tier-IV ready data centre has enabled us to provide world-class service levels to our customers.

Our customers expect an exceptional experience from us. We conducted Customer Satisfaction Survey in order to gauge the level of satisfaction of our customers with respect to services we delivered and their overall experience with HeiTech. We provide various platform for customers to give their feedback such as via mobile, email, company website and postal mail.

INNOVATIONS

The importance of digital technology through corporate innovation activities has significantly increased for the past few years. This rapid advancement of technological innovation requires HeiTech to transform and innovate our products and solutions. Our research points to three factors that are determinants to success which are:

- The right innovation architecture.
- The ability to manage multiple sources of innovation.
- The alignment of the right capabilities to ensure proper implementation.

HeiTech will continue putting efforts to ensure that we are able to help our customers to thrive in today’s landscape. We maintain our focus on innovative efforts towards creating values for stakeholders, with stable environment and cost effectiveness as the motivating factors that guide our efforts.

Despite the pandemic, year 2020 does not stop us from creating new products. In fact, in the year 2020, HeiTech has produced few in-house products and solutions, made to cater the needs of the user, as we are moving into digital world. Our innovation journey is in line with Malaysia Digital Economy Blueprint which was introduced by our Prime Minister. It outlines the plans to accelerate Malaysia’s progress as a technologically advanced economy. HeiTech has taken the necessary steps to adapt to the new normal and we are ready to contribute our efforts to elevate the quality of life for all Malaysians.

SUSTAINABILITY AT HEITECH PADU BERHAD



MEASURING OUR ECONOMIC MATTERS

The following are the new products and solutions that we have developed:

1 SMART PARKING

HeiTech has successfully deployed a seamless application for parking payment which upgrades the conventional way of parking using coupon in Penang. The smart parking application use an IoT-based system that sends data on the availability of parking places via mobile device.

The application allows real time notification before the ticket expires, which help users to avoid penalties and overdue payment. The application also provides live update about the occupancy of all parking places and help user to choose the nearest available. The application integrates with JPJ's system and it helps for better implementation and enforcement by the authority.

2 ezBill

ezBill is a dashboard system developed by HeiTech with goal to assist local council's operational activity in disseminating notice assessments, notification and distribution.

ezBill helps to induce prompt payments from customers, track document trails, compile and analyse data through heat maps and deliver secured documents to thousands of people via email or short messaging service, with just a single click.

3 DvocTrac

DvocTrac is a web-based platform that served as a health and work tracker, compatible with any organisational culture that is practicing work from home. It allows the employers to be aware of their employees' location, monitor their employees' health through the health tracker and also monitor their employees' tasks and deliverables, all in one platform.



SUSTAINABILITY AT HEITECH PADU BERHAD

MEASURING OUR ECONOMIC MATTERS



4 NICHE CORPORATE RUNNERS (“NCR”)

NCR is an end-to-end print-to-doorstep bundled service, which results in cost savings and improved delivery reliability for the printing services. The service includes a feature which the customers will be able to track and receive delivery confirmation across thousands of statements sent each month. The service is currently rolled-out across Klang Valley while expansion to other major cities is still ongoing.

6 COOPERATIVE SYSTEM

HeiTech has developed a core cooperative system for the cooperatives in Indonesia and Malaysia. This platform was established to drive domestic economic growth and expedite the development of Islamic financial institutions, especially for the rurals’ economy sustainability.

Sistem Manajemen Informasi Koperasi (“SMIK”) has been introduced in Indonesia as our flagship product that provides seamless cross transaction service within multiple cooperatives and also with external parties. The SMIK apps is now ready to be used and available for download in Google Play.

Additionally, HeiTech also has developed a web base and mobile application system for cooperative in Malaysia. The application, ProKoop, enable users to enroll cooperative membership, apply loan, make transactions, execute Annual General Meeting and vote through the application.

5 DIGITAL RECORD MANAGEMENT SYSTEM (“RMS”)

Every business needs a stringent control to ensure their business records and files are protected and properly managed, but still can be easily accessed by authorized users anywhere and anytime.

Thus, HeiTech has introduced Digital Record Management System (“RMS”), an end-to-end physical-to-digital document and data transformation solution. As businesses begin to embark on digital transformation journeys, RMS is developed to provide services across the entire data management life cycle and minimize the dependency on physical papers which includes data capturing, cleaning, archiving, digital & physical storage, and record destruction services.

7 ELECTRONIC LICENSING (“eLis”)

HeiTech has embarked into digitalisation journey for the local councils to change the way the local councils interact and serve their customers, via modernized electronic platform. For that reason, eLis was introduced to the local councils as a platform to embark into digitalisation journey.

eLis will allow the customers to renew their business license online, anywhere, and anytime.

When all is said and done, by reimagining the wider experience of public needs, we constantly concentrate on value development activities and continuously move forward, supplying our customers with the best value and creative fit-for-purpose solutions.

SUSTAINABILITY AT HEITECH PADU BERHAD



DOING OUR PART FOR THE ENVIRONMENT



INTRODUCTION

We are committed to make our operation as environmentally friendly and conserve our environment by looking into different ways to minimize the use of natural resources and preserve the natural ecosystem. Our goal is to improve the quality of life and give positive impact to the environment.

ENVIRONMENT

Environmental performance was found to be one of the key material issues across the years. With the emerging demand and significant use of energy and resources to power the entire HeiTech’s business operation together with our services centres and other office locations, our journey to reduce the carbon footprint commenced by understanding and implementing a number of different energy-saving initiatives and mechanisms to combat climate changes.

Among the initiatives undertaken include:

- 1 Enforced a strict measure to reduce electricity usage during non-operating hours.
- 2 Continuously monitor the effectiveness of our waste management system.
- 3 Minimisation of wastage.
- 4 Reduced water consumption throughout our facilities.

Water and Electricity

Besides being kinder to the environment, prudent and efficient use of water and electricity will also positively impacted businesses. The prudent use of water and electricity commodity are vital for socio-economic development and business continuity.

HeiTech continuously put effort to optimise water and electricity usage at workplace, by discouraging, where possible wasteful practices.

Water

The water we consumed is obtained from the municipal water supply. HeiTech no longer manage HeiTech Village in Subang Jaya commencing 2019. There is no data for water consumption since then, as there is no separate water meter for the floors that we occupied. The record below shows a 5-year water consumption at HeiTech Village 2:

Year	Water Consumption (m3)
2020	32,692
2019	47,084
2018	41,084
2017	32,751
2016	31,837

Note: All records are of the use at HeiTech Village 2 building (including data centre) and employees working in that location

Electricity

As a technology company, HeiTech follows a business continuity policy and disaster recovery best practices in our power supply setup and consumption. We practiced energy conservation at the workplace such as:

- Leverage on cloud for digital storage and relocating data in cloud services;
- Implement server optimisation and convert existing physical servers to virtual servers;
- Replace conventional lighting to energy-saving lighting;
- Initiate active power management on computers and portal devices (standby/hibernate) when inactive;
- Conserve electricity by turning off computers, charging docks, lighting and cooling systems when not in use; and
- Make use of natural lighting, automated energy-efficient office and Energy Star certified equipment and cooling system.

SUSTAINABILITY AT HEITECH PADU BERHAD

DOING OUR PART FOR THE ENVIRONMENT



Our electricity consumption follows the GRI Standards and the Greenhouse Gas Protocol (“GHG”). Below is our record of 5-year electricity consumption use and carbon emissions in metric tons of carbon dioxide equivalent (“MT CO₂-eq”).

Usage of electricity at HeiTech Village 2:

Year	Electricity Consumption (kWh)	Carbon Emission from Electricity Consumption (MT CO ₂ e)
2020	9,126,931	6.33
2019	9,263,402	6.43
2018	9,322,773	6.47
2017	10,029,874	6.96
2016	9,515,500	6.60

Note: All records are of the use at HeiTech Village 2 building (including data centre) and employees working in that location.

Usage at HeiTech Village:

Year	Electricity Consumption (kWh)	Carbon Emission from Electricity Consumption (MT CO ₂ e)
2020	283,948	197.06
2019	332,590	230.82
2018	2,507,759	1,740.38
2017	2,800,561	1,943.60
2016	2,780,400	1,929.60
2015	2,857,049	1,982.79

Note: Starting 2019, Electricity consumption at HeiTech Village is based on the spaces we occupied, 77,302 sq.ft

We can see that the pandemic Covid-19 has indirectly bring a positive impact to the environment, as less people work at the office premises, hence the consumption of water and electricity at HeiTech has reduced significantly. Moving forward, we will further put our commitment to reduce over consumption of water and electricity over time.

Solar Energy

Solar power has wide-ranging advantages for our planet, especially when it comes to our environment. We are committed in providing a solution to the community that give benefits to the overall society and environment. Our subsidiary company, HeiTech Eco Energy Sdn Bhd (“HECO”) focuses on generating sustainable energy for the current and future generation.

Generating electricity from solar panels produce no greenhouse gases and help to reduce the effect of climate change if used widely. With solar energy powering a home or business, there

will be less burning of fuel and carbon emissions from energy production. HECO will install rooftop solar at HeiTech Village 2 in mid-2021. With 159kW of solar capacity, it can provide potential savings amounting to RM1.9 million throughout 25 years.

Paperless Office Transformation

Greenhouse gases was generated by producing paper products, causing deforestation and global warming. In line with that, recycling might help to offset some of the environmental impact. In addition, the inks and toners we use contained volatile compounds and non-renewable substances which are damaging to the environment.

As a technology company, we believed that technology play an important role to sustain the environment, economically. HeiTech has successfully minimised the use of paper by adopting digital transformation, a cloud-based technology, portable devices.

All the important business documents such as receipts, legal documents, and bills can be stored digitally and shared with respective parties online which helps to reduce time, money and efforts. As part of our commitment toward sustainable environment, most of our meeting materials have been shared digitally since 2014. The Board of Directors will no longer be provided with physical paper during meetings, as we uploaded the meeting materials in cloud application.

Nonetheless, for business purposes and adherence to certain requirements, we are still required to use paper especially in transacting with respective authorities, printing proposals and submission of tenders.

Tabulated below is our 5 years A4 paper usage in HeiTech Village:

Year	A4 Paper Usage (by reams)	A4 Paper Usage Per Average Employee (by reams)	Variance of Paper Usage (%)	Carbon Emission from A4 Paper (MT CO ₂ -eq)	Solid Waste (MT)
2020	2,200	2.23	-36.42	49.44	2.94
2019	3,460	3.49	-11.28	70.31	4.63
2018	3,900	4.22	-22.00	88.00	5.76
2017	5,000	5.48	316.67	106.14	6.94
2016	1,200	1.38	33.04	24.45	1.60

Negative variance for the usage of paper showed our commitment and continuous effort to reduce the usage of paper both for internal and external purpose. The reduction of paper usage also contributed by our work from home arrangement as HeiTech has applied rotation work base and also encourage our staff to work from home since March 2020.

SUSTAINABILITY AT HEITECH PADU BERHAD



DOING OUR PART FOR THE ENVIRONMENT

Recycle and Waste Management

HeiTech strives towards creating internal and external awareness to mitigate the negative impact on environment as much as possible. We have encouraged Warga HeiTech to organize their wastage accordingly for proper waste disposal as we valued the impact of misconduct to the environment and public health. We have separated our waste into four (4) types of categories:



General Waste

General waste includes all waste that cannot be recycled easily. Our general waste is collected by Alam Flora based on its pre-fix scheduled.



Recyclable Waste

In 2020, number of recycle waste has reduced approximately half as compared to year before, as 50% of our staffs are working from home:

Recycle Waste	2020	2019
Paper	94.5 kg	189.0 kg
Plastic	5.3 kg	10.5 kg
Polyethylene Terephthalate ("PET") Bottle	8.3 kg	16.5 kg



Paper Waste

At HeiTech, documented papers are treated separately from other types of paper. Often printed paper documents may reveal certain confidential information. As such, we shredded all unwanted documents with sensitive information before it is collected for disposal. Inter-City MPC Sdn. Bhd, our subsidiary company, provides on-site mobile shredder for document destruction. The shredded papers are then collected for further proper disposal.



E-Waste

HeiTech's e-waste includes any end-of-life devices and IT equipment that are deemed for disposal. The e-waste that is deemed old is disposed via proper Green IT disposal procedure.

SAFETY AND HEALTH

We valued Warga HeiTech as our biggest asset and priority, therefore ensuring the safety and wellbeing of our employees remain as our main objective. At HeiTech, we extend the flexible working arrangement and systematized our resource allocation, as part of the efforts to ensure the safety and well being of Warga HeiTech.

HeiTech has established Guidelines and Procedures During Covid-19 Outbreak that outlines the necessary measures to be taken by Warga HeiTech. Clear policies were made for employees working from home, absence due to sickness, protocol of safeguard of visitors to company sites, procedure for reporting illness and travel restrictions during pandemic.

Additionally, we had undertaken the following measures to ensure the safety of Warga HeiTech:

- 1 Regular cleaning and sanitization of workplace.
- 2 Provide face masks to all staff and allocate hand sanitizer at all office floor.
- 3 Prohibit large physical meeting/gathering/event in adherence to social distancing. Encourage meeting via digital platform or in small group.
- 4 Alternate team for on-site operation.
- 5 Immediately refer to healthcare for those who have symptoms and suspected close contact.
- 6 Daily updates on Covid-19 cases and awareness bulletins.
- 7 Initiate the Work from Home ("WFH") arrangement by department and affected area.
- 8 Communicate digitally through phone, email or web conference.
- 9 Develop and use our internal application system, D-VocTrac to monitor health and productivity of staff.

SUSTAINABILITY AT HEITECH PADU BERHAD

DOING OUR PART FOR THE ENVIRONMENT



Our COVID-19 relief efforts

As a responsible society, we have the responsibility to help others and improve the state of the community and the world that we live. In 2020, HeiTech has contributed an Electronic Medical Record System (“EMRS”) for the temporary Covid-19 hospital in Malaysia Agro Exposition Park Serdang worth One Million Ringgit and also donated One Hundred Thousand Ringgit to Tabung Barisan Hadapan and Thirty Thousand Ringgit in a form of protective personal equipment to the Ministry of Defence.

Occupational Safety and Health (“OSH”)

It is our responsibility to safeguard the safety and health of our workers, contractors, and related stakeholders at our premises. We are aware that the morale of our valued workers is mainly affected by poor safety and health.

Warga HeiTech are encouraged to make efforts to act in compliance with good working practices, regulatory provisions, HeiTech policies, and to use all means to safeguard the workplace health and safety condition.

Throughout the years, we have implemented various OSH programs to create awareness among Warga HeiTech. Various safety and health initiatives were conducted to educate Warga HeiTech on important safety measures. The safety trainings conducted covers multiple range of safety matters such as basic safety training, toolbox talks, basic first aid training and fire prevention drills. We also have extensively created awareness on Covid-19 via email that we sent on weekly basis.

The record below shows our OSH engagement record since the past 5-year:

OSH Engagement	2020	2019	2018	2017	2016
OSH Meeting	2	2	4	3	3
OSH Circular	2	3	4	4	6
Safety Knowledge Sharing / Awareness Talk	40*	3	3	3	4

* In 2020, the OSH Committee sent weekly safety knowledge and awareness pertaining to Covid-19

Our Occupational Safety and Health Policy is guided by Occupational Safety and Health Act 1994, which to be referred by Warga HeiTech and monitored by the BCP Committee consist of Chairman, Deputy Chairman, Secretariat and members from different departments and business divisions.

The Committee also conducted scheduled building inspection to check the wear and tear of interior and exterior building premises, including plumbing, electrical and heating/cooling equipment in HeiTech’s working premise.

Safety and Health Performance

We acknowledged that slip disc and carpal tunnel are the most common injuries in technology industry. This is due to long hours of sitting or being in a static position for long period.

Thus, we have encouraged Warga HeiTech, via our health and safety awareness, to do light exercises incorporated with more structured exercise two or three times a week, to improve cardiovascular and muscular fitness to avoid injuries in workplace.

As for the record, health and safety incident for the two (2) mentioned injuries are as below:

Year	Total Staff*	Carpel Tunnel	%	Slipped Disc	%
2020	985	3	0.30	2	0.20
2019	991	3	0.30	3	0.40
2018	924	0	0.00	5	0.54
2017	902	3	0.33	4	0.44
2016	897	1	0.11	4	0.45

* The number of staff represents the Company not the Group

We constantly provide various engagement programmes to motivate our employees to practice a safe and healthy working environment.

🔍

THE WAY FORWARD

⌵

Apart from various sustainability initiatives to the environment and efforts undertaken to efficiently reduce the electricity consumption in our premises, we will continuously discover new innovation and other means to minimise waste generation. HeiTech aims to remain fully compliant with local regulations in managing the carbon footprint.

Additionally, the ‘New Normal’ has increased the demand on IT services, for examples, online transaction, innovate business solutions and also system infrastructure. HeiTech is committed in delivering the products and services required by our stakeholders, with goal to contribute towards eco-friendly business transformation.

SUSTAINABILITY AT HEITECH PADU BERHAD



PROGRESSING SOCIETY



INTRODUCTION

At HeiTech, we are committed to promote social sustainability to our customer, our employee and community as a whole. We foster a workplace where everyone is given the opportunity to pursue their passion, fulfil their purpose and empower others.

EMPLOYEES

Employees are the driving force and the backbone for sustainable growth. HeiTech is committed in creating a respectful, diverse, inclusive and collaborative work culture as well as safe and healthy working environment to ensure Warga HeiTech can achieve excellence in productivity as well as values.

SUSTAINABILITY AT HEITECH PADU BERHAD

PROGRESSING SOCIETY



one another, we have established HeiTech Code of Business Conduct that describes how employees should act and it applies to all companies under HeiTech Group. This is one of the corporate strategy of HeiTech to promote respect, diversity and inclusion.

Demographic

Tabulated below are the demographics of Warga HeiTech up until 31 December 2020. The number of staff represented by the Company, not the Group.

Age Group

	2020		2019		2018		2017		2016	
	Data	%	Data	%	Data	%	Data	%	Data	%
<20	-	-	-	-	1	0.11	-	-	-	-
20-29	301	30.56	307	30.98	262	28.35	88	9.65	65	7.25
30-39	297	30.15	302	30.47	307	33.23	304	33.33	298	33.22
40-49	245	24.87	235	23.71	226	24.26	278	30.50	311	34.70
50-59	136	13.81	138	13.93	126	13.63	207	22.70	192	21.40
>60	6	0.61	9	0.91	2	0.22	35	4.00	31	3.45
Total	985	100	991	100	924	100	912	100	897	100

Gender

	2020		2019		2018		2017		2016	
	Data	%	Data	%	Data	%	Data	%	Data	%
Male	599	60.81	596	60.14	564	61.00	569	62.39	566	63.10
Female	386	39.19	395	39.86	360	39.00	343	37.61	331	36.90
Total	985	100	991	100	924	100	912	100	897	100

Diversity and Inclusivity

In HeiTech, we provide equal recruitment and employment opportunity, regardless of their gender, ethnicity, age, religion and marital status. Warga HeiTech consist of people from various background, multi-racial, multi-talented and different cultures. We also applied no child and young workers labour policy and no forced labour policy. To encourage all the employees to respect

Turnover Rate by Gender

	2020	2019	2018	2017	2016
	%	%	%	%	%
Male	5.43	12.14	8.83	8.84	9.20
Female	5.42	15.47	6.32	5.53	4.88
Total	10.85	27.61	15.15	14.37	14.08

SUSTAINABILITY AT HEITECH PADU BERHAD



PROGRESSING SOCIETY

Ethnic

	2020		2019		2018		2017		2016	
	Data	%	Data	%	Data	%	Data	%	Data	%
Malay	958	97.26	965	97.38	899	97.29	878	96.27	863	96.21
Chinese	6	0.62	6	0.61	7	0.76	12	1.32	12	1.34
Indian	7	0.71	9	0.91	7	0.76	7	0.77	10	1.11
Other Bumiputera Ethnic	2	0.2	7	0.71	7	0.76	8	0.88	8	0.89
Sabah Native	3	0.3	1	0.10	1	0.11	3	0.33	3	0.33
Sarawak Native	8	0.81	2	0.20	2	0.22	2	0.22	-	-
Pakistani	0	0	-	-	-	-	1	0.11	1	0.11
Iranian	1	0.1	1	0.10	1	0.11	1	0.11	-	-
Total	985	100	991	100	924	100	912	100	897	100

Gender Diversity of Management

	2020	2019	2018	2017	2016
Board of Directors					
Male	7	7	7	6	7
Female	1	2	2	2	1
Top Management					
Male	4	4	4	2	2
Female	3	3	3	1	1

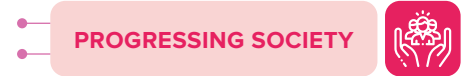
Education Level

	Headcount
Diploma & below	359
Bachelor's degree	592
Masters & PhD	32
Professional Qualification	2
Total	985

Employment Category

	Headcount
Permanent	510
Contract	475
Total	985

SUSTAINABILITY AT HEITECH PADU BERHAD



Talent Management

We conducted various talent management program, to encourage career growth and continuous learning and development among Warga HeiTech. We also practiced a non-discriminatory hiring policy and we hire people based on capability and expertise. We aim to be an employer of choice for our people and those who wish to be part of HeiTech.

Career Growth and Talent Development

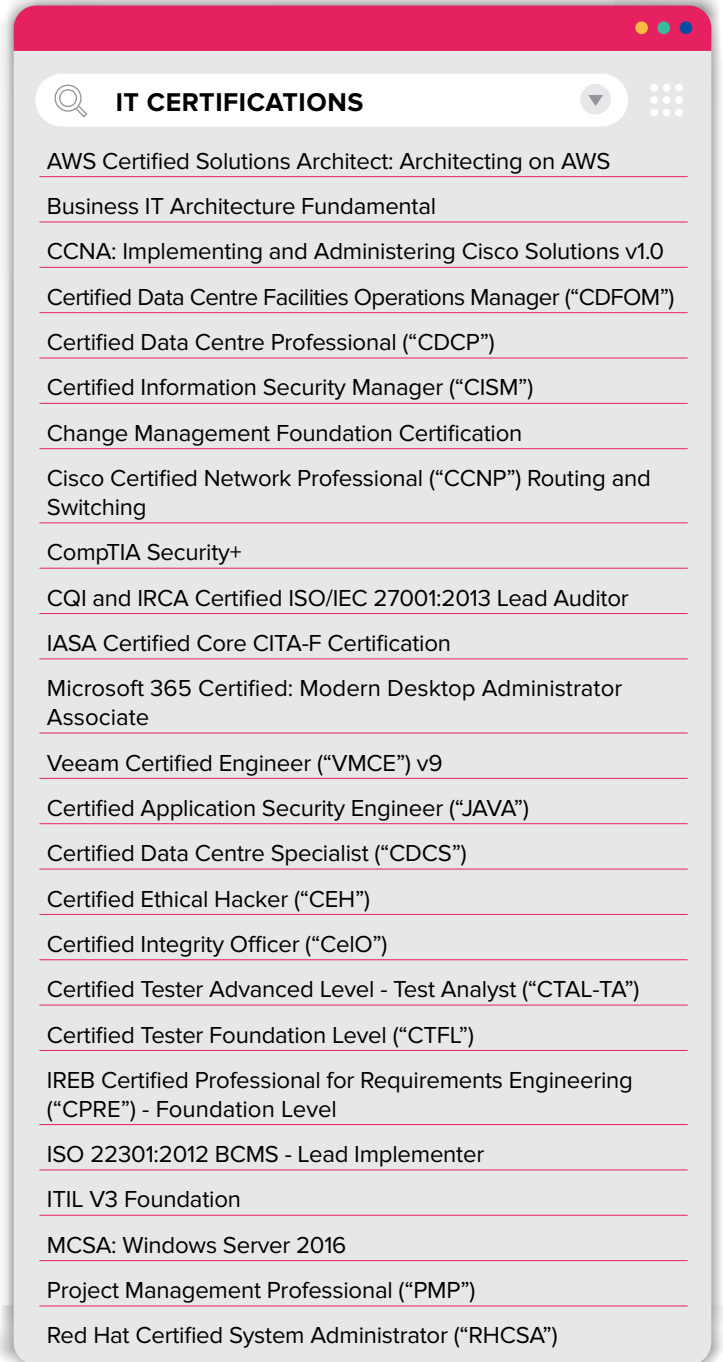
Providing valuable career development opportunities not only improves employee engagement and productivity but more importantly, allows us to retain top talents. We further encouraged Warga HeiTech to chart their career development and always hunger to learn new skills and acquire new knowledge.

All career advancement is guided by HeiTech Career Ladder which helps Warga HeiTech to plan and chart their career growth in the Company. Training that we provide includes skill-specific or technical competencies, soft skill training, including coaching, leadership training and knowledge sharing session. Approximately RM1,003,484 has been invested for trainings for the year under review.

Below are the details of training programmes conducted in year 2020:

Category	Course Name
Soft Skill	Analytical & Critical Thinking Skills
	Business Report Writing
	Communication & Networking Skills
	Grooming & Etiquette
Functional (Total training is 46)	Project Management with Ms Project
	ISO 22301: 2012 BCMS - Epidemic & Pandemic
	MS ISO 9001:2015 QMS Introduction
	ISO 37001:2016 ABMS Internal Audit Training
	Project Management Office ("PMO")
Technical (Total training is 42)	Data Science
	Business Requirement Analysis
	Web Programming with PHP
	Customized DevOps Foundation
	Android Development

We are investing in our people to be certified with specific technical skillsets to support multiple products that we provide to the market. As of 31 December 2020, we have 191 certified staff, from various certifications, as follows:



SUSTAINABILITY AT HEITECH PADU BERHAD



PROGRESSING SOCIETY

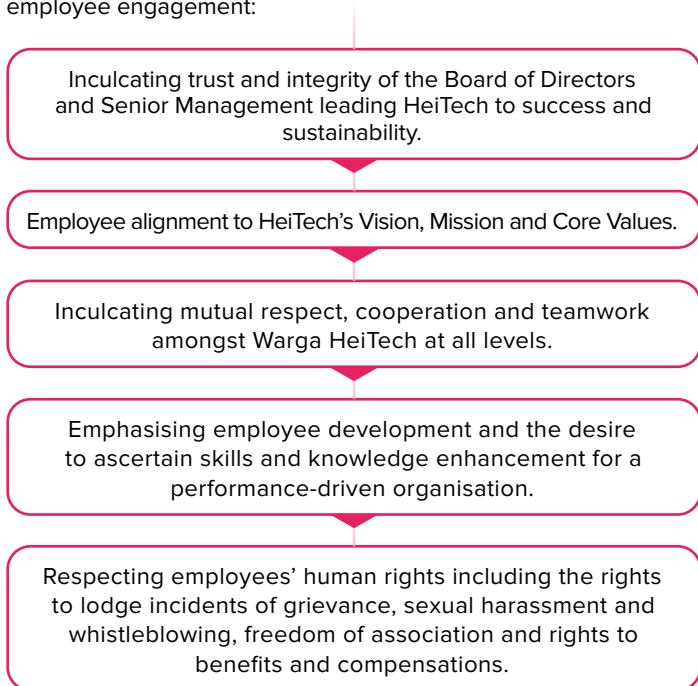
🔍 **OTHER CERTIFICATION**

- Association of Chartered Certified Accountants (“ACCA”)
- Chartered Institute of Management Accountants (“CIMA”)
- Certified Public Accountant (“CPA”)
- Chartered Secretaries Malaysia (“MAICSA”)
- Malaysia Institute of Accountants (“MIA”)
- Malaysia Institute of Certified Public Accountants (“MICPA”)

On top of the trainings, our talent development also includes employee recognition and reward system through our yearly performance appraisal. We thrived to ensure that we are competitive in the market and nurture Warga HeiTech in order to retain the best interests and talents within us.

Employee Engagement

Employee engagement is essential in transforming our business’s sustainability goals into reality. Proper education and continuous engagement help to promote sustainable culture in our workplace. The following methods were undertaken to proactively drive employee engagement:



HeiTech’s Internal Satisfaction Survey (“ISS”) is conducted annually to review Warga HeiTech’s satisfaction level on the support and services from Corporate Office to the Group. This survey also allows us to review the effectiveness of engagement for the year under review. Warga HeiTech responded with an overall average of 80% satisfaction level for the year 2020. The Group continuously putting endless effort to increase the satisfaction level in the years to come.

Grievance, Sexual Harassment and Whistleblowing

HeiTech stands firm on maintaining a healthy workplace environment which is free from harassment in any form. Sexual Harassment policy and Whistleblowing policy were established, enforced and communicated to all Warga HeiTech. To uphold mutual trust and respect, it is essential that our employees and other stakeholders have access to safe, and effective grievance mechanisms. We encouraged report of any improper or illegal act on business affair by Warga HeiTech and any external parties. All reports and complaints lodge are treated with strict confidentiality as stipulated in the policy.

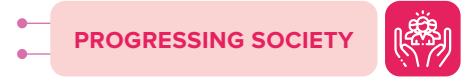
Work-life Balance

Sustainable human development can occur only when there is a reasonable work-life balance. Creating a work environment where the employees feel balance with their personal life is a critical part of keeping our employees from burnout.

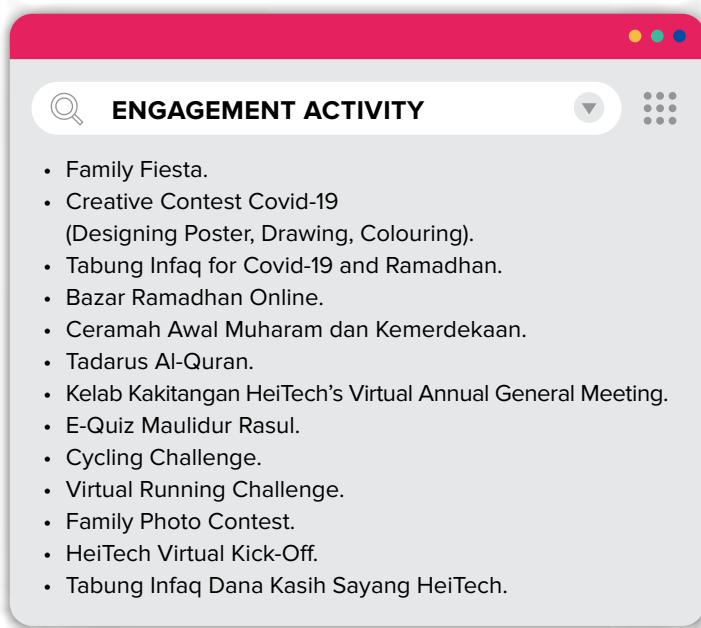
In HeiTech, we advocate a good work-life balance. The working hours for Warga HeiTech is in accordance with Labour Law. We allow flexible working hours to accommodate specific needs as addressed within our Employee Handbook. We also provide Mum’s Room for the convenience of breastfeeding mothers.

Additionally, HeiTech regularly organised social employee engagement activities which include sports and recreational programmes, motivational and religious talks, family programmes, volunteerism as well as social gathering, to increase staff’s morale as well as getting to know the rest of Warga HeiTech.

SUSTAINABILITY AT HEITECH PADU BERHAD



Warga HeiTech engagement activities includes:



CUSTOMERS

Customer is our key stakeholder and important factor to our successful journey. HeiTech is committed to bringing the best value-added services based on integrity, respect and fairness and provide the best possible solutions to our customers. We continue to demonstrate commitment by maintaining high customer service satisfaction, on-time delivery, better customer experience and continuous knowledge sharing and expertise with customers so they can add sustainable value to their supply chain.

Customer Care Operations (“CCO”)

Customer service is not just about responding and answering to customer, it is also about how a company as a whole reacts to its customers on a long term and sustainable basis. At HeiTech, our 24-hour call centre proactively handle enquiries, complaints and project incidents from customers. The call centre is operated by trained and professional helpdesk employees to ensure all inputs are tracked and recorded, in accordance with our Customer Care Operating Procedure.

General enquiries and complaints will be responded within three (3) working days. With regards to project or support and maintenance incidents, our customer care centre will attend and rectify as per the Service Level Agreement. Once the issue is resolved, customers will be provided with incident report, with summary of the incidents.

We treated every genuine enquiry/ complaint/ incident with importance and kept it within the boundaries of our information security and privacy policy as well as complying with the Personal Data Protection Act 2010 (“PDPA 2010”).

Information Security and Privacy Policy

Safety of corporate information and confidential data is important, as technology continues to emerge rapidly. As part of the efforts to mitigate information security risk, HeiTech took proactive measures on IT security controls, as stipulated in our Information Security and Privacy Policy.

HeiTech also is in full compliance with the legal principles under the PDPA 2010. In addition, our suppliers were also made to understand that they are legally bound by Non-Disclosure Agreement (“NDA”) in order to protect the sensitive data and information.

Our commitment and efforts to provide the secured data services to our customers were paid off through the recognitions of HMS Secure-X Managed Security Services in 2018 and Winner Award for Malaysia Managed Security Services Provider for year 2020, by Cyber Security Malaysia.

Customer Satisfaction Survey

Customer satisfaction is commonly associated with profitability and sustainability. Delivering customers’ demands and fulfilling their requests and requirements helps to positively contribute to our financial performance. As such, we are committed to conduct Customer Satisfaction Survey once every 2 years.

The survey not only covered what we have done and served, but also extend to the opinion and recommendation to any shortfalls. It helps us to determine action that we should further improved in the future.

SUSTAINABILITY AT HEITECH PADU BERHAD



PROGRESSING SOCIETY

COMMUNITY SUPPORT

To complement our Corporate Social Responsibility (“CSR”) initiatives and expand our reach to the community, HeiTech has conducted various activities for the communities. Our strategy is to raise the employability of individuals through education and social development, the quality of life and living standards. The focus applies beyond improving our reputation in addressing the challenges in our society.

Youth and Educational Development

HeiTech has played a pivotal role in raising the educational standards of the rural community’s student by providing them with necessary support to succeed in their education. HeiTech’s participation in youth and educational development continues via student industry field trips, school adoption and scholarship programmes.

For the year under review, some of the notable engagements made with the youth and educational sector are as follows:

- **Adoption School & Scholarship Programme**

HeiTech has engaged with Sekolah Kebangsaan Kertau Pahang for Adoption School & Scholarship Programme. The objective of this programme is to improve the educational standard of student from the underserved and rural communities by providing them the opportunity to excel in their education. HeiTech has spent more than RM15,000 for this programme.

- **Educational Visits**

Additionally, HeiTech welcomed one (1) educational visits from Pusat Latihan Teknologi Tinggi Melaka or known as Advance Technology Training Centre (“ADTEC”). The main objective was to share our knowledge and experience on the area of IT including industry

trends, technology advancement and career path. A total of 80 students benefited from the visit for their future education and careers.

HeiTech has collaborated with the higher education’s institutions to groom new talents for the future of IT footprints in Malaysia. As a bumiputera company, HeiTech is committed to support bumiputera students through various programme to ensure their employability is in tandem with technology growth of the nation.

The details of our collaboration with higher education’s institutions are as follows:

- **Collaboration with UiTM**

HeiTech has entered into a Memorandum of Understanding (“MOU”) with UiTM in supporting their institution’s three (3) years in university and one (1) year in industry (“3U1I”) initiative for the Faculty of Computer and Mathematical Sciences. This program aims to boost students’ learning experience on industry knowledge, combined with classroom learning. Additionally, the one (1) year industrial exposure will help student to immerse themselves into the reality of ICT industry, making their learning experience relevant and increase the graduates’ employability.

- **Collaboration with IBM and UMP**

HeiTech’s collaboration with IBM and UMP began since 2010 under the “IBM-UMP HeiTech System z Academic Initiative”. It is an elective curriculum to develop specialist for IBM System z and Mainframe Technology experts.

Through this initiative, students will have the opportunity to access the z-System infrastructure at HTV2 Data Centre remotely and have actual experience in operating and managing the z-OS system and other infrastructure mainframe technology in a real data centre environment. Further, HeiTech and IBM sets an annual Industrial Talk and Knowledge Sharing session with students on career insight on mainframes and mainframes services. Students also have the opportunity to join as an intern at HeiTech through the Internship Programme.

The table below illustrates the number of UMP students trained under the “IBM-UMP-HeiTech System Academic Initiative”, for the past 5 years:

Category	2020	2019	2018	2017	2016
Trainee	3	2	5	3	11

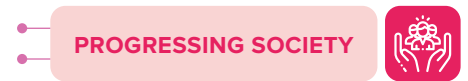
Internship Program

HeiTech also hired intern from various learning institution, as we believe that it is our responsibility to provide students with the supervision and mentorship that they need to be successful, especially in the IT sector. The following are the number of interns in HeiTech for the past 5 years:

Year	2020	2019	2018	2017	2016
Intern	132	117	100	197	151

Our internship program also opens up the opportunity that helps us to draw fresh perspectives on our businesses, strategies and operational activities.

SUSTAINABILITY AT HEITECH PADU BERHAD



CYBERSECURITY

Cybersecurity remains as one of the critical challenges that organisations face in the quest to strengthen company’s resilience in the new normal that has emerged from the pandemic. While the world is focusing on the health and economic threats posed by COVID-19, cyber attacks around the world undoubtedly are capitalizing during this pandemic. There are many countries around the world have reportedly being the victim of cyber attacks. A breach or failure of digital infrastructure including cyber attacks could result in the loss or breach of data or sensitive information, injury to people, disruption of business, harm to the environment or assets, legal or regulatory breaches and legal liability.

In HeiTech, we recognised the importance of having effective and meaningful privacy protection. We continuously adopt a stance of pro-active vigilance to prevent any cyber attacks which can lead to breach of data and any other untoward incidents. We strived to infuse digital trust and confidence in our customers through robust privacy and information security policies, frameworks and IT management. We maintain a high degree of IT control and compliance. Beyond establishing a clear information and communication technology security policy, we also maintained certification on Payment Card Industry Data Security Standard (“PCI DSS”) since 2017, a proprietary information security standard for organizations that handle credit cards from the major card issuers.

The following cybersecurity efforts were undertaken by HeiTech to protect data, ensure business continuity and prevent unexpected service downtime:

- 1 Existence of robust standard operating procedures and enforceable regulations for the use of corporate systems, confidential data, email, mobile devices and passwords.
- 2 Deployment of firewalls, antivirus and antimalware system, access management system and vulnerability assessment systems throughout the entire IT infrastructure.
- 3 Restriction on certain websites and social media portals with high cyber risks to avoid malicious via the exploitation of vulnerabilities.
- 4 Restriction on the usage of external hardware appliances and other media within HeiTech’s premises.
- 5 Encryption of data transmitted through our network via latest encryption technologies to maintain security and confidentiality.
- 6 Conduct regular penetration tests and audit activities to ensure the robustness of the entire IT infrastructure.
- 7 Conduct backups of data and disaster recovery tests at planned interval.
- 8 Conduct regular trainings to employees, to ensure high level of awareness on the security standards which we need to adhere to.

HeiTech continuously invest in IT security systems, in the effort to defend against cyber attacks and to ensure that our operations are always on track, and services are delivered without any disruption. Our compliance to IT security best practices such as MS ISO 27001:2013 - Information Security Management Systems and implementation of IT security controls have allowed us to contain cyber attacks and remain operational throughout the year. We are also committed to working collaboratively across industry, Government, educational institutions, and NGOs in the fight to protect privacy and cybersecurity for individuals and businesses around world.

PROFILE OF DIRECTORS

**CHAIRMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Member of Audit Committee
Member of Employee Share Option Scheme (“ESOS”) Committee

Male 72 year old Malaysian

Meetings Attended: **9/9**

Date of Appointment: **17 October 2006**

QUALIFICATION:

- Bachelor of Economics (Hons), University of Malaya, Malaysia
- D.D.A, University of Birmingham, United Kingdom
- Master in Business Administration, University of Birmingham, United Kingdom
- PhD (Hons) in Economic Management, Sultan Idris Education University



**TAN SRI DATO' SRI ABI MUSA ASA'ARI
BIN MOHAMED NOR**

EXPERIENCE:

Tan Sri Dato' Sri Abi Musa Asa'ari started his career in the Malaysian Civil Service as Assistant Director in Public Service Department in 1973. He then served in the National Bureau of Investigation, National Institute of Public Administration and Petroleum Development Unit of the Prime Minister's Department before being appointed as the Deputy Budget Director in the Ministry of Finance in 1995. In 1998, he joined Federal Agriculture Marketing Authority (“FAMA”) as the Director General and subsequently as the Secretary General of the Ministry of Agriculture and Agrobased Industry from 2001 before retiring in 2006.

He is currently the Chairman of MCT Berhad and Pro Chancellor of Universiti Malaysia Pahang (“UMP”).

He is a Director of HeiTech Next Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

Tan Sri Dato' Sri Abi Musa Asa'ari was appointed as Chairman of HeiTech Padu Berhad with effect from 1 January 2019.

PROFILE OF DIRECTORS

PRESIDENT/EXECUTIVE DEPUTY CHAIRMAN

Chairman of Voluntary Separation Scheme (“VSS”) Committee

Male | 68 year old | Malaysian

Meetings Attended: 9/9

Date of Appointment: 5 August 1994

QUALIFICATION:

- Bachelor of Economics (Hons) in Accounting from University of Malaya
- Master in Business Administration, Cranfield Institute of Technology, United Kingdom
- Master of Science in Management & Strategic Entrepreneurship, Nottingham Trent University, United Kingdom
- PhD (Hons) in Information Technology, Universiti Malaysia Pahang, Malaysia
- Member of Malaysian Institute of Accountants (“MIA”)
- Chartered Accountant (Malaysia)

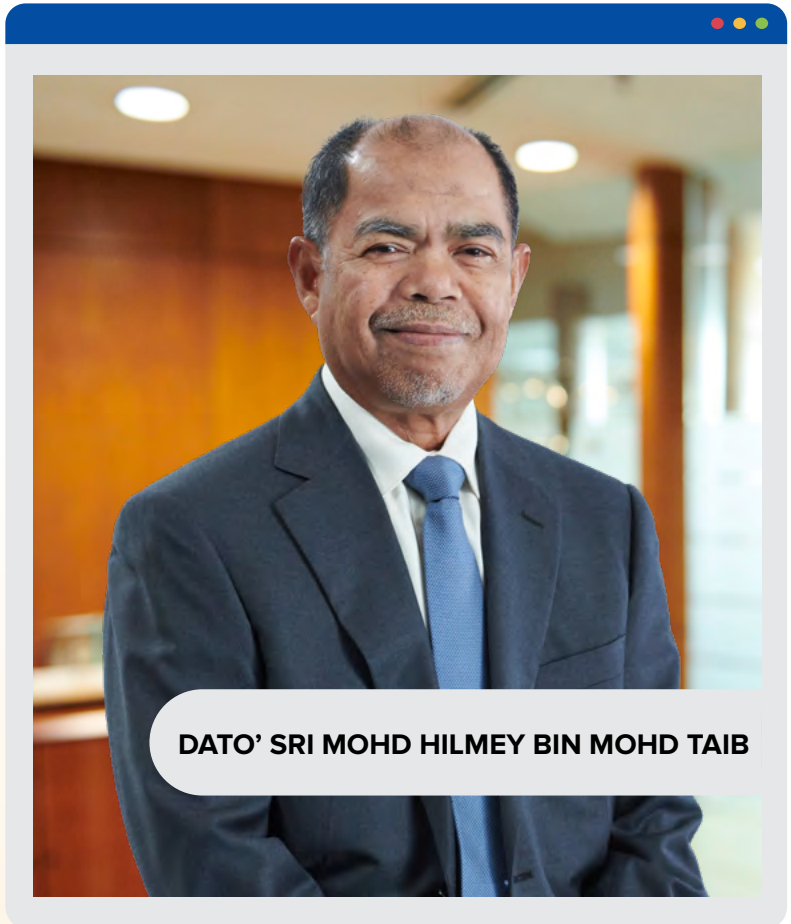
EXPERIENCE:

Prior to joining HeiTech, Dato’ Sri Mohd Hilmeiy helmed several leadership positions in Permodalan Nasional Berhad (“PNB”). In 1995 to 1997, he held his last position in PNB as the Group Chief Executive. Throughout his career, Dato’ Sri Mohd Hilmeiy has also held several directorships in public listed companies such as Malayan Banking Berhad, Kuala Lumpur Kepong Berhad, KFC Holdings (M) Berhad, Maxis Communications Berhad, Pasdec Holdings Berhad and several other private companies of various industries prior to focusing on HeiTech Group.

Dato’ Sri Mohd Hilmeiy was the Chairman of the Board of Directors of Universiti Malaysia Pahang (UMP) for 11 years from 2006 until 2017. He was the instrumental figure in transforming it from a college university status into one of the top local university, specialising in engineering and technology courses.

He is also a Director in PT Intercity Kerlipan, Motordata Research Consortium Sdn Bhd and several other companies within HeiTech Group.

Dato’ Sri Mohd Hilmeiy was appointed as President/Executive Deputy Chairman of HeiTech Padu Berhad with effect from 1 January 2019.



DATO’ SRI MOHD HILMEY BIN MOHD TAIB

PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Audit Committee
 Chairman of Nomination and Remuneration Committee
 Chairman of Employee Share Option Scheme (“ESOS”) Committee
 Member of Voluntary Separation Scheme (“VSS”) Committee

<input type="radio"/>	Male	74 year old	Malaysian
<input type="radio"/>	Meetings Attended: 9/9		
<input type="radio"/>	Date of Appointment: 8 March 2005		

QUALIFICATION:

- Bachelor of Commerce, University of Newcastle N.S.W. Australia
- M.A, Institut Agama Islam Negeri, Imam Bonjol, Padang
- Member of Malaysian Institute of Accountants (“MIA”)
- Chartered Accountant (Australia)



DATO' HAJI GHAZALI BIN AWANG

EXPERIENCE:

Dato' Haji Ghazali started his career as an accountant with Messrs. Wilson, Bishop, Bowes & Craig, Chartered Accountants, Australia. He has vast experiences in accountancy, financial operations, investment and corporate services, being in both public and commercial sectors. Before his retirement, he had served as the Group Director, Finance and Corporate Services of Kumpulan Guthrie Berhad.

He currently sits on the boards of BIMB Investment Management Berhad, TH Marine Holding (L) Inc. and TH Heavy Engineering Berhad.

He is a Director of PT. Intercity Kerlipan, a subsidiary of HeiTech Padu Berhad.

PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Risk Management Committee

<input type="radio"/>	Male	76 year old	Malaysian
-----------------------	-------------	--------------------	------------------

<input type="radio"/>	Meetings Attended: 9/9
-----------------------	-------------------------------

<input type="radio"/>	Date of Appointment: 5 August 1994
-----------------------	---

QUALIFICATION:

- Diploma Communications, Advertising and Marketing-Communications, Advertising and Marketing (“CAM”) Foundation, United Kingdom.

**DATO' MOHD FADZLI BIN YUSOF****EXPERIENCE:**

Dato' Mohd Fadzli started his career in broadcasting with Radio Malaysia and joined British Broadcasting Corporation (“BBC World Service”), United Kingdom from 1970 to 1976. He was appointed as Head of Marketing for Bank Bumiputra (M) Berhad from 1976 to 1981. He then joined Malaysian National Insurance Sdn Bhd as Deputy General Manager and subsequently moved to Bank Islam Malaysia Berhad as General Manager in 1984 specifically to set up the first Malaysian Takaful operation. He left Bank Islam Malaysia Berhad to spearhead Syarikat Takaful Malaysia Berhad as the Chief Executive Officer and Director until September 2005.

Dato' Mohd Fadzli is currently a member of the Board of Trustees, Sultan Mizan Royal Foundation. He is also a member of the Board of Perbadanan Kemajuan Iktisad Negeri Kelantan (“PKINK”) and Perbadanan Baitulmal Negeri Sembilan. He served as a Director of Amana Takaful Sri Lanka PLC, Amana Takaful Life Sri Lanka PLC and Amana Takaful Maldives PLC. Dato' Mohd Fadzli is also a Council Member at Kolej Islam Antarabangsa Ismail Petra Kelantan.

He is a Director of Motordata Research Consortium Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Nomination and Remuneration Committee
Member of Risk Management Committee

Male | 71 year old | Malaysian

Meetings Attended: 8/9

Date of Appointment: 30 July 2013

QUALIFICATION:

- Barrister-at-Law of the Honourable Society of Lincoln's Inn, London



SULAIMAN HEW BIN ABDULLAH

EXPERIENCE:

Sulaiman Hew was called to the Bar in 1975 and commenced practice in the same year. He is currently the Managing Partner and also the Founder Partner of Hamzah, Sulaiman & Partners. Prior to joining HeiTech, he served as an Independent Director on the board of several public listed companies including Trinity Corporation Berhad, Ganad Corporation Berhad and Europlus Berhad.

He is a Director of HeiTech Defence System Sdn Bhd, a subsidiary of HeiTech Padu Berhad.



PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Audit Committee

Female | 66 year old | Malaysian

Meetings Attended: 9/9

Date of Appointment: 6 August 2013

QUALIFICATION:

- Bachelor of Accounting (Hons) , University of Malaya, Malaysia
- Master of Commerce, University of New South Wales, Australia
- Diploma in Islamic Studies, International Islamic University Malaysia
- Member of Malaysian Institute of Accountants (“MIA”)

EXPERIENCE:

Wan Ainol Zilan joined Permodalan Nasional Berhad as a System Accountant and her last position was as the Head of Finance and Administration. She then joined Cycle & Carriage Group of Companies as the Group Internal Auditor covering four listed companies in Malaysia and Singapore and its subsidiaries. Prior to joining PNB, she was with Price Waterhouse (now known as PriceWaterhouseCoopers- PwC). She is a life member of Pertubuhan Perkumpulan Perempuan Negeri Perlis (commonly known as W.I-Perlis)

She is a Director of HeiTech Eco Energy Sdn Bhd, a subsidiary of HeiTech Padu Berhad.



PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Nomination and Remuneration Committee
Member of Risk Management Committee

<input type="radio"/>	Male	62 year old	Malaysian
<input type="radio"/>	Meetings Attended: 9/9		
<input type="radio"/>	Date of Appointment: 21 September 2018		

QUALIFICATION:

- Bachelors in Applied Science Property Resource Management with Finance, University of South Australia
- Diploma in Land Survey, University Technology Malaysia
- Registered Valuer, Real Estate and Property Management Professional, Board of Valuers Malaysia



DATUK MOHD RADZIF BIN MOHD YUNUS

EXPERIENCE:

Datuk Mohd Radzif started his career as a lecturer in Universiti Teknologi Malaysia (“UTM”) in 1983. He then joined Perwira Affin Bank in 1985 and served in various management roles from Manager to Assistant General Manager. Datuk Mohd Radzif was also previously Chief Executive Officer of TH Properties Sdn Bhd, TH NSTC Sdn Bhd and Shapadu Properties Sdn Bhd between 1988 to 2003. In 2003, he was appointed as the Chief Executive Officer of Institut Jantung Negara Sdn Bhd (“IJN”) and as the Group Managing Director of IJN Holdings Sdn Bhd. Datuk Mohd Radzif left IJN to join SME Development Bank as Managing Director before retiring from his last position as Group Managing Director of SME Bank in 2017. His diversified experiences came from his involvement in different industries such as construction, real estate development, project management, highway concession, healthcare, development banking and entrepreneur development.

Datuk Mohd Radzif was the Chairman of Association of Development Finance Institutions of Malaysia (“ADFIM”) and Vice Chairman of Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank (“ADFIMI”). He was accorded the Outstanding CEO Award in 2016 by the Association of Development Financial Institution Asia Pacific.

He currently sits on the board of Duopharma Biotech Berhad, Bina Darulaman Berhad, KPJ Healthcare Berhad and SMRT Holdings Berhad.

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Male | 55 year old | Malaysian

Meetings Attended: 7/7

Date of Appointment: 3 March 2020

QUALIFICATION:

- Diploma in Computer Science, Regent School of Economics, Malaysia



DATUK JAYAKUMAR A/L PANNEER SELVAM

EXPERIENCE:

Datuk Jayakumar started his career with Kumpulan Wang Simpanan Pekerja in 1989 and subsequently moved to Arab Malaysia Finance Bank in 1990 for about two (2) years. He then moved to PDX Teknologi Sdn Bhd as Major Accounts Executive in 1992 before being appointed as the Executive Director of PDX.com Sdn Bhd in 2004. In 2009, he was appointed as the Chief Executive Officer/Executive Director of PDX.com Sdn Bhd.

Datuk Jayakumar was appointed as the Managing Director of MYEG Integrated Networks Sdn Bhd (MINT) in 2009. He is also currently the Executive Chairman of Cuscapi Berhad since 4 June 2018.

PROFILE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

<input type="radio"/>	Male	59 year old	Malaysian
<input type="radio"/>	Meetings Attended: -		
<input type="radio"/>	Date of Appointment: 12 March 2021		

QUALIFICATION:

- Bachelor of Science (Mathematics), Illinois State University, USA
- Master in Business Administration (Finance), North Texas State University, USA



HAMZAH BIN MAHMOOD

EXPERIENCE:

Hamzah started his career in banking with HSBC Malaysia and joined HSBC London from 1988 to 1989. He was seconded to Saudi British Bank (a subsidiary of HSBC Bank) in Riyadh until 1994 when he returned to HSBC Group, London.

He was appointed as Chief Executive Officer of Maybank Securities Sdn Bhd and Head of the Securities Group in 2001. He then joined Halifax Capital Berhad as Executive Director from 2005 until 2008. He has vast experiences in the financial sector including treasury, trading and securities.

Hamzah was the Commissioner of PT Mitra Keluarga Karyasehat from May 2016 to June 2018 and as an advisor from June 2018 to February 2020. He is currently the Principal and Managing Director of Dynamic Capital Holdings Sdn Bhd.

Declaration by the Board:

(i) Family relationship with Director and/or major shareholders of HeiTech:
None of the Directors has any family relationship with any Director and/or major shareholder of HeiTech.

(ii) Conflict of interest with HeiTech:
None of the Directors has any conflict of interest with HeiTech.

(iii) Other than traffic offences, none of the Directors has been convicted for offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.



PROFILE OF COMPANY SECRETARIES



SITI SHAHWANA BINTI ABDUL HAMID

Female Malaysian

QUALIFICATION:

- Bachelor of Business Administration (Finance), International Islamic University Malaysia
- Graduated from The Institute of Chartered Secretaries & Administration (UK)

EXPERIENCE:

Siti Shahwana was appointed as the Company Secretary of HeiTech on 29 August 2014. She has over twenty (20) years of experience and has served both the public and private sectors in the areas of corporate finance, project valuation and feasibility, venture capital, market intelligence, business performance and company secretaryship.



AMIR ZAHINI BIN SAHRIM

Male Malaysian

QUALIFICATION:

- Graduated from the Institute of Chartered Secretaries & Administration (UK)

EXPERIENCE:

Amir Zahini was appointed as Joint Company Secretary on 1 March 2016. He has over fifteen (15) years of experience in the private sector as company secretary, project valuation and feasibility studies, IP and grants, government privatization projects and venture capital.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE



DATO' SRI MOHD HILMEY BIN MOHD TAIB

PRESIDENT/EXECUTIVE DEPUTY CHAIRMAN



AHMAD NASRUL HAKIM BIN MOHD ZAINI

GROUP CHIEF FINANCIAL OFFICER
EXECUTIVE VICE PRESIDENT

Male

45 year old

Malaysian

Dato' Sri Mohd Hilmey's profile is contained in the "Profile of Directors" section as set out on page 61 of this Annual Report.

QUALIFICATION:

- Bachelor of Commerce (Accounting), University of New South Wales, Sydney, Australia
- Chartered Accountant
- Member of Malaysia Institute of Accountants (MIA)
- Member of CPA Australia

EXPERIENCE:

Ahmad Nasrul Hakim joined HeiTech in 2002 and was appointed as Vice President of Group Finance Services Division in 2008 and later as Chief Financial Officer in 2009. Prior to HeiTech, he had worked with Deloitte Malaysia where he managed financial assurance, business advisory and consulting engagements for clients from manufacturing, property and banking industries.

He was appointed as Executive Vice President in January 2016.

He holds a number of directorship within HeiTech Group.



PROFILE OF EXECUTIVE COUNCIL COMMITTEE



SALMI NADIA BINTI MOHD HILMEY

GROUP CHIEF OPERATING OFFICER
EXECUTIVE VICE PRESIDENT

Female

39 year old

Malaysian

QUALIFICATION:

- Bachelor of Arts (B.A), Finance, Accounting and Management, University of Nottingham, United Kingdom
- Masters of Science (MSc) in Management and Information System, Nottingham Trent University, United Kingdom

EXPERIENCE:

Salmi Nadia joined HeiTech in 2007. She was appointed as the Special Assistant to the GCEO in 2011 and later as Director of Corporate Development and Risk Management in 2014. Within these years, she has been responsible for all centralised functions under Corporate Services, while overseeing the operations and performance of all companies within HeiTech Group. Salmi Nadia is also the Group Chief Risk Officer of HeiTech.

In January 2016, she was appointed as Executive Vice President, Risk Management and Corporate Services. Subsequently, Salmi Nadia was appointed as the Head of Core 2, to lead more than ten (10) subsidiary companies in HeiTech Group in September 2018. The companies include Inter-City (M) MPC Sdn Bhd, Motordata Research Consortium Sdn Bhd, HeiTech Defence System Sdn Bhd and Cinix 1 Pty Ltd.

Salmi Nadia was appointed the Group Chief Operating Officer on 1st April 2021.

She holds a number of directorship within HeiTech Group.



ABDUL HALIM BIN MD LASSIM

EXECUTIVE VICE PRESIDENT
CHIEF EXECUTIVE OFFICER OF CORE 1

Male

49 year old

Malaysian

QUALIFICATION:

- Bachelor of Arts (B.A) in Social Studies in Accountancy Studies, University of Exeter, United Kingdom
- Chartered Accountant, Member of Malaysian Institute of Accountants (MIA)
- Certified Public Accountant, Member of Malaysian Institute of Certified Public Accountants (MICPA)

EXPERIENCE:

Abdul Halim joined HeiTech in 2000 as Finance Manager and subsequently given the responsibility to lead the listing exercise of HeiTech Padu Berhad. In 2002, he was appointed as the Chief Financial Officer until taking up the position of CEO, HeiTech Managed Services (HMS) in 2008, overseeing the managed infrastructure business and HeiTech's venture into commercial sector. In 2013, he was appointed as CEO of HeiTech i-Solutions (HiS) to oversee the financial services industry.

With the positive progress of HMS and HiS, he was then given the responsibility to lead the Public Sector Business in 2018, leading the main business activities of HeiTech as the Chief Executive Officer of Core 01.

He holds a number of directorship within HeiTech Group.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE



NOR AZLINA BINTI ABDUL LATIFF

CHIEF INFORMATION OFFICER
VICE PRESIDENT

Female 59 year old Malaysian

QUALIFICATION:

- Bachelor of Science (BSc) in Computer Science with Mathematical Sciences, Queen Mary University of London, United Kingdom (1984)
- Certified Project Management Professional (PMP), Project Management Institute, Pennsylvania, USA (2008)
- Certified Trainer, Human Resource Development Fund, Ministry of Human Resources Malaysia (2015)

EXPERIENCE:

Nor Azlina started her career in the ICT industry in 1985 as a software developer in a local bank before joining HeiTech in 1992. She has more than 35 (thirty-five) years of experience in systems integration projects which includes implementing key projects for the Malaysian Immigration Department, Pension Department and Road Transport Department. Prior to her current role, she was the Vice President of the IT Consulting Services in HeiTech Core 01.

Besides project management, her areas of expertise include customer service, best practices and process improvement. As an Internal Trainer she has also contributed in HeiTech's people development programmes. She also assisted HeiTech in achieving both the organisational certifications, CMMI and TMMI which are key credentials required for HeiTech to be in the ICT industry.

Nor Azlina was appointed as the Chief Information Officer on 1st January 2021.



TS. DR. NOR HAZILAWATI BINTI AWANG

VICE PRESIDENT

Female 48 year old Malaysian

QUALIFICATION:

- Bachelor (BSc. Hons) in Computer Studies, Liverpool John Moores University, United Kingdom
- Master of Science (Msc) in Realtime Software Engineering, Universiti Teknologi Malaysia
- Doctor of Philosophy (PhD) in Computer Science, Universiti Teknologi Malaysia
- Professional Technologist (P. Tech), Malaysian Board of Technologist

EXPERIENCE:

Ts. Dr. Nor Hazilawati joined HeiTech in 1997 as Analyst Programmer and since then was involved in several mission critical and multi-million projects, pre-sales, product development, consulting and R&D.

Since 2011, Ts. Dr. Nor Hazilawati serves as a Technical Committee member for Software Engineering (TC/11) for SIRIM. She also serves as Industry Advisor for Universiti Teknologi Malaysia, Universiti Tun Hussein Onn Malaysia, UNITEN, Universiti Putra Malaysia, Universiti Malaysia Sabah, UiTM and Kolej Universiti Islam Selangor.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE



ABDULLAH BIN AHMAD

VICE PRESIDENT
HEAD OF CORE 3

Male

62 year old

Malaysian

QUALIFICATION:

- Bachelor of Science (Hons) in Computer Science, Western Washington University, Washington, USA

EXPERIENCE:

Abdullah brings to the company over 35 (thirty five) years of experience in the ICT industry. Abdullah started his career as Assistant Systems Engineer with IBM in 1980. Prior to joining HeiTech in 1998, he was the Manager of Data Center Services in Permodalan Nasional Berhad (“PNB”).

He has held several senior positions in the company, which includes Chief Operating Officer, Megacenter System Sdn Bhd, Vice President Strategic Business Group and Marketing & Business Development Manager in HeiTech Managed Services Group. He then served as Chief Executive Officer of HeiTech Transbiz in 2012. In 2017, he was appointed as Chief Executive Officer of HeiTech Next Sdn Bhd.

Abdullah was appointed as Head of Core 3 on 1st May 2020.

CHAIRMAN'S INTRODUCTION ON HEITECH'S CORPORATE GOVERNANCE



In this new era of technological advances and borderless transfer of information, businesses need to be more vigilant in addressing potential threats, sinister activities and complex regulations

All these aspects are required to be carefully managed and governed whilst still promoting entrepreneurial behaviour and aiming at a successful business operation. As such, we believe the combination of a sound Board of Directors, competent Management, virtuous staff together with comprehensive governance framework involving key aspects such as code of conduct, responsibilities and integrity is important in managing and governing a business in this dynamic environment.

An effective Board should be adaptable to new possibilities. We believe that the composition of our Board Members is well balanced, encompassing various professional background and is capable of endorsing business initiatives while upholding the obligation to practice good governance by the Management and others within the Group.

We also believe by empowering our leaders, we can improve the way we carry out our business. Nevertheless, this empowerment is required to be guided and supervised accordingly to ensure all risks and threats are properly mitigated.

With collective effort and continuous improvement, we believe that we can sustain our business while maintaining our adherence to good governance.

TAN SRI DATO' SRI ABI MUSA ASA'ARI MOHAMED NOR
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors acknowledges the importance of Principles and Recommendations as promulgated by Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) to continuously deliver the sustainable performance for the benefit of shareholders and maintaining standards of corporate governance in managing the business affairs of the Company.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirement (“MMLR”) and it is to be read together with the Corporate Governance Report 2020 of the Company which is available on the corporate website at www.heitech.com.my

PRINCIPLE 1 • ESTABLISH CLEAR ROLES AND RESPONSIBILITIES FOR THE BOARD AND MANAGEMENT

The Board of Directors (“the Board”) are entrusted with the responsibility to exercise reasonable and proper care of the Company’s resources for the best interests of its shareholders and to safeguard the Company’s assets.

Members of the Board have been selected based on their character, calibre, extensive experience and expertise in a wide range of related and unrelated industries, as well as their ability to add strength to the stewardship of the Company. Further, the Board acknowledges the recommendation of the code in MCCG 2017 on a clear division of responsibility between the Chairman and the President.

The Board selects, after a recommendation from the Nomination and Remuneration Committee in conformity with MCCG 2017, individuals from business, legal, financial, taxation, accounting, insurance and information technology to guide the Company in achieving its business objectives.

Chairman and President

There is a clear division of responsibility between the Chairman and the President thus ensuring a balance of power and authority. The Chairman’s role is to provide leadership and ensure the effectiveness of the Board’s governance processes, whilst the President manages the commercial and operational aspects of the business.

Roles and Responsibilities of the Board

The Board has established clear functions reserved for the Board and those delegated to the Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. The delineation of the Board’s roles and responsibilities are also clearly set out in the Board Charter which serves as a

reference point for Board activities and reinforces the supervisory role of the Board.

The Board is bestowed with duties and responsibilities to ensure the interest of shareholders are protected. The Board’s roles and responsibilities are set out in the Board Charter which spells out as follows:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the performance of the Management;
- Monitoring and managing principal risks in the business;
- Ensuring implementation of appropriate internal controls and mitigation measures;
- Succession planning for Senior Management;
- Overseeing the development and implementation of a stakeholder communication policy for the Group; and
- Reviewing the adequacy and the integrity of the management information and internal control system of the Group.

Code of Conduct

The Board is expected to adhere to the code of Business Conduct and Ethics which was designed to promote the principles of integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the Group’s standard of corporate governance and behaviour. The Board is obliged to follow the code as it is the way to manifest their commitment to professionalism and integrity.

Whistleblowing Policy

A Whistleblowing Policy was adopted to provide safe avenue for employees and stakeholder of HeiTech to disclose any improper conduct concerning the Group. The Chairman of Audit Committee has been tasked to facilitate the investigation and proposed the appropriate action to be taken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE 2 · STRENGTHEN COMPOSITION OF THE BOARD

At present, the Board consists of nine (9) members, all of whom are non-executive, except for Executive Deputy Chairman. Of the eight (8) Non-Executive Directors, seven (7) are Independent Directors. The composition fulfils the requirements set out under the MMLR of Bursa Malaysia which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent.

Board Committees

In discharging its duties, the Board has established the following Board Committees:

- 1 Audit Committee;
- 2 Nomination & Remuneration Committee (“NRC”);
- 3 Risk Management Committee (“RMC”)
- 4 Employee Share Option Scheme (“ESOS”) Committee;
- 5 Voluntary Separation Scheme (“VSS”) Committee;

Members of these committees comply with the independence criteria provided under the MMLR of Bursa Malaysia. Every committee has a separate and defined written charter and terms of reference which has been approved by the Board, describing the committee’s authorities and responsibilities. The Chairman of each committee reports on items discussed and action taken at their meetings to the Board, after the conclusion of each meeting.

LIST OF BOARD COMMITTEES

a) Audit Committee

The present members of the Audit Committee are:

Members	Directorship	Attendance
Dato’ Haji Ghazali Bin Awang (Chairman)	Independent Non-Executive	8/8
Wan Ainol Zilan Binti Abdul Rahim (F)	Independent Non-Executive	8/8
Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor	Independent Non-Executive Chairman	8/8

Details of the composition, terms of reference and the Audit Committee Report are set out in pages 83 to 85 of this Annual Report.

b) Nomination and Remuneration Committee

Members	Directorship	Attendance
Dato’ Haji Ghazali Bin Awang (Chairman)	Independent Non-Executive	3/3
Sulaiman Hew Bin Abdullah	Independent Non-Executive	3/3
Datuk Mohd Radzif Bin Mohd Yunus	Independent Non-Executive	3/3

The Nomination and Remuneration Committee (“NRC”) is empowered to review and make recommendations to the Board in identifying suitable candidates for Directors, President, Group Chief Executive Officer (“GCEO”), Group Chief Operating Officer (“GCOO”), Chief Executive Officer (“CEO”) and Executive Vice President (“EVP”). NRC considers various aspects which include the competencies, commitment, contribution and performance of a candidate. The Committee strictly adheres to the selection process which emphasized on the qualification, background and the capabilities of the candidates.

The other role of NRC is to consider and recommend to the Board the remuneration scheme for the Directors, President, GCEO, GCOO, CEO and EVP. The Committee will regularly review and compare the scheme which is benchmarked against the industry. Independent Directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Disclosure of Remuneration

The details of the Directors' remuneration comprising remuneration received during the financial year are as follows:-

	Directorship	Salary RM	Special Allowances RM	Bonus RM	Meeting Allowances RM	Annual Fees (Company) RM	Annual Fees (Subsidiaries) RM	Total RM
Directors								
Dato' Sri Mohd Hilmey Bin Mohd Taib	Executive Deputy Chairman	1,050,000	-	-	25,600	-	30,000	1,105,600
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Independent Non-Executive Chairman	-	36,000	-	40,000	30,000	-	106,000
Dato' Haji Ghazali Bin Awang	Independent Non-Executive	-	-	-	41,000	30,000	-	71,000
Dato' Mohd Fadzli Bin Yusof	Independent Non-Executive	-	-	-	33,300	30,000	25,000	88,300
Datuk Mohd Radzif Bin Mohd Yunus	Independent Non-Executive	-	-	-	30,000	30,000	-	60,000
Sulaiman Hew Bin Abdullah	Independent Non-Executive	-	-	-	34,000	30,000	-	64,000
Wan Ainol Zilan Binti Abdul Rahim	Independent Non-Executive	-	-	-	34,000	30,000	-	64,000
Datuk Jayakumar A/L Panneer Selvam	Non-Independent Non-Executive	-	-	-	12,000	-	-	12,000
GRAND TOTAL								1,570,900

The number of Directors of the Company in each remuneration band is as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
Up to 50,000	-	1
50,001 – 200,000	-	6
200,001 and above	1	-

c) Risk Management Committee ("RMC")

Members	Directorship	No of Meeting
Dato' Mohd Fadzli Bin Yusof (Chairman)	Independent Non-Executive	5/5
Sulaiman Hew Bin Abdullah	Independent Non-Executive	5/5
Datuk Mohd Radzif Bin Mohd Yunus	Independent Non-Executive	5/5

RMC is assisted by the Central Risk Review Committee ("CRRC") to identify, deliberate and monitor the strategic and operational risks of the Group. The Chief Risk Officer implements the Risk Management Framework and Policy for the Group and reports to the RMC on a quarterly basis. The report is then shared with the Board for further deliberation and action to be taken.

RMC also reviews and deliberates any potential investment to be made by the Company. They are assisted by the Investment Committee in their deliberation before recommending to the Board for approval. The Investment Committee shall facilitate the Board in discharging its statutory and fiduciary responsibility relating to investments and to generate economic benefits either in the form of dividends and improved profitability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

d) Employee Share Option Scheme (“ESOS”) Committee

Members	Directorship
Dato’ Haji Ghazali Bin Awang (Chairman)	Independent Non-Executive
Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor	Independent Non-Executive Chairman

This Committee was set up to assist the Board in the implementation of ESOS scheme under its By-Laws and Guidelines. This is undertaken with the proper execution of the ESOS, within the defined terms of reference and also with the establishment, amendment and resolution of rules and regulations relating to the scheme and its administration.

e) Voluntary Separation Scheme (“VSS”) Committee

Members	Directorship
Dato’ Sri Mohd Hilmey Bin Mohd Taib (Chairman)	Executive Deputy Chairman
Dato’ Haji Ghazali Bin Awang	Independent Non-Executive

The Committee assists the Board in the administration and execution of the VSS scheme for the Group, if such need arises.

Board Charter

The Board’s roles and responsibilities, as stated earlier are set forth in the Terms of Reference (“TOR” or “Charter”). For the year under review, this document remains as the main reference in establishing clear functions, roles and responsibilities of the Board and the Management of the Company.

The Charter contains key values, principles and ethos of the Group. Some of the salient features of the Charter would be the protocol for accepting new directorships, the division of responsibilities and powers between the Board and the Management, the Chairman and the Chief Executive Officer and the roles and responsibilities of the Committees established by the Board. The Charter is periodically reviewed by the Board and can be accessed on the corporate website.

Gender diversity policy

The Board acknowledges the importance of boardroom diversity and is supportive on the recommendation by MCCG 2017 to the establishment of boardroom and workforce Gender Diversity Policy.

The Board currently has one female Director which the Board is of the view, is in line with the gender diversity recommended by MCCG 2017 and also taken into consideration, the background and qualifications of the Director.

The evaluation on the suitability of candidates as the new Director or as a member of the workforce is based on the candidates’ competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion.

PRINCIPLE 3 • REINFORCE OF THE BOARD

The Nomination and Remuneration Committee reviews and evaluates the assessment of Directors and the performance of other Committees on an annual basis. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, Board Committee and as well as the Management performance.

The Committee also reviews the independence of the Board members to ensure that all independent members are able to bring their objective and independent judgement to the Board.

The responsibility of identifying candidates and re-election of Directors rests with the Committee, in accordance with its terms of reference. Potential candidates are screened for the ideal mix of capabilities, experience and expertise. Inputs from other Directors are also taken into consideration in examining the eligibility.

The results of the assessment would be reported by the NRC to the Board and the Board will form the basis of recommending relevant Director for retirement by rotation at the Annual General Meeting.

The Board is cognisance of the MCCG 2017’s recommendations on the tenure of an Independent Director that should not exceed a cumulative term of nine (9) years. For the year under review, three (3) Directors have reached cumulative terms of more than nine (9) years. The Board is of the view that the independence of a Director is more of a state of mind and action rather than the tenure of office. The Board has made assessment on the Independent Directors and is of the opinion that they remain objective and independent in expressing their views.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board will be seeking the shareholders' approval through a two-tier voting process in the forthcoming AGM for the following three (3) Directors to continue to act as Independent Non- Executive Directors of the Company:-

1. Dato' Haji Ghazali Bin Awang;
2. Dato' Mohd Fadzli Bin Yusof; and
3. Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor

All Directors are subject to retirement by rotation and in ascertaining the number of Directors to retire, the Company shall ensure all Directors to retire from office at least once in every 3 years but shall be eligible for re-election.

PRINCIPLE 4 • FOSTER COMMITMENT

The Board meets on a regular and scheduled basis, at least four (4) times a year, once every quarter, to review the Group's strategies and operations, and the performance of the companies within the Group. Additional meetings are held as and when required or the urgency of the matter warrants such an action to be taken. During the financial year under review, the Board met nine (9) times and the details of the attendance of the Directors are set out as follows

No	Directors	Directorship	94	95	96	97	SP1	SP2	SP3	SP4	SP5	Attendance
			28 Feb	30 May	30 Aug	28 Nov	22 Mar	9 Apr	18 June	8 Aug	24 Oct	
1	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Independent Non-Executive Chairman	/	/	/	/	/	/	/	/	/	9/9
2	Dato' Sri Mohd Hilmey Bin Mohd Taib	Executive Deputy Chairman	/	/	/	/	/	/	/	/	/	9/9
3	Dato' Ghazali Bin Awang	Independent Non-Executive	/	/	/	/	/	/	/	/	/	9/9
4	Dato' Mohd Fadzli Bin Yusof	Independent Non-Executive	/	/	/	/	/	/	/	/	/	9/9
5	Datuk Mohd Radzif Bin Mohd Yunus	Independent Non-Executive	/	/	/	/	/	/	/	/	/	9/9
6	Sulaiman Hew Bin Abdullah	Independent Non-Executive	/	/	/	/	/	/	/	/	X	8/9
7	Puan Wan Ainol Zilan Binti Abdul Rahim	Independent Non-Executive	/	/	/	/	/	/	/	/	/	9/9
8	Datuk Jayakumar A/L Panneer Selvam	Non-Independent Non-Executive	NA	/	/	/	NA	/	/	/	/	7/7

Conduct of Meetings (Board Agenda)

The Chairman of the Board and Chairman of the Board Committees outline and review the agendas for the Board and Committee meetings respectively. Any Director is welcomed to suggest items for the meeting's agenda, and raise issues and concerns in any Board or Committee meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors are provided with a sufficient notice, an agenda and a set of Board papers before the meeting for their review. Generally, the Board papers circulated include minutes of the previous meetings, quarterly and/or Annual Financial Statements and updates from the Management and Directors' dealings in securities during the relevant financial period, if any.

Access to Information and Advice

The Company takes necessary steps to ensure that quality and useful information be delivered to the Board to facilitate their decision-making.

Relevant Board papers are disseminated to all Directors before the meetings promptly to enable them to review the materials and obtain additional information or clarification before the meetings. The Board also have unfettered access to the information within the Group, both financial and operational in which the officers and employees of the Group may brief and present details to the Board. Upon request, the Board also seeks the advice from independent professional advisers at the Group's expense and have access to the advice and services of the Company Secretaries who ensure that Board procedures and applicable rules and regulations are complied with.

Directors Training

Due to the ever increasing complexities in doing business, the Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness in serving the interest of the Group.

During the financial year 2020, the Directors had attended various training programmes relevant to their duties and responsibilities. Among the trainings that they had attended includes:-

- Briefing on Corporate Liability Section 17A MACC Act 2019
- Anti – Money Laundering, Anti Terrorism Financing & Proceeds of Unlawful Activities Act 2001: Risk, Challenges & Vulnerabilities Towards Risk-Based Approach

Group Company Secretary

The Directors has ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring the Board functions effectively. The Company Secretaries ensure that Board's policies and procedures are both followed and reviewed regularly. The Board were also regularly briefed and advised

by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities, and the resultant implications to the Company and the Board in relation to their duties and responsibilities. The Company Secretaries also ensured that the Group complies with the relevant statutory and regulatory requirements and the deliberations at the Board and Committees meetings are captured and minuted.

PRINCIPLE 5 · UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is responsible for presenting a balanced, clear and transparent assessment of the Group's financial performance and prospect through the quarterly and Annual Financial Reporting to shareholders. The Group via the Audit Committee's scrutiny, complies with the requirements applicable under the Malaysian Approved Accounting Standards Board in preparing the annual and quarterly financial statements. The Audit Committee ensures that the financial and statutory compliance aspects of the audited financial statements and adherence to internal policies and procedures before full deliberation at the Board are strictly followed.

External Auditors

The Management maintains a close and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with the applicable approved accounting standards.

PRINCIPLE 6 · RECOGNISE AND MANAGE RISK

The Board of Directors recognised the importance of having sound internal controls and risk management practices to a good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and effectiveness of the same from time to time. It is to be noted that such system is designed to identify, evaluate and manage the significant risk of the Group.

The Board is assisted by the Risk Management Committee to identify strategic risks and ensure that the implementation of the mitigation plan is in order. This Committee is supported by the Central Risk Review Committee ("CRRC") which consist of the Management team from various units within the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The statement of the Company on risk management and internal control system is set out in the Statement on Risk Management and Internal Control on pages 86 to 91 in this Annual Report.

PRINCIPLE 7 . ENSURE TIMELY AND HIGH-QUALITY DISCLOSURE

Along with good corporate governance practices, the Group is committed to provide the investors and the public with comprehensive, accurate and material information on a timely basis. In line with this commitment, the Company is guided by the Corporate Disclosure Guide issued by Bursa Malaysia.

The Group, through its website www.heitech.com.my and its announcements on Bursa Malaysia's website, shares mandatory public announcements as well as publishes its quarterly and annual results. The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investors.

PRINCIPLE 8 . STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Sustainability

The Group is committed to a sustainable development. The sustainability objective of the Group is to balance the shareholders' value, the welfare of employees, community and environment in which it operates.

Sustainability creates business value by building reputation, enhancing the morale of the employee and strengthening competitiveness. The Group adopts and implements sustainable practices which identify new initiatives and potential areas for improvement. Such practices would minimise the negative impacts on the business activities and be consistent with the business objective.

Employees' welfare and community services were also carried out and organised in several occasions during the financial year.

Further details of CSR and sustainability initiatives and activities are set out in Sustainability Report on pages 40 to 59 of this Annual Report.

Annual General Meeting

The Group recognises the importance of having effective communication with its shareholders at the Annual General Meeting. Therefore, the Board allocates time and welcome questions and

feedback regarding directions, operations, financials from the shareholders at the Annual General Meeting.

The Board has taken initiatives for the Group to publish all relevant information to enable the shareholders to exercise their rights through the corporate website.

Poll Voting

Pursuant to paragraph 8.29A (i) of MMLR, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll.

The Company shall be conducting poll voting for all resolutions set out in the Notice of the 26th Annual General Meeting.

Investors Relations

The shareholders and the public may address their queries regarding the Group to the following persons:-

Siti Shahwana binti Abdul Hamid
(Group Company Secretary)

☎ 03 8601 3000

✉ shahwana@heitech.com.my

Amir Zahini bin Sahrin
(Joint Company Secretary)

☎ 03 8601 3000

✉ amirsahrin@heitech.com.my

Rosman Mustafa Kamar
(for Investor Relation and Shareholders Communication)

☎ 03 8601 3000

✉ rosmanmk@heitech.com.my

COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board is of the opinion that the Group has principally complied with the Best Practices in Corporate Governance as set out in MCCG 2017 throughout the financial year 2020 save as explained above. This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 21 April 2021.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT****ADDITIONAL COMPLIANCE INFORMATION**

The following information is provided in compliance with paragraph 9.25 of Bursa Malaysia LR.

i) Options, Warrants or Convertible Securities

The Group did not issue any options, warrants or convertible securities during the financial year under review.

ii) The imposition of Sanction/ Penalties

There were no sanctions and/or penalties imposed on the Group and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies during the financial year ended 31 December 2020.

iii) Material Contracts

Neither Group and/or its subsidiary companies had entered into any material contracts which involved Directors' and major shareholders' interest during the financial year ended 31 December 2020, save as disclosed under Disclosure to BMSB on page 10 of the Annual Report.

iv) Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the external auditors by the Company and the Group for FY2020 are as follows:-

	Group (RM)	Company (RM)
Audit fees	412,000	226,000
Non-audit fees	10,000	10,000
Total	422,000	236,000

v) Profit Guarantee

There was no profit guarantee given by the Group during the financial year ended 31 December 2020.

vi) Share Buy Back

There was no share buy back exercise done during the financial year ended 31 December 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of HeiTech Padu Berhad is pleased to present the Report of the Audit Committee (“Committee”) for the financial year ended 31 December 2020 in compliance with paragraph 15.15 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

COMPOSITION AND MEETINGS

The Committee consists of three (3) Independent Non-Executive Directors of the Company. The composition of the Committee includes members of the Malaysian Institute of Accountants (“MIA”) as prescribed in the Accountants Act 1967. Therefore, the requirement of paragraph 15.09(1) of the Listing Requirements of BMSB has been complied with.

The Committee has met eight (8) times during the financial year ended 31 December 2020. The composition of the Committee and the details of their attendance are as follows:

Name of Committee Members	Status of Directorship	No. of Meetings Attended
Dato’ Haji Ghazali Bin Awang Chairman of the Committee	Independent Non-Executive Director	8 out of 8
Wan Ainol Zilan Binti Abdul Rahim	Independent Non-Executive Director	8 out of 8
Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor	Independent Non-Executive Chairman	8 out of 8

The Committee meetings were attended by the Management of HeiTech and the Director of Audit & Assurance. External Auditors have attended the meeting, upon invitation to brief the Committee on matters pertaining to financial year end audit.

TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference of the Committee are accessible for reference by the public through HeiTech’s corporate website at www.heitech.com.my.

COMMITTEE’S WORK SUMMARY

During the financial year ended 31 December 2020, the Committee has carried out the following tasks:

(a) Financial Reporting

- (i) Reviewed the quarterly financial results prior to recommend for consideration and approval by the Board of Directors;
- (ii) Reviewed the annual audited financial statements to ensure compliance with the Listing Requirements of the BMSB, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;
- (iii) Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements; and
- (iv) Obtained assurance from the President/Executive Deputy Chairman and Chief Financial Officer that:
 - Appropriate accounting policies had been adopted and applied consistently;
 - The going concern basis applied in the annual financial statements and quarterly financial statements was appropriate;
 - Prudent judgements and reasonable estimates had been made in accordance with Malaysian Financial Reporting Standards (“MFRS”);
 - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and Listing Requirement of BMSB; and
 - The annual audited financial statements and the quarterly financial statements did not contain material misstatements and gave a true and fair view of the financial performance and financial position of the Group and the Company for 2020.

AUDIT COMMITTEE REPORT

(b) Internal Audit

During the year, the Committee:

- (i) Reviewed and approved the 2020 Annual Internal Audit Plan;
- (ii) Reviewed and approved the 2020 KRA/KPIs for the Internal Audit;
- (iii) Reviewed and deliberated the Internal Audit reports on significant issues and audit findings, audit recommendations, and Management responses and action plans;
- (iv) Discussed on action taken to improve the effectiveness of the internal control system in the audit areas;
- (v) Monitored the implementation of audit recommendations to ensure that all key risks and controls issues are being addressed;
- (vi) Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control, and Statement of Corporate Governance and recommend to the Board for approval prior to their inclusion in the Annual Report;
- (vii) Reviewed Internal Audit performance reports for the financial year to ensure the adequacy of resource requirements, competencies of Internal Audit staff, performance and progress of the Internal Audit function to execute the annual audit plan, achievement and coverage of the Internal Audit function; and
- (viii) Appraised the performance of the Director of Audit & Assurance and the measurements of the Internal Audit function against the KRA/KPIs set.

The Chairman of the Committee held private sessions with the Director of Audit & Assurance on audit reports and any internal audit related matters when there were issues of concern.

(c) External Audit

During the year, the Committee evaluated, reviewed and recommended to the Board of Directors for approval on the followings:

- (i) The External Auditor's 2020 terms of engagement, audit plan, nature, approach and scope of the audit;
- (ii) The audit fees and key audit staff assigned to the audit engagement;
- (iii) Issues arising from External Auditor's identified Key Audit Matters ("KAM") and the audit procedures in addressing such KAM, Management's response and External Auditor's evaluation of the Internal Control System;

- (iv) The significant accounting and auditing issues arising from the audit and any matters the External Auditors may wish to discuss; and
- (v) The External Auditor's report on Directors' Statement on Risk Management and Internal Control ("SORMIC").

The Committee in 2020 held a private session with External Auditors Messrs. AlJafree Salihin Kuzaimi PLT, in the absence of Management on 27 August 2020 and 15 December 2020 at Special Audit Committee Meeting No. 04/2020 to discuss amongst others, audit issues and reservation arising from the audits.

The External Auditors have assured the Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.

(d) Related Party Transactions

- (i) Reviewed and discussed reports on Related Party Transactions ("RPT"), Recurrent RPT ("RRPT") and possible Conflict of Interest ("COI") transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which not more favourable than those available to the public and other suppliers and are not detrimental to the minority shareholders;
- (ii) Monitored the threshold of the RPT and RRPT to ensure compliance with the Listing Requirements of BMSB;
- (iii) Reviewed and recommended to the Board of Directors for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and the Group to enter into RRPT of revenue or trading nature with related parties; and
- (iv) Monitored the related party transactions entered by the Company and the Group pursuant to shareholders' mandate obtained at the Annual General Meeting.

(e) Annual Reporting

The Committee reviewed and recommended to the Board of Directors for approval, the disclosures on the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 for inclusion in the 2020 Annual Report to ensure that they were prepared in compliance with relevant regulatory requirements and guidelines.

AUDIT COMMITTEE REPORT

STATE OF INTERNAL CONTROL

The Statement on Risk Management and Internal Control furnished on pages 86 to 91 of the annual report provides the overview of the state of internal controls within the Group.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

The Group through the Committee has established transparent and appropriate relationship with the External Auditors in order to meet their professional requirements. Key features underlying the relationship of the Committee with the External Auditors are included in the Audit Committee's Terms of Reference. Meetings are held to discuss the findings of the External Auditors and to finalize the results of the audited financial statements.

SUMMARY OF THE INTERNAL AUDIT FUNCTION

HeiTech has an in-house Internal Audit function carried out by the Audit & Assurance Department ("AA"). The principal responsibility is to evaluate and improve the effectiveness of risk management, internal control and governance processes. This is accomplished through a systematic approach of regular reviews and appraisals of the operational activities, internal control and governance processes based on the audit plan that is approved by the Committee annually. This will provide the Board of Directors with assurance it requires regarding the adequacy, integrity and effectiveness of the internal control system. AA is headed by the Director of Audit & Assurance, Encik Ahmad Kamal Bin Mohd Kassim who reports to the Audit Committee. He is a Chartered Member of The Institute of Internal Auditors Malaysia. He is also a Chartered Accountant of The Malaysian Institute of Accountants and holds a Bachelor Degree in Accountancy (Honours), Universiti Teknologi MARA. He has more than 20 years' experience in the areas of internal auditing, business process improvement, enterprise risk management and corporate governance assurance.

The Terms of Reference of the Internal Audit function are clearly spelt out in the Audit Charter that defines the roles, responsibilities, accountability and the Department's scope of work. AA had operated and performed in accordance with the principles of the Audit Charter that provides for its independence function. Internal Audits are carried out across the Group to ensure consistency in the application of policies and procedures within the Company and the Group. AA independently reviews the internal control processes (financial, operational and IT controls) implemented by the Management.

A detailed 2020 Annual Internal Audit Plan was presented to the Committee for approval. The Internal Audit function adopts risks-based approach following COSO (Committee of Sponsoring

Organisation of The Treadway Commission) as the Control Framework for financial and operational activity, and COBIT (Control Objectives for Information and Related Technology) for IT related audit, and prepares its audit strategy and plan based on the risk profiles of the major business units and support functions of the Group.

AA has a total of 7 staff as at 31 December 2020. The total operation cost of the Department for 2020 was RM803,495 comprising of mainly salaries, travelling expenses, administrative and training.

The Internal Audit assignments conducted in 2020 includes operational and management audit, IT security and infrastructure audit and project management and compliance audit. The audits covered various operational areas, projects undertaken, subsidiary companies and support functions. The corresponding audit reports were presented to the Management and Committee for attention, deliberation and corrective actions.

During the financial year, AA had undertaken the following activities:

- (a) Prepared the 2019 Annual Internal Audit Performance Report for review by the Committee;
- (b) Prepared the 2020 KRA/KPIs for approval by the Committee;
- (c) Prepared the 2020 Annual Internal Audit Plan for the approval of the Committee;
- (d) Implemented the approved 2020 Annual Internal Audit Plan;
- (e) Assessed the adequacy and effectiveness of internal control system within the Company and the Group;
- (f) Examined and evaluated the adequacy, effectiveness and efficiency of all financial and operational control within the Company and the Group;
- (g) Ascertained the adequacy of controls to safeguard the assets of the Company and where applicable, verify the existence of the assets owned by the Company and the Group;
- (h) Reviewed the Related Party Transactions ("RPT") arise within the Company and the Group on a quarterly basis;
- (i) Provided reporting and recommendations to the Management of the Company and/or the Committee and the Board of Directors on the outcome of the audits;
- (j) Conducted follow up audits to ensure effective and timely resolution of audit issues;
- (k) Conducted ad-hoc audits upon request by the Committee and Management of the Company;
- (l) Organized training programs for Internal Auditors to enhance their audit skills and knowledge; and
- (m) Kept the Committee informed of the progress of audit activities.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 21 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

HeiTech Padu Berhad and its subsidiaries are exposed to variety of risks that can have an impact to our business prospects, future performance, potential growth, sustainable development and reputation. Risk management is one of the responsibilities of HeiTech’s Board of Directors and is integral to the decision-making process. HeiTech recognises uncertainties attached to risk and opportunities, and continuously endeavour to build high level of resilience. Therefore, effective risk management and internal control system is indispensable to HeiTech’s operations and governance processes. This helps HeiTech to anticipate risk exposure, ensure controls are in place to minimise threats and maximise opportunities. The result of this process gives full and due consideration to the balance of risk and reward in pursuing strategies to optimise the achievement of our objectives. The Statement on Risk Management and Internal Control (“SORMIC”) illustrates the risk management framework and scope of the internal control structure, for the year under review.

BOARD OF DIRECTORS’ ACCOUNTABILITY

The Board of Directors (“the Board”) are responsible to oversee and ensure sound system of risk management and internal control for HeiTech. The system is being reviewed regularly to ensure it remains relevant, effective and applicable to the changes in the HeiTech’s structure, processes and dynamic business environment. An effective risk management framework helps HeiTech to achieve its optimal performance by incorporating risk information for better decision-making, while sound internal controls enable appropriate response to manage identified risks, thus facilitating effective and efficient operations while safeguarding shareholders’ investment and the Group’s assets.

HeiTech’s risk management and internal control system does not apply to its associated companies and joint controlled entities, which fall within the control of their majority shareholders. The interests of HeiTech are served through representation by the Board of the respective companies. These representations provide the Board with information for strategic decision making in view of the continuity of the Group’s investment.

The Board is also cognisant of its role in providing risk oversight and sets the tone and culture towards embedding risk management practices across the Group. The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group and is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review.

RISK MANAGEMENT

HeiTech has established risk management framework which governs the overall risk management activities within the Group. The risk management framework was established based on the guidelines from ISO 31000. It involves systematic processes from risk identification to risk reporting, on the risks that may affect the achievement of business objectives. Close monitoring and controlled processes, such as the usage of appropriate risk indicators are implemented to ensure the risk profiles are managed as per the guidelines in our risk management framework. In addition, the risk management activities also include evaluation and assessment of all investments to be made by HeiTech. All these activities help to reduce uncertainties surrounding the internal and external environment, allowing us to maximise opportunities and build a successful and sustainable business.

The Group’s implementation of risk management is supported by the following committees:

a) Risk Management Committee (“RMC”)

RMC was established by the Board to signify the Group’s commitment in enhancing the risk management system. RMC is responsible for the overall oversight, implementation and monitoring of the Group-wide Enterprise Risk Management (“ERM”) Framework. Below are the members of the RMC:

Members of the RMC

- Dato’ Mohd Fadzli Bin Yusof (Chairman of RMC)
- Datuk Mohd Radzif Bin Mohd Yunus
- Encik Sulaiman Hew Bin Abdullah



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b) Central Risk Review Committee (“CRRC”)

Members of CRRC were appointed by the RMC, upon recommendation by the Group Chief Risk Officer. CRRC was formed to serve as a platform to assist the RMC and is responsible on group-wide risk activities, such as evaluation and formulation of effective controls that are capable to mitigate risks.

CRRC conducts the following activities to assist the RMC in discharging its duties and responsibilities:

- Establish risk management framework, policy and procedures;
- Facilitate and guide Risk Officers to perform their role effectively;
- Review key risk profile for process risk as escalated by the Management Review meeting;
- Identify strategic risks for each companies within the Group, that could affect business performance and survivability;
- Monitor the implementation of risk mitigation plans and deliberate to RMC on quarterly basis; and
- Coordinate programmes for continuous improvement of the ERM implementation.
- Evaluate and assess the risks associated with all investments to be made by HeiTech.

INTERNAL CONTROL

The Board is committed in maintaining an effective Internal Control Structure and controlled environment for a proper conduct of business operations. The following key Internal Control Structures were implemented to ensure effective control and provide key elements needed in maintaining a sound internal control:

a) Control Environment

i) Board Committees

The Board acknowledges that sound governance requires effective interaction among the Board, the Management and the auditors. The Board reviews and deliberates the whole spectrum of the Group’s business strategies, directions, challenges and financial statements. In discharging its responsibilities, the Board is assisted by the following Board Committees, that are administered by defined terms of reference:

- Audit Committee
- Investment Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Employee Share Option Scheme Committee
- Voluntary Separation Scheme Committee

ii) Management meetings

The following are the various types of Management meeting conducted in HeiTech for the year under review:

Executive Council meetings

Set the strategic direction of the Group and review the Group’s performance and challenges.

Central Review Committee meetings

Review and evaluate business proposals to ensure that strategic solution, pricing and partnership (with customers and various types of partners) are appropriately considered.

Central Risk Review Committee meetings

Review and deliberate key risk profile for all departments and companies within HeiTech Group. Monitor the effectiveness of the mitigation implementation plan and recommend for improvement.

Management Review meetings

Review HeiTech’s Quality Management System to ensure the continuation of stability, adequacy, effectiveness and alignment with Quality Policy and the strategic direction of HeiTech.

Procurement Committee meetings

Deliberate and approve the procurement and acquisition process.

Investment Committee meetings

Review and deliberate all investments to be made by HeiTech and recommend to the Risk Management Committee.

Project Steering Committee meetings

Monitor the implementation progress for all projects in HeiTech.

Integrity Committee meetings

Oversee the anti-corruption program and the implementation of integrity and ethics initiatives in the Group. Review and deliberate complaints or matters escalated via whistleblowing channel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b) Control Activities

i) Policies and Procedure

There are various policies and procedures adopted by all supporting departments under business groups/ operating divisions/ companies of HeiTech Padu Berhad. The procedures were duly certified under various ISO certifications and subject to internal quality audit, SIRIM's annual surveillance audit and recertification audit.

For key project management and application development activities, HeiTech adopts Capability Maturity Model Integration ("CMMI") as a process model framework. All project documentations are stored in the central project repository and systematic documentation of procedures and process flows are in place, for reference to all HeiTech's staff.

ii) Certifications and Standards

Certification

HeiTech is dedicated to progressively improve its service quality by maintaining international certifications, as follows:

ISO 9001:2015 Quality Management System ("QMS")

HeiTech has achieved and conform to QMS certification since 2000. The scope of the certification covers:

- Provision of management and corporate services to the business groups/operating divisions companies of HeiTech Padu Berhad;
- Provision of Network Services (front end and back end): WAN Installation and Maintenance Services and LAN Installation and Maintenance Services;
- Provision of Data Centre and Help Desk Support;
- Account Management; and
- Core business i.e. system development projects and system maintenance projects.

ISO 27001:2013 Information Security Management System ("ISMS")

Achieved and conform to ISMS certification since 2006. The scope of certification covers:

- Padu*Net Nodes Infrastructure;
- Business Recovery Management Services;
- Internet Data Centre Services;
- Desktop Management Services; and
- Call Centre Operations Services.

ISO 20000-1:2011 Service Management System ("SMS")

Achieved and conform to SMS certification since 2010. The scope of certification covers:

- Wide Area Network Services ("WAN");
- Local Area Network Services ("LAN");
- Desktop Management Services ("DMS");
- Data Centre Services (DCS); and
- Helpdesk Support Services.

ISO 22301:2012 Business Continuity Management System ("BCMS")

Achieved and conform to BCMS certification since 2018. The scope of certification covers:

- Primary functions on the main products and services in running the business of providing integrated ICT solutions that includes Cloud Services, Business Recovery Management Services ("BRMS"), Wide Area Network ("WAN"), HeiTech IT Outsourcing Services ("HIOS"), Local Area Network and Security Services, Internet Data Centre Services ("IDC"), Infrastructure Management Services and Call Centre Operation Services ("CCO"); and
- Supporting functions that includes Human Capital Management Services, Finance and Procurement Services, Marketing and Communications Services and Project Management Services.

ISO 37001:2016 Anti-Bribery Management System ("ABMS")

HeiTech has successfully been certified with ABMS certification in 2020. The scope of the certification covers:

- Provision of Account Management (Sales Process);
- Provision of support services (QMS, Procurement, Finance, Human Resource, Legal, Corporate Communication and Project Monitoring).

The internal quality audits and follow-up audits are scheduled and performed on all ISO certifications, by our Certified Lead Auditors. Besides maintaining compliance over the process and delivery, the internal quality audit activities also help to improve the internal processes and practices management.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Capability Maturity Model Integration (“CMMI®”)

The Capability Maturity Model Integration (“CMMI®”) for Development framework globally recognised set of best practices that provides an integrated and holistic approach that allows HeiTech to focus on performance improvement areas for application development. CMMI process compliance assessments are continuously being carried out on a monthly basis to assess the compliance level and necessary action(s) for improvement.

Implementing a disciplined process in the organization improves the organization’s control over execution of projects, meet the stiff project deadlines and quality levels. CMMI for Development model assists HeiTech to develop and institutionalize efficient and effective processes in the organization. A well interpreted, developed and properly followed process will increase the ability to meet project goals and improve profitability. The benefits associated with the CMMI for Development model are:

- Improvement in productivity and quality;
- Increase in cycle time thus improving the customer satisfaction; and
- Meeting business objectives thus improving business and growth.

A well-established CMMI program also acts as a catalytic business model for the organization. HeiTech has successfully maintained CMMI for Development v1.3 Maturity Level 3 since 2006, assessed by the CMMI Institute from the United States. HeiTech is also one of the only seven (7) organizations in Malaysia to have achieved and maintained the CMMI maturity level to date.

Standard

HeiTech is also committed to improve its service quality by maintaining the application of various international standards, as follows:

Payment Card Industry Data Security Standard (“PCI DSS”)

HeiTech maintained PCI DSS certification since January 2017. The PCI DSS is a proprietary information security standard for organizations that handle branded credit cards from the major card schemes including Visa and MasterCard. The PCI DSS provides a baseline for technical and operational requirements hosting credit card handling organisations. The scope of this certification covers:

- Physical Security for Hosting & Co-Location which focus on Requirement 9 (Implement Strong Access Control Measures); and
- Requirement 12 (Maintain Information Security Policy).

An annual surveillance audit will be carried out by ControlCase LLC, the Qualified Security Assessor Company which is based in USA.

Telecommunications Infrastructure Standard

Data Centre in HeiTech Village 2 is certified with ANSI/TIA-942-B:2017 rating 3 and it is Tier IV ready. It is in accordance with the telecommunications Infrastructure Standard (“TIA 942”) for Data Centres, on the following scopes:

- Architecture;
- Mechanical;
- Electrical; and
- Telecom.

iii) Defined Business Process and Improvement

Defined business processes are designed to improve the organization’s performance, key capabilities, critical business processes and to manage risks that may affect the achievement of business objectives.

HeiTech has developed its own project management and application development processes based on global best practices from the Project Management Institute (“PMI”) and CMMI Institute in the United States.

The adoption of these structured processes for IT projects, which includes HeiTech’s Project Management Information System (“PROMISE”) and Application Development Information System (“ADVISE”) provides guidance to improve the organization’s processes and ability to manage the development, acquisition and maintenance of products and services.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

These processes are regularly reviewed and updated to ensure that they conform to changes in technology and the industry. The defined business processes of HeiTech are available online to all staffs, through our knowledge portal.

iv) Limits of Authority

Limits of Authority outlines the authorised signatories' authority in contract execution; financial and procurement approvals and execution thereof.

v) Whistleblowing Policy and Guidelines

HeiTech has put in place a Whistleblowing Policy and Guidelines ("WBP") that provides clarity of oversight and responsibilities of the whistleblowing process, the reporting process, protection to whistle-blowers and confidentiality offered to the whistle-blowers. The primary aim of the WBP is to enable individuals to raise genuine concerns in a secured and confidential manner, in accordance with the Malaysian Whistleblower Protection Act 2010 (ACT 711).

The WBP is made available to all employees via MyHR Portal. It is also made available to external parties and stakeholders via our Corporate website, www.heitech.com.my

vi) Anti-Bribery and Corruption Policy

HeiTech's Anti-Bribery and Corruption Policy ("ABCP") set out responsibilities to comply and provide guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of its operations and business activities.

HeiTech adopts zero-tolerance approach towards bribery and corruption and committed to act professionally, fairly and with integrity in all our business dealings and relationships by implementing an effective system and controls to counter bribery and corruption.

c) Information and Communication

The Group has established and utilised various communication channels to effectively disseminate key messages in a timely manner to the right audience. Among the internal communications channels established are staff portal, internal newsletter, social media and town hall whilst annual report, company website, investor relation portal and digital media are the platform for external communications.

A Corporate Communications Policy sets the direction for effective information dissemination and to ensure that communications across the Group is effectively managed and controlled to fulfil the needs of the organisation and stakeholders.

d) Monitoring

i) Internal Audit

The internal audit function in HeiTech is carried out by Audit & Assurance Division ("AA"), with the objective to bring a systematic and disciplined approach in evaluating and assist in improving the design and effectiveness of the Group's governance, risk management and internal control. AA maintains its impartiality, proficiency and due professional care by having its plans and reports directly to the Audit Committee. In providing independent and impartial appraisal, the internal auditors were given full and unrestricted access to all records, information and other relevant resources within the Group.

The responsibilities and scope of work of AA are defined in the Internal Audit Charter's Term of Reference, approved by the Audit Committee. AA provides independent assessment on HeiTech's internal control system and attends to ad-hoc audit review as and when requested by the Audit Committee and Management. The results of all audit exercises including follow up audit report will be tabled and deliberated in the Audit Committee Meeting.

Defined Key Result Areas ("KRAs") and Key Performance Indicator ("KPIs") for AA were established to manage and oversee the Group's strategic, operational and compliance auditing activities during the year under review. Details on the activities undertaken by AA are set out in the Audit Committee Report.

ii) Strategic Planning

HeiTech's Corporate Planning Department consolidates the business plan for all HeiTech Group of Companies. The business plan will be presented, deliberated and approved by the Board of HeiTech. The Corporate Planning Department also reviews business plans on quarterly basis to monitor and assess the performance of each companies, to ensure the targets set are met.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

iii) Organizational Practices & IT Management

The Organisational Practices & IT Management (“OPIT”) Department keeps track of all project-related metrics including team performance and task duration, identifying potential problems and identifying corrective actions necessary to ensure that the project is within scope, on budget and meets the specified deadlines. OPIT oversees all tasks and activities and ensures they are being implemented as planned. This is done by reviewing and analysing Monthly Project Reports submitted by the project teams in the organization. These are then summarised into an Executive Management Report. The report is escalated to the Management and necessary action will be taken, where applicable.

OPIT closely monitors project process compliance by analysing project deliverables to ensure completeness and conformity to HeiTech’s defined processes and CMMI for development framework. This activity is carried out on a monthly basis. The findings are then shared with the project teams via the Process Compliance Report for further corrective action and process improvement.

OPIT is also responsible to ensure HeiTech’s IT policies remain relevant, continuously updated and consistently enforced throughout HeiTech. OPIT monitors and ensure all internal systems can be operated with minimal downtime and all systems/ infrastructure are in good condition to support HeiTech’s existing and future business needs.

iv) Legal and Regulatory Compliance

Guided by HeiTech’s core values and Code of Business Conduct, the Legal Department is fully committed to ensure that compliance is a central pillar to the Management and an integral part of HeiTech’s corporate culture and business processes. HeiTech pledges to do business the right way and comply with all applicable laws and regulations in order to effectively manage legal compliance, which embeds and integrates compliance assurance and reporting. HeiTech strives to achieve outstanding performance, whilst maintaining the highest level of ethical integrity. The tone on regulatory compliance is clear and consistently reiterated from the top of the organisation.

The Legal Department has internal policies, processes and procedures in monitoring among others, the practices and performances of contractual formulation and review; ultimately and effectively continuing its efforts to minimize risks towards HeiTech’s business operations.

HeiTech recognizes the importance of protecting and securing shareholders’ and customers’ personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 (“PDPA 2010”).

v) Human Capital Development and Training

Human capital development and training activities are driven from the assessment conducted on employees’ performance and competencies against required competencies, skills, behaviour and attitude. The Performance Management and Development Review policy and procedure is established to ensure good performance management and continuous improvement through ongoing appraisal and development of the employees.

HeiTech uses Balanced Scorecard to derive the overall strategic business goals of the Group. Using the Balanced Scorecard, KPIs are formulated for individual employees, which focuses on their performance metrics. The individual employee’s competencies are appraised through Competencies Assessment & Development (“CAD”). The CAD indicates the competency level of individual employee against the required competency.

The outcomes of individual employee’s CAD determine the competency gaps which will trigger the required training and development program to address the gaps. HeiTech’s training and development programs are planned and executed annually, guided by Competency Development Policy.

FINANCIAL STATEMENTS



Directors' Report	93
Statement by Directors	98
Statutory Declaration	98
Independent Auditors' Report	99
Statements of Comprehensive Income	105
Statements of Financial Position	107
Statements of Changes in Equity	109
Statements of Cash Flows	111
Notes to the Financial Statements	114

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	13,127	2,935
Profit attributable to:		
Owners of the parent	10,976	2,935
Non-controlling interests	2,151	-
	13,127	2,935

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor **
 Dato' Sri Mohd Hilmey Bin Mohd Taib **
 Dato' Haji Ghazali Bin Awang **
 Dato' Mohd Fadzli Bin Yusof **
 Sulaiman Hew Bin Abdullah **
 Wan Ainol Zilan Binti Abdul Rahim **
 Datuk Mohd Radzif Bin Mohd Yunus
 Datuk Jayakumar A/L Panneer Selvam
 Hamzah Bin Mahmood

(Appointed on 12 March 2021)

** These directors are also the directors of certain subsidiaries of the Company.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Abdul Halim Bin Md. Lassim
 Ahmad Nasrul Hakim Bin Mohd Zaini
 Salmi Nadia Binti Mohd Hilmey
 Ahmad Fathony Zakaria
 Azhar Bin Ismail
 Anua Bin Abd Aziz
 Ahmad Jefri Bin Abdul Rashid
 Zaharudin Bin Daud
 Azuar Fariz Bin Adnan
 Datuk Johar Bin Che Mat
 Mohd Din Bin Merican
 Iwan Wirawan

(Appointed on 7 October 2020)
 (Appointed on 23 November 2020)
 (Appointed on 5 March 2021)
 (Appointed on 12 March 2021)
 (Resigned on 23 November 2020)
 (Resigned on 3 January 2020)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' BENEFITS (CONT'D)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	1,720	1,246
Other emoluments	277	277
Benefits-in-kind	83	83
	2,080	1,606

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains on a Group basis, a directors' and officers' liability insurance for any legal liability incurred by the directors or officers in the discharge of their duties while holding office for the Group and the Company. The total amount of sum insured for directors and officers of the Group for the financial year amounted to RM35,000,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. No payment has been made to indemnify the directors or officers for the financial year ended 31 December 2020.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	1 January 2020	Number of ordinary shares		31 December 2020
		Bought	Sold	
The Company				
Direct interest				
Dato' Sri Mohd Hilmey Bin Mohd Taib	6,440,184	100,000	650,000	5,890,184
Indirect interest *				
Dato' Sri Mohd Hilmey Bin Mohd Taib	25,149,828	-	250,000	24,899,828

* Held through Padujade Corporation Sdn. Bhd.

HeiTech Academy Sdn. Bhd.
- a fellow subsidiary

Direct interest				
Dato' Sri Mohd Hilmey Bin Mohd Taib	1	-	-	1

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

Dato' Sri Mohd Hilmey Bin Mohd Taib by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and satisfied themselves that all known bad debts has been written off and that adequate allowance of expected credit losses for doubtful debts has been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance of expected credit losses for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event is disclosed in Note 38 to the financial statements.

AUDITORS

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Al Jafree Salihin Kuzaimi PLT	370	226
Other auditors	42	-
	412	226

To the extent permitted by law, the Company has agreed to indemnify its auditors, Al Jafree Salihin Kuzaimi PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Al Jafree Salihin Kuzaimi for the financial year ended 31 December 2020.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 21 April 2021.

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor

Dato' Haji Ghazali Bin Awang

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor** and **Dato’ Haji Ghazali Bin Awang**, being two of the directors of **HeiTech Padu Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 21 April 2021.

Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor

Dato’ Haji Ghazali Bin Awang

STATUTORY DECLARATION

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

I, **Ahmad Nasrul Hakim Bin Mohd Zaini**, being the officer primarily responsible for the financial management of **HeiTech Padu Berhad**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
 abovenamed Ahmad Nasrul Hakim Bin Mohd Zaini)
 at Subang Jaya in Selangor Darul Ehsan)
 on 21 April 2021)

Ahmad Nasrul Hakim Bin Mohd Zaini

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HeiTech Padu Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 105 to 193.

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 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 audit opinion.

Independence and other ethical responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters	How our audit addressed the key audit matters
<p>1) Revenue recognition</p> <p>In accordance with <i>MFRS 15 Revenue from Contracts with Customers</i>, the analysis of whether the contracts comprise one or more performance obligations, allocation of transaction prices to one or more performance obligations and the determination whether the performance obligations are satisfied over time or at a point in time are areas requiring significant management judgement.</p> <p>There is a risk of error in the measurement and timing of revenue recognition due to either inappropriate assessment of the performance obligations and/or inaccurate allocation of transaction price to various performance obligations.</p> <p>Furthermore, significant judgement is required in estimating the cost to complete the performance obligation satisfied over time using the input method.</p> <p>The Group’s accounting policies, judgments and disclosures on revenue recognition based on percentage of completion method are disclosed in Note 2.26, Note 3.1(b) and Note 4 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> - We walked through the process and test the Groups’ internal controls on the revenue recognition and tested the operating effectiveness of the controls; - We have agreed the contract price in the input method calculation to the latest contract and variation orders; - We have agreed the budget in the percentage of completion calculation to the budget approved by the Procurement Committee Members (“PCM”); - We evaluated the appropriateness of the basis of the approved budget by the PCM with the management and discussed and challenged the significant basis applied in their budget; - We have selected samples based on materiality to vouch for the actual cost incurred during the year to ensure existence and completeness of the percentage of completion; - We have obtained the statements of accounts from active creditors to ensure the completeness of the actual cost recorded; - We have agreed the revenue recognised during the year to the actual billings to the customers subsequent to the year end to ensure the completeness of the revenue recognised during the year; and - We have re-calculated the percentage of completion to ensure mathematical accuracy.

| | | | | | | | | |

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters	How our audit addressed the key audit matters
<p>2) Impairment of intangible assets and property, plant and equipment</p> <p>During the year, the Group recorded profit after tax however, the carrying amount of the net assets of the Group less than the market capitalisation indicating that the carrying amount of the Group's intangible assets and property, plant and equipment maybe impaired.</p> <p>In accordance with <i>MFRS 136: Impairment of Assets</i>, the Group is required to perform impairment test for its cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). The standard also requires goodwill to be allocated to the respective CGUs and tested for impairment annually.</p> <p>The Group allocated its goodwill to one CGU and estimated the recoverable amount CGU based on FVLCD. The Group relied on management expert to determine the recoverable amount based on fair value less costs of disposal.</p> <p>Refer to the disclosures of intangible assets and property, plant and equipment in Note 14 and Note 12 to the financial statements respectively.</p>	<p>Our procedures included, amongst others:</p> <p>(i) In reviewing the impairment assessments based on VIU model, our procedures included, amongst others:</p> <ul style="list-style-type: none"> - We challenged the key assumptions used in the projected revenue growth and operating margins by comparing to the actual revenue growth and operating margins in previous years and trend analysis; - We assessed the reliability of the cash flow projections by assessing the historical accuracy of management's estimates of profits (and the resulting cash flows) for the respective CGUs in previous years; - We performed sensitivity analysis on the key inputs of the cash flow projections and challenged management on the outcome of the assessment; and - We assessed the appropriateness of the disclosures in the notes to the financial statements. <p>(ii) In reviewing the impairment assessment based on FVLCD, our procedures included, amongst others:</p> <ul style="list-style-type: none"> - We obtained the latest market value of the intangible assets (ie, via purchase considerations from third party) and compared it against the carrying amount of the intangible assets; - We re-calculated the impairment assessment for mathematical accuracy; - We evaluated the appropriateness of the work of the management expert. We corroborated the expert's work, tested source data and reviewed the expert's report and conclusion; and - We evaluated the objectivity, independence and expertise of the management expert by inquiring the management experts regarding the years of experience and qualifications.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2020, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Annual Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 15 to the financial statements.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

OTHER MATTERS

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

ALJAFREE SALIHIN KUZAIMI PLT

AF: 1522

CHARTERED ACCOUNTANTS

Dated : 21 April 2021

Selangor, Malaysia

AHMAD ALJAFREE BIN MOHD RAZALLI

No. 01768/05/2021 J

CHARTERED ACCOUNTANT

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	325,368	360,823	287,881	320,099
Other income	5	14,554	7,885	44,199	6,213
Employee benefits expense	6	(86,807)	(83,819)	(73,448)	(68,074)
Purchase of hardware and software		(103,248)	(108,106)	(103,248)	(108,106)
Lease line rental		(25,137)	(36,242)	(25,137)	(36,244)
Maintenance costs		(21,752)	(28,129)	(21,752)	(28,129)
Bulk mailing processing charges		(6,199)	(7,137)	-	-
Project implementation costs		(29,522)	(31,768)	(25,393)	(15,951)
Depreciation and amortisation	9	(17,427)	(16,065)	(14,370)	(12,645)
Other expenses		(30,399)	(36,780)	(61,511)	(28,604)
Finance costs	8	(4,623)	(13,087)	(4,179)	(11,470)
Share of results of associates		(1,487)	(939)	-	-
Profit before tax	9	13,321	6,636	3,042	17,089
Income tax expense	10	(194)	(417)	(107)	(280)
Profit for the year		13,127	6,219	2,935	16,809
Profit/(loss) attributable to:					
Owners of the parent		10,976	7,429	2,935	16,809
Non-controlling interests		2,151	(1,210)	-	-
		13,127	6,219	2,935	16,809
Profit per share attributable to owners of the parent (sen per share):					
Basic/diluted	11	10.84	7.34		

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year		13,127	6,219	2,935	16,809
Other comprehensive income					
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Exchange differences on translation of foreign operations		(557)	158	-	-
Total comprehensive income for the year		12,570	6,377	2,935	16,809
Total comprehensive income/(loss) attributable to:					
Owners of the parent		10,419	7,587	2,935	16,809
Non-controlling interests		2,151	(1,210)	-	-
		12,570	6,377	2,935	16,809

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-Current Assets					
Property, plant and equipment	12	59,335	56,602	51,587	47,698
Right-of-use assets	13	11,243	13,640	9,841	11,803
Intangible assets	14	10,601	7,363	5,157	-
Investments in subsidiaries	15	-	-	31,122	42,269
Investments in associates	16	3,471	1,199	2,538	470
Investment in joint venture	17	350	350	350	350
Other investments	18	2,065	1,334	1,530	3,310
Deferred tax assets	20	-	21	-	-
		87,065	80,509	102,125	105,900
Current Assets					
Inventories	21	387	363	-	-
Trade and other receivables	22	72,528	79,022	70,505	102,183
Contract assets	19	55,275	72,582	54,251	70,104
Contract costs assets	23	98,577	38,909	98,003	38,909
Prepayments		534	838	-	-
Tax recoverable		3,346	3,051	3,010	2,881
Cash and bank balances	24	59,599	47,133	49,468	35,838
		290,246	241,898	275,237	249,915
Assets of disposal group classified as held for sale	30	-	2,382	-	-
		290,246	244,280	275,237	249,915
Total Assets		377,311	324,789	377,362	355,815
Equity and Liabilities					
Current Liabilities					
Contract liabilities	19	2,430	3,024	2,430	3,024
Loans and borrowings	25	128,630	108,876	126,472	106,652
Trade and other payables	27	108,643	84,639	126,109	125,147
Tax payable		23	357	-	-
Lease liability	26	3,001	2,744	2,553	2,317
		242,727	199,640	257,564	237,140

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity and Liabilities (cont'd)					
Liabilities directly associated with disposal group classified as held for sale	30	-	2,055	-	-
		242,727	201,695	257,564	237,140
Net Current Assets		47,519	40,203	17,673	12,775
Non-Current Liabilities					
Deferred tax liabilities	20	138	262	-	-
Loans and borrowings	25	2,414	3,209	-	41
Lease liability	26	9,426	11,650	8,244	10,015
		11,978	15,121	8,244	10,056
Total Liabilities		254,705	216,816	265,808	247,196
Net Assets		122,606	107,973	111,554	108,619
Equity attributable to owners of the parent					
Share capital	28	117,751	117,751	117,751	117,751
Retained profit/(accumulated losses)		7,305	(3,671)	(6,197)	(9,132)
Foreign currency translation reserve	29	(1,422)	(865)	-	-
		123,634	113,215	111,554	108,619
Non-controlling interests		(1,028)	(5,242)	-	-
Total Equity		122,606	107,973	111,554	108,619
Total Equity and Liabilities		377,311	324,789	377,362	355,815

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	← Attributable to owners of the parent →			Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable →	Distributable				
	Share capital (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Accumulated losses / Retained earnings RM'000			
Group						
At 1 January 2020	117,751	(865)	(3,671)	113,215	(5,242)	107,973
Total comprehensive income	-	(557)	10,976	10,419	2,151	12,570
Transaction with owners						
Disposal of a subsidiary	-	-	-	-	2,063	2,063
At 31 December 2020	117,751	(1,422)	7,305	123,634	(1,028)	122,606
At 1 January 2019	117,751	(1,023)	(10,773)	105,955	(3,432)	102,523
Effects of adoption of MFRS 16 (Note 13)	-	-	(327)	(327)	-	(327)
	117,751	(1,023)	(11,100)	105,628	(3,432)	102,196
Total comprehensive income	-	158	7,429	7,587	(1,210)	6,377
Transaction with owners						
Dividends paid to minority interest	-	-	-	-	(600)	(600)
At 31 December 2019	117,751	(865)	(3,671)	113,215	(5,242)	107,973

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Non-distributable Share capital (Note 28) RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
Company			
At 1 January 2020	117,751	(9,132)	108,619
Total comprehensive income	-	2,935	2,935
At 31 December 2020	117,751	(6,197)	111,554
At 1 January 2019	117,751	(25,815)	91,936
Effects of adoption of MFRS 16 (Note 13)	-	(126)	(126)
	117,751	(25,941)	91,810
Total comprehensive income	-	16,809	16,809
At 31 December 2019	117,751	(9,132)	108,619

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating activities				
Profit before tax	13,321	6,636	3,042	17,089
Adjustments for:				
Gain on disposal of property, plant and equipment	-	(1)	-	-
Gain on disposal of a subsidiary and an associate	(7,882)	-	(3,201)	-
Hibah income	(760)	(1,206)	(530)	(1,024)
Dividend income	-	-	(32,848)	(900)
Finance costs	3,465	11,788	3,169	10,331
Finance costs on right-of-use assets	1,158	1,299	1,010	1,139
Amortisation of intangible assets	1,429	1,092	271	-
Depreciation of property, plant and equipment	12,967	11,964	11,504	10,073
Depreciation of property, plant and equipment (right-of-use assets)	3,031	3,009	2,595	2,572
Written off on:				
- Property, plant and equipment	625	1,123	-	-
- Trade receivables	3,500	300	3,500	-
- Contract cost assets	516	-	516	-
Reversal of impairment loss on:				
- Trade receivables	(108)	(6,079)	(86)	(3,833)
- Other receivables	(1,035)	(267)	(1,035)	(267)
- Investment in subsidiaries	-	-	(2,682)	-
- Property, plant and equipment	(589)	-	-	-
Impairment loss on:				
- Trade receivables	1,785	2,440	1,386	1,691
- Amount due from subsidiaries (trade)	-	-	15,675	-
- Other receivables	559	34	559	34
- Amount due from subsidiaries (non-trade)	-	-	14,599	-
- Investment in subsidiaries	-	-	10,567	-
- Investment in associates	801	-	801	-
- Intangible assets	-	1,620	-	-
Unrealised foreign exchange gain	(18)	(168)	(18)	(168)
Provision for onerous contract cost assets	3,282	-	3,282	-
Share of results of associates	1,487	939	-	-
Total adjustments	24,213	27,887	29,034	19,648
Operating cash flows before changes in working capital	37,534	34,523	32,076	36,737

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating activities (cont'd)				
Changes in working capital:				
Inventories	(24)	276	-	-
Trade and other receivables	1,010	(15,184)	(3,526)	(36,818)
Contract assets	17,307	(6,720)	15,853	(6,527)
Contract costs assets	(59,668)	(3,635)	(59,094)	(3,635)
Prepayments	304	77	-	-
Contract liabilities	(594)	(19,746)	(594)	(18,184)
Trade and other payables	22,096	(8,646)	29,821	4,923
Total changes in working capital	(19,569)	(53,578)	(17,540)	(60,241)
Cash flows generated from/(used in) operations	17,965	(19,055)	14,536	(23,504)
Profit paid	(999)	(2,036)	(896)	(1,935)
Taxes (paid)/refund	(926)	(1,199)	(233)	1,543
Net cash flows generated from/(used in) operating activities	16,040	(22,290)	13,407	(23,896)
Investing activities				
Purchase of property, plant and equipment	(15,907)	(5,675)	(15,393)	(3,887)
Hibah received	760	1,206	530	1,024
Proceeds from disposal of property, plant and equipment	37	316	-	-
Software development costs incurred	(5,610)	(1,216)	(5,428)	-
Increase in investment in an associate	-	(470)	-	(470)
Increase in investment in subsidiaries	-	-	(1,400)	-
Net proceeds from disposal of a subsidiary and an associate	8,093	-	7,575	-
Dividend received	-	-	-	900
Net cash flows used in investing activities	(12,627)	(5,839)	(14,116)	(2,433)

| | | | | | | | | |

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financing activities				
Proceeds from loans and borrowings	18,404	19,396	20,877	19,950
Repayment of obligations under finance leases	(542)	(541)	(119)	(111)
Dividends paid to non-controlling interests	-	(600)	-	-
Deposits (placement)/uplifted from securities for bank borrowings	(6,116)	12,360	(6,037)	11,503
Repayment of lease liabilities	(3,747)	-	(3,167)	-
Profit paid	(2,466)	(9,752)	(2,273)	(8,396)
Net cash flows generated from financing activities	5,533	20,863	9,281	22,946
Net increase/(decrease) in cash and cash equivalents	8,946	(7,266)	8,572	(3,383)
Effect of exchange rate changes on cash and cash equivalents	(1,498)	359	-	-
Cash and cash equivalents at 1 January	(1,057)	5,850	(5,389)	(2,006)
Cash and cash equivalents at 31 December (Note 24)	6,391	(1,057)	3,183	(5,389)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

HeiTech Padu Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1, UEP Subang Jaya, 47600 Selangor Darul Ehsan.

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

Other information relating to the subsidiaries are described in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRS and Interpretations Committee (“IC”) Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and of the Company, except as discussed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Changes in accounting policies (cont'd)****Amendments to MFRS 16: Covid-19-Related Rent Concessions**

The Group has elected to early adopt amendment to MFRS 16 “COVID-19 – Related rent concessions” which will take effect on or after 1 June 2020.

In accordance with the transitional provisions provided in the amendment to MFRS 16, the comparative information was not restated and continued to be reported under the previous accounting policies in accordance with the remeasurement of lease liabilities modification principles in MFRS 16.

The Amendments to MFRS 16: Covid-19-Related Rent Concessions does not have any impact to the Group and the Company.

2.3 Standards issued but not yet effective

Descriptions	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	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 2018 - 2020	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards, if applicable will have no material impact on the financial statements of the Group and the Company in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Basis of consolidation (cont'd)**

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Business combinations and goodwill (cont'd)

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8(a).

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.6 Foreign currency (cont'd)****(b) Foreign currency transactions (cont'd)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.7 Property, plant and equipment (cont'd)**

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Building	2% - 10%
Motor vehicles	20%
Machinery, office equipment, furniture and fittings	6% - 20%
Computers and network equipment	25% - 33%
Renovation	15%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.8 Intangible assets****(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

Software development expenditure

Software development expenditure comprises purchased software, manpower and related overhead incurred directly in the development of computer software. Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 5 to 15 years) on a straight line basis.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2.11. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.10 Investments in associates and joint ventures (cont'd)**

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost are disclosed in Note 22.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through OCI (debt instruments) (cont'd)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has not designated any financial assets under this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not designated any equity instruments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)****(a) Financial assets (cont'd)****Subsequent measurement (cont'd)*****Financial assets at fair value through profit or loss (cont'd)***

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on unquoted equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)****(b) Financial liabilities (cont'd)****Subsequent measurement (cont'd)*****Loans and borrowings***

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

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

2.13 Impairment of financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management, if any. For the deposits pledged to secure any bank borrowings, the Group and the Company did not include the deposits as a part of cash and cash equivalents.

2.15 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.

2.16 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.16 Current versus non-current classification (cont'd)**

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.17 Provisions

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

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

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all lease, except for short term leases and leases of low-value- asset. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs, incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the leased assets transfer to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

As a lessee (cont'd)

(ii) Lease liabilities (cont'd)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease terms reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise lease payments associated with these leases as an expense over the lease term.

(iv) Extension options

The Group and the Company, in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that creates an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for an on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes 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 is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.21 Income taxes (cont'd)****(b) Deferred tax (cont'd)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Service Tax ("SST")

SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.26 Revenue from contracts with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue from contracts with customers (cont'd)

(e) Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

- (i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance obligation completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following describes the performance obligation in contracts with customers:

(a) System application and development and engineering works

The Group involves in the system application and development and engineering works, in which the Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to system application development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including project management, procurement of hardware and software, system design, system deployment and testing, system installation and integration. In such contracts, the Group determined that the goods and services are not distinct and generally accounts for them as a single performance obligation. Depending on the terms of each contract, the Group has determined whether control is transferred at a point in time or over time.

(b) Rendering of services

The Group provides maintenance services, software support and license fee and disaster recovery and facility management services. These services represent a series of daily services that are individually satisfied over time because the customers simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.26 Revenue from contracts with customers (cont'd)****(c) Mobile value-added services and mailing and document processing services**

The Group provides mobile value-added services and mailing and document processing services, in which the performance obligation is satisfied upon completion of services and acceptance by the customer.

(d) Contract costs

The Group incurs costs to fulfil a contract with a customer. The Group capitalises the incremental costs of obtaining a contract that meet criteria in MFRS 15. Costs incurred by the Group to fulfil a contract prior to the commencement of its performance (e.g., tendering costs) are mostly general and administrative expenses that are expensed as incurred.

Any capitalised contract costs assets is amortised on a systematic basis that is consistent with the Group's transfer of the related goods or services to the customer. Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss.

(e) Contract balances***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.12.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue from contracts with customers (cont'd)

(f) Warranty obligations

The Group provides warranty beyond fixing defects that existed at the time of sale as requested by the customers. These service-type warranties are sold either separately or bundled together with the sale of system application and development. Contracts for bundled system application and development and a service-type warranty comprise two performance obligations because the promises to transfer the system and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

2.27 Discontinued operations

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at lower of carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**3.1 Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

For contracts relating to system application development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including project management, procurement of hardware and software, system design, system deployment and testing, system installation and integration. In such contracts, the Group determined that the goods and services are not distinct and generally accounts for them as a single performance obligation.

Determining the timing of satisfaction of performance obligation

For system application and development revenue and engineering works, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers.

For contracts that meet the over time recognition criteria, the Group determined that the input method is the best method in measuring progress of the development because there is direct relationship between the Group's effort (i.e., resources consumed, labour hours expended and costs incurred) and the transfer control of goods and services to the customer.

Consideration of significant financing component in a contract

For contracts involving the system application and development revenue and engineering works recognised over time, customers generally make progress payments as work goes on. Generally, the Group concluded that there is no significant financing component for those contracts as the length of time between when the customers pays for the asset and when the Group transfers the asset to the customer will be one year or less.

Determining method to estimate variable consideration and assessing the constraint

The contracts for the system application and development revenue and engineering works include delay penalties that give rise to variable consideration. Development monitoring is a constant and ongoing process that can identify potentially serious delays in a project. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions 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 are discussed below.

(a) Impairment of goodwill, investments in subsidiaries and software development expenditure

Goodwill is tested for impairment annually and at other times when such indicators exist. The Company also assesses at each reporting date whether there is any objective evidence that its investments in subsidiaries and software development expenditure require an impairment. This requires an estimation of the recoverable amount based on value in use or fair value less costs of disposal of the cash-generating units to which the goodwill is allocated.

When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate and long term growth rate in order to calculate the present value of those cash flows.

The carrying value of goodwill, the key assumptions applied in the impairment assessment of goodwill, software development expenditure and sensitivity analysis to changes in the assumptions are further explained in Note 14, while the carrying amount of investments in subsidiaries is disclosed in Note 15.

(b) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and the Company's contract assets and trade receivables are disclosed in Note 19 and Note 22.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**3.2 Key sources of estimation uncertainty (cont'd)****(c) Measurement of progress when revenue is recognised over time**

For those contracts involving the system application and development revenue and engineering works that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

The carrying amounts of contract assets and liabilities of the Group are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

4. REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers. For more details on Segments, please refer to Note 37.

Group**31 December 2020**

Segments	Core 1 RM'000	Core 2 RM'000	Core 3 RM'000	Total RM'000
Type of goods or services				
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	50,963	-	65	51,028
System application and development	41,936	624	832	43,392
Maintenance charges	98,371	7,992	6,859	113,222
Disaster recovery and facility management services	55,722	-	-	55,722
Engineering works	-	10,574	-	10,574
Mailing and document processing services	-	13,389	-	13,389
Database management services	-	8,354	-	8,354
Software support and licence fees	-	-	-	-
Mobile value added services	-	1,429	-	1,429
Others	23,919	3,521	818	28,258
Total revenue from contracts with customers	270,911	45,883	8,509	274,340
Geographical markets				
Malaysia	270,911	42,327	8,574	321,812
Australia	-	2,996	-	2,996
Indonesia	-	560	-	560
Total revenue from contracts with customers	270,911	45,883	8,574	325,368
Timing of revenue recognition				
Goods transferred at a point in time	23,919	26,693	818	51,430
Services transferred over time	246,992	19,190	7,756	273,938
Total revenue from contracts with customers	270,911	45,883	8,574	325,368

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4. REVENUE (CONT'D)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Group (cont'd)

31 December 2019

Segments	Core 1 RM'000	Core 2 RM'000	Core 3 RM'000	Total RM'000
Type of goods or services				
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	56,601	-	-	56,601
System application and development	122,563	3,383	-	125,946
Maintenance charges	81,676	12,439	-	94,115
Disaster recovery and facility management services	35,406	-	-	35,406
Engineering works	-	10,725	-	10,725
Mailing and document processing services	-	11,681	-	11,681
Database management services	-	7,795	-	7,795
Software support and licence fees	-	2,996	-	2,996
Mobile value added services	-	2,761	-	2,761
Others	8,031	4,766	-	12,797
	247,676	56,546	-	304,222
Total revenue from contracts with customers	304,277	56,546	-	360,823
Geographical markets				
Malaysia	304,277	52,990	-	357,267
Australia	-	2,996	-	2,996
Indonesia	-	560	-	560
Total revenue from contracts with customers	304,277	56,546	-	360,823
Timing of revenue recognition				
Goods transferred at a point in time	8,031	27,003	-	35,034
Services transferred over time	296,246	29,543	-	325,789
Total revenue from contracts with customers	304,277	56,546	-	360,823

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

4. REVENUE (CONT'D)

	2020 RM'000	2019 RM'000
Company		
Type of goods or services		
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities		
Network related services	51,028	71,850
System application and development	42,769	125,946
Maintenance charges	113,203	78,866
Disaster recovery and facility management services	55,722	35,406
Others	25,159	8,031
Total revenue from contracts with customers	287,881	320,099
Timing of revenue recognition		
Goods transferred at a point in time	25,159	8,031
Services transferred over time	262,722	312,068
Total revenue from contracts with customers	287,881	320,099

Revenue pertaining to the MCMC Licensable Activities refers to those attributable revenue prescribed under the Communication and Multimedia Act (CMA) 1998 Framework. Under the CMA, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Hibah income from fixed deposits with license banks	760	1,206	530	1,024
Dividend income from:				
- Subsidiaries	-	-	32,848	900
Gain on disposal of a subsidiary and an associate	7,882	-	3,201	-
Profit guarantee in relation to disposal of a subsidiary	3,400	-	3,400	-
Rental income	9	-	57	-
Reversal of impairment loss on trade and other receivables	1,143	6,346	1,121	4,100
Reversal of impairment on investment in subsidiary	-	-	2,682	-
Realised gain on foreign exchange	31	142	30	142
Others	1,329	191	330	47
	14,554	7,885	44,199	6,213

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	72,242	69,255	60,978	55,575
Defined contributions plans and social security contributions	9,461	9,301	8,127	7,981
Other benefits	5,104	5,263	4,343	4,518
	86,807	83,819	73,448	68,074

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7. DIRECTORS' REMUNERATION

The details of remuneration received or receivable by directors of the Company during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive director's remuneration:				
Salaries and other emoluments	1,066	-	1,066	-
Benefits-in-kind	83	-	83	-
Total executive directors' remuneration	1,149	-	1,149	-
Non-executive directors' remuneration:				
Fees	654	462	180	356
Other emoluments	277	1,068	277	1,050
Benefits-in-kind	-	79	-	79
Total non-executive directors' remuneration	931	1,609	457	1,485
Total directors' remuneration (Note 9 and 33(b))	2,080	1,609	1,606	1,485

8. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit expense on:				
Term loans	147	193	-	-
Revolving credits	1,574	7,513	1,570	7,513
Project financing	377	1,948	377	873
Obligations under finance leases	118	98	72	10
Obligations under right-of-use	1,158	1,299	1,010	1,139
Bank overdrafts	1,150	1,937	1,150	1,935
Due to a director of a subsidiary	99	99	-	-
	4,623	13,087	4,179	11,470

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation of intangible assets (Note 14)	1,429	1,092	271	-
Auditors' remuneration				
- Statutory audit	412	481	226	191
- Other services	10	10	10	10
Directors' remuneration (Note 7)	2,080	1,609	1,606	1,485
Operating lease:				
- Office premises	413	443	263	-
- Staff accomodation	-	7	-	-
- Office equipment	-	14	-	-
Impairment loss on:				
- Trade receivables (Note 22(a))	1,785	2,440	1,386	1,691
- Amount due from subsidiaries (trade) (Note 22(a))	-	-	15,675	-
- Other receivables (Note 22(d))	559	34	559	34
- Amount due from subsidiaries (non-trade) (Note 22(d))	-	-	14,599	-
- Investments in subsidiaries	-	-	10,567	-
- Investments in associates	801	-	801	-
- Intangible assets (Note 14)	-	1,620	-	-
Reversal of impairment loss on:				
- Trade receivables (Note 22(a))	(108)	(6,079)	(86)	(3,833)
- Other receivables (Note 22(d))	(1,035)	(267)	(1,035)	(267)
- Investment in subsidiaries	-	-	(2,682)	-
- Property, plant and equipment	(589)	-	-	-
Depreciation of property, plant and equipment (Note 12)	12,967	11,964	11,504	10,073
Depreciation of right-of-use assets (Note 13)	3,031	3,009	2,595	2,572
Written off on:				
- Property, plant and equipment (Note 12)	625	1,123	-	-
- Trade receivables (Note 22(a))	3,500	300	3,500	-
- Contract cost assets	516	-	516	-
Dividend income (Note 5)	-	-	(32,848)	(900)
Unrealised foreign exchange gain	(18)	(168)	(18)	(168)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	491	914	141	280
Overprovision in prior years:				
Malaysian income tax	(194)	(473)	(34)	-
	297	441	107	280
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	22	649	-	-
Overprovision in prior years	(125)	(673)	-	-
	(103)	(24)	-	-
Income tax expense recognised in statement of comprehensive income	194	417	107	280

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

10. INCOME TAX EXPENSE (CONT'D)

Reconciliations between tax expense and accounting profit

The reconciliations between tax expense and the accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	13,321	6,636	3,042	17,089
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	3,197	1,593	730	4,101
Effect of difference in tax rates	19	(132)	-	-
Effect of income not subject to tax	(9,457)	-	(9,468)	(216)
Effect of expenses not deductible for tax purposes	305	1,512	1,764	385
Deferred tax assets not recognised during the year	6,449	2,524	7,115	420
Utilisation of previously unrecognised deferred tax assets	-	(4,192)	-	(4,410)
Share of results of associates	-	258	-	-
Overprovision of deferred tax in prior years	(125)	(673)	-	-
Overprovision of income tax in prior years	(194)	(473)	(34)	-
Income tax expense recognised in statement of comprehensive income	194	417	107	280

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019:24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

11. PROFIT PER SHARE

Basic profit per share are calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted profit per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

There are no potential dilution effects on ordinary shares of the Group for the current financial year. Accordingly, the diluted profit per share for the current financial year is equal to basic profit per share.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The following tables reflect the profit and share data used in the computation of basic and diluted profit per share for the financial years ended 31 December:

	Group	
	2020 RM'000	2019 RM'000
Profit attributable to owners of the parent	10,976	7,429
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue for basic/diluted profit per share computation	101,225	101,225
	Group	
	2020	2019
Basic/diluted profit per share (sen per share)	10.84	7.34

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Machinery, office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2019	11,459	50,935	1,517	52,159	168,639	19,910	304,619
Additions	-	1,843	-	1,828	1,999	5	5,675
Written off	-	(122)	-	(4,571)	-	-	(4,693)
Disposals	-	-	(136)	(3,936)	(1,323)	-	(5,395)
Reclassifications	-	15,644	-	(15,683)	(3,876)	-	(3,915)
Adjustments	-	-	(119)	(865)	-	-	(984)
Attributable to asset held for sales	-	58	3	(207)	-	-	(146)
At 31 December 2019 and 1 January 2020	11,459	68,358	1,265	28,725	165,439	19,915	295,161
Additions	-	14	336	782	14,451	324	15,907
Written off	-	-	(150)	(6,093)	(439)	-	(6,682)
Disposals	-	-	(229)	-	(5)	-	(234)
Disposal of subsidiary	-	-	(146)	(110)	(148)	(80)	(484)
Exchange differences	-	(36)	(4)	69	-	-	29
At 31 December 2020	11,459	68,336	1,072	23,373	179,298	20,159	303,697

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Machinery, office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2019	-	37,381	1,047	37,785	144,406	19,345	239,964
Charge for the year (Note 9)	-	704	165	1,558	9,337	200	11,964
Written off	-	(10)	-	(3,560)	-	-	(3,570)
Disposals	-	-	(85)	(3,673)	(1,322)	-	(5,080)
Attributable to asset held for sales	-	-	(82)	(777)	-	-	(859)
Exchange differences	-	13	4	38	-	-	55
Adjustments	-	6,466	-	(6,502)	(3,879)	-	(3,915)
At 31 December 2019 and 1 January 2020	-	44,554	1,049	24,869	148,542	19,545	238,559
Charge for the year (Note 9)	-	726	197	991	10,926	127	12,967
Written off	-	-	(150)	(5,497)	(410)	-	(6,057)
Disposals	-	-	(193)	-	(5)	-	(198)
Reversal of impairment	-	-	-	(589)	-	-	(589)
Exchange differences	-	(8)	(3)	90	-	-	79
Disposal of subsidiary	-	-	(146)	(110)	(115)	(28)	(399)
At 31 December 2020	-	45,272	754	19,754	158,938	19,644	244,362
Net carrying amount							
At 31 December 2019	11,459	23,804	216	3,856	16,897	370	56,602
At 31 December 2020	11,459	23,064	318	3,619	20,360	515	59,335

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2019	9,895	47,058	813	26,249	163,142	20,213	267,370
Additions	-	1,842	-	145	1,895	5	3,887
Adjustments	-	15,644	-	(15,683)	(3,876)	-	(3,915)
At 31 December 2019 and 1 January 2020	9,895	64,544	813	10,711	161,161	20,218	267,342
Additions	-	14	-	662	14,395	322	15,393
Disposals	-	-	-	-	(5)	-	(5)
At 31 December 2020	9,895	64,558	813	11,373	175,551	20,540	282,730
Accumulated depreciation							
At 1 January 2019	-	36,747	514	15,229	141,281	19,715	213,486
Charge for the year (Note 9)	-	580	123	349	8,829	192	10,073
Adjustments	-	6,466	-	(6,502)	(3,879)	-	(3,915)
At 31 December 2019 and 1 January 2020	-	43,793	637	9,076	146,231	19,907	219,644
Charge for the year (Note 9)	-	590	123	357	10,310	124	11,504
Disposals	-	-	-	-	(5)	-	(5)
At 31 December 2020	-	44,383	760	9,433	156,536	20,031	231,143
Net carrying amount							
At 31 December 2019	9,895	20,751	176	1,635	14,930	311	47,698
At 31 December 2020	9,895	20,175	53	1,940	19,015	509	51,587

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Assets held under finance leases**

The net carrying amount of property, plant and equipment of the Group and of the Company held under finance lease were RM449,000 (2019: RM944,000) and RM51,000 (2019: RM175,000) respectively.

Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for loans and borrowings (Note 25) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Freehold land	9,895	9,895	9,895	9,895
Building	2,390	2,473	-	-
	12,285	12,368	9,895	9,895

13. RIGHT-OF-USE ASSETS

The Group and the Company has lease contracts for buildings and motor vehicle with contract terms of 3 to 4 years and the lease contracts do not contain variable lease payments.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	13,640	-	11,803	-
Effect of adoption of new pronouncement	-	15,352	-	14,375
As at 1 January (restated)	13,640	15,352	11,803	14,375
Additions	634	1,297	633	-
Depreciation (Note 9)	(3,031)	(3,009)	(2,595)	(2,572)
As at 31 December	11,243	13,640	9,841	11,803

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	14,394	-	12,332	-
Effect of adoption of new pronouncement	-	15,680	-	14,501
As at 1 January (restated)	14,394	15,680	12,332	14,501
Additions	622	1,297	622	-
Accretion of interest	1,158	1,299	1,010	1,139
Payments	(3,747)	(3,882)	(3,167)	(3,308)
As at 31 December	12,427	14,394	10,797	12,332
Current	3,001	2,744	2,553	2,317
Non-current	9,426	11,650	8,244	10,015

The maturity analysis of lease liabilities are disclosed in Note 26.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets	3,031	3,009	2,595	2,572
Interest expense on lease liabilities	1,158	1,299	1,010	1,139
Total amount recognised in statement of comprehensive income	4,189	4,308	3,605	3,711

The Group and the Company have several lease contracts that include extension option. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension option are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Secured contract RM'000	Software development costs RM'000	Total RM'000
Cost				
At 1 January 2019	21,865	1,153	18,729	41,747
Addition	-	-	1,216	1,216
Attributable to asset held for sale	-	-	(14,078)	(14,078)
At 31 December 2019 and 1 January 2020	21,865	1,153	5,867	28,885
Addition	-	-	5,610	5,610
Disposal of a subsidiary	(764)	-	(1,049)	(1,813)
At 31 December 2020	21,101	1,153	10,428	32,682
Accumulated amortisation and impairment				
At 1 January 2019	16,518	1,153	13,921	31,592
Impairment (Note 9)	-	-	1,620	1,620
Amortisation (Note 9)	-	-	1,092	1,092
Attributable to asset held for sale	-	-	(12,782)	(12,782)
At 31 December 2019 and 1 January 2020	16,518	1,153	3,851	21,522
Impairment (Note 9)	-	-	-	-
Amortisation (Note 9)	-	-	1,429	1,429
Written off	-	-	-	-
Disposal of a subsidiary	-	-	(870)	(870)
At 31 December 2020	16,518	1,153	4,410	22,081
Net carrying amount				
At 31 December 2019	5,347	-	2,016	7,363
At 31 December 2020	4,583	-	6,018	10,601

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

14. INTANGIBLE ASSETS (CONT'D)

Company	Software development costs RM'000
Cost	
At 1 January 2019	1,054
Written off	(1,054)
At 31 December 2019 and 1 January 2020	-
Addition	5,428
At 31 December 2020	5,428
Accumulated amortisation	
At 1 January 2019	1,054
Written off	(1,054)
At 31 December 2019 and 1 January 2020	-
Amortisation	271
At 31 December 2020	271
Net carrying amount	
At 31 December 2019	-
At 31 December 2020	5,157

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

14. INTANGIBLE ASSETS (CONT'D)**Impairment testing of goodwill**

Goodwill arising from business combinations has been allocated to one (2019 : two) individual cash-generating units ("CGUs") for impairment testing as follows:

	Group	
	2020 RM'000	2019 RM'000
Mailing and document processing services	4,583	4,583
Mobile value added services	-	764
	4,583	5,347

No impairment charge is recognised in the consolidated statement of comprehensive income.

The recoverable amount of the CGU are based on value in use, except for one (2019: two) CGU(s) that are based on fair value less costs of disposal for the financial year ended 31 December 2020.

(a) Fair value less costs of disposal

The recoverable amount of the CGU in the mailing and document processing services determined based on fair value less costs of disposal is derived using the market price obtainable in an arm's length transaction, less cost of disposal.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted ordinary shares, at cost	57,318	63,258
Less: Accumulated impairment losses	(26,196)	(20,989)
	31,122	42,269

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2020	2019
Held by the Company:				
Motordata Research Consortium Sdn. Bhd.	Malaysia	Development and provision of a centralised parts pricing database for Malaysian insurance industry	60	60
Educational Trend Sdn. Bhd.	Malaysia	Development and marketing of computer aided educational software	77	77
Dapat Vista (M) Sdn. Bhd. ^	Malaysia	Provision of mobile value added services	-	80
Inter-City MPC (M) Sdn. Bhd.	Malaysia	Provision of mail processing and related services	100	100
Integrated Healthcare Solutions Sdn. Bhd.	Malaysia	Provision of a one-stop customer support service centre and consultancy service desks	100	100
HeiTech i-Solutions Sdn. Bhd.	Malaysia	Computer software development and marketing of software, contract programming services and product systems integration and other computer related services	100	100
HeiTech Next Sdn. Bhd.	Malaysia	Provision of research and development in developing, installing and supporting software for small and medium sized industries	100	100
HeiTech Defence System Sdn. Bhd.	Malaysia	Provision for information and communication technology products and services for the defence industry	100	100
PSG Data Sdn. Bhd.	Malaysia	Provision for information and communication technology products and services for the health industry	100	100
HeiTech Managed Services Sdn. Bhd.	Malaysia	Provision of consultancy services, network management, local area network design and installation services	100	100
HeiTech Academy Sdn. Bhd.	Malaysia	To provide professional service as consultants, project management and training	100	100
Vante Sdn. Bhd.	Malaysia	Provision of consultancy services, system integration and change management services	100	100
Megacenter System Sdn. Bhd.	Malaysia	Provision of data centre management	100	100

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2020	2019
Held by the Company (cont'd):				
Domainedge Sdn. Bhd.	Malaysia	Provision of record management services, document imaging and document storage warehousing services	100	100
Cinix 1 Pty. Ltd. ^#	Australia	Computer software development, sales and support for the motor body industry	100	100
Duta Technic Sdn. Bhd.	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services	51	51
HeiTech NX Sdn. Bhd. ^	Malaysia	To develop innovative products and entrepreneurship program	100	100
HeiTech Global Services Sdn. Bhd. ^	Malaysia	Information and communication technology, property investment	100	100
HeiTech Transbiz Sdn. Bhd. ^	Malaysia	General trading	100	100
PT. Intercity Kerlipan ^	Indonesia	Provision of mail processing and related services	70	70
HeiTech Eco Energy Sdn. Bhd. ^	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services	100	100
Held through a subsidiary, Inter-City MPC (M) Sdn. Bhd.				
Pro Office Solutions Sdn. Bhd.	Malaysia	Provision of mail processing and its related services.	100	100

^ Audited by firms other than AlJafree Salihin Kuzaimi PLT.

Classified as asset held for sale during previous financial year (Note 30).

(a) Disposal of a subsidiary

On 16 June 2020, the Group disposed off 36% shares out of the 80% shares owned in Dapat Vista (M) Sdn Bhd ("DVSB"), for a total consideration of RM7,575,000 in cash. DVSB is now reclassified under investment in associates based on remaining 44% shares in DVSB held by the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Material partly-owned subsidiary

Financial information of the subsidiaries that have material non-controlling interests (“NCI”) are provided below:

	2020		2019		
	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Dapat Vista Sdn. Bhd. RM'000
NCI percentage of ownership interest and voting interest	40%	49%	40%	49%	20%
Carrying amount of NCI	1,707	(6,663)	1,587	(8,883)	(1,869)
Profit/(loss) allocated to NCI	120	2,220	314	(895)	(142)

The summarised financial information before inter-company eliminations are as follow:

	2020		2019		
	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Dapat Vista Sdn. Bhd. RM'000
Assets and liabilities					
Current assets	5,634	9,630	6,957	11,068	1,933
Non-current assets	3,342	600	3,930	762	1,152
Current liabilities	(1,875)	(18,052)	(3,587)	(24,178)	(930)
Non-current liability	(951)	(775)	(1,449)	(780)	-
Equity	6,150	(8,597)	5,851	(13,128)	2,156
Revenue	5,627	10,574	7,795	10,725	2,761
Profit/(loss) for the year, representing total comprehensive income	300	4,531	786	(1,827)	(711)
Cashflows from/(used in):					
Operating activities	(88)	736	2,494	(2,105)	(1,069)
Investing activities	(602)	(2)	(1,431)	-	(22)
Financing activities	(555)	(285)	(1,809)	-	-
Net (decrease)/increase in cash and cash equivalents	(1,245)	449	(746)	(2,105)	(1,091)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	5,400	4,930	5,225	4,755
Addition of investments	801	470	801	470
Disposal of shares	(37)	-	-	-
Reclassification from investment in subsidiaries, at cost	5,346	-	5,346	-
Gain on remeasurement	2,422	-	-	-
Reclassified to other investments	(869)	-	-	-
Post-acquisition reserves brought forward	729	1,668	-	-
Share of results of the associates	(1,487)	(939)	-	-
	12,305	6,129	11,372	5,225
Less: Accumulated impairment losses	(8,834)	(4,930)	(8,834)	(4,755)
	3,471	1,199	2,538	470

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

16. INVESTMENTS IN ASSOCIATES (CONT'D)

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2020	2019
Held by the Company:				
East Coast Multimedia Academy Sdn. Bhd. ^	Malaysia	Provision of multimedia services	40	40
E-Komoditi Sdn. Bhd. ^	Malaysia	Business to business e-commerce solution provider.	40	40
Silvertech Global Ltd. ^	Bermuda	Investment holding	49	49
Vantage Point Consulting Sdn. Bhd. ^	Malaysia	Provision of System Application and Products Consulting ("SAP") contract programming consultancy and turnkey project services	-	29
PT Desa Tech Nusantara ^	Indonesia	Provision of cooperative system	49	49
Dapat Vista (M) Sdn. Bhd. ^	Malaysia	Provision of mobile value added services	44	-
Held through an associate, Vantage Point Consultancy Sdn. Bhd.				
Vantage Point Consulting (Sg) Pte. Ltd. ^	Singapore	Provision of System Application and Products Consulting ("SAP") services in the ASEAN region	-	29

^ Audited by firms other than Al Jafree Salihin Kuzaimi PLT.

(a) Establishment of a joint venture

On 14 November 2019, the Company has established a joint venture with PT Kirana Investama to form a company in Indonesia named PT Desa Tech Nusantara. HeiTech owns 49% of the company's paid-up capital.

(b) Reclassification from investment in subsidiary

On 16 June 2020, the Group disposed 36% shares out of the 80% shares owned in DVSB, for a total consideration of RM7,575,000 in cash. DVSB is now reclassified under investment in associates based on remaining 44% shares in DVSB held by the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

16. INVESTMENTS IN ASSOCIATES (CONT'D)**(c) Disposal of shares**

On 14 May 2020, the Group disposed 6.21% shares out of the 28.98% shares owned in Vantage Point Consulting Sdn Bhd ("VPC"), for a total consideration of RM322,000 via off setting of intercompany balances. VPC is now reclassified as other investments.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020			2019		
	Dapat Vista (M) Sdn. Bhd. RM'000	PT Desa Tech Nusantara RM'000	E-Komoditi Sdn. Bhd. RM'000	Vantage Point Consulting Sdn. Bhd. RM'000	SilverTech Global Ltd. RM'000	E-Komoditi Sdn. Bhd. RM'000
Assets and liabilities						
Current assets	4,456	633	3,392	20,770	2,710	3,007
Non-current assets	1,806	17	105	1,211	74	424
Current liabilities	(4,523)	-	(14,763)	(18,291)	(10,584)	(11,806)
Non-current liabilities	-	-	-	(61)	-	-
Equity	1,739	650	(11,266)	3,629	(7,800)	(8,375)
Group's carrying amount of the investment	5,163	364	(2,671)	3,358	(4,354)	(1,878)
Revenue	6,372	-	2,408	15,356	1,970	2,466
Other income	53	13	116	-	2	49
Administrative expenses	(6,836)	(229)	(4,507)	(18,074)	(2,496)	(4,504)
Finance costs	(6)	-	-	(433)	(1)	-
Loss before tax	(417)	(216)	(1,983)	(3,151)	(525)	(1,989)
Income tax expense	-	-	-	(87)	-	-
Loss for the year, representing total comprehensive loss for the year	(417)	(216)	(1,983)	(3,238)	(525)	(1,989)
Group's share of loss for the year	(183)	(106)	(793)	(939)	(257)	(796)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

17. INVESTMENT IN JOINT VENTURE

The Group invested RM350,000 in 51% equity interest in a jointly-controlled entity, Uji Bestari Sdn. Bhd., through a subsidiary, HeiTech Next Sdn. Bhd. This joint venture is incorporated in Malaysia and is in the business of the provision of e-testing services for motor vehicle licenses.

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	Group	
	2020 RM'000	2019 RM'000
Assets and liabilities:		
Total assets	545	549
Total liabilities	(3)	(3)
Income and expenses:		
Income	-	-
Expenses	(4)	(121)

18. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Redeemable convertible preference shares in subsidiaries	-	-	360	2,140
Unquoted equity instruments	2,065	1,334	1,170	1,170
	2,065	1,334	1,530	3,310

19. CONTRACT BALANCES

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Contract assets	55,275	72,582	54,251	70,104
Contract liabilities	(2,430)	(3,024)	(2,430)	(3,024)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

19. CONTRACT BALANCES (CONT'D)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs its obligation under the contract.

(i) Significant changes in contract assets are explained as follows:

	2020	
	Group RM'000	Company RM'000
Contract asset reclassified to receivables	72,582	70,104

(ii) Significant change in contract liabilities is explained as follows:

	2020	
	Group RM'000	Company RM'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	3,024	3,024

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 are, as follows:

	2020	
	Group RM'000	Company RM'000
Within one year	110,428	110,428
More than one year	82,905	82,905
	193,333	193,333

The remaining performance obligations expected to be recognised in more than one year relate to maintenance revenue. All the other remaining performance obligations are expected to be recognised within one year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. DEFERRED TAXATION

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets/(liabilities) of the Group:

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Capital allowance and depreciation differences RM'000	Other deductible/ (taxable) temporary differences RM'000	Total RM'000
At 1 January 2019	1,034	2,498	(3,815)	17	(265)
Recognised in profit or loss (Note 10)	-	-	24	-	24
At 31 December 2019 and 1 January 2020	1,034	2,498	(3,791)	17	(241)
Recognised in profit or loss (Note 10)	-	-	103	-	103
At 31 December 2020	1,034	2,498	(3,688)	17	(138)

Deferred tax (assets)/liabilities of the Company:

At 1 January 2019	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2019 and 1 January 2020	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2020	987	2,498	(3,485)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. DEFERRED TAXATION (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	(417)	(262)	-	-
Deferred tax assets	279	21	-	-
	(138)	(241)	-	-

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unabsorbed capital allowances	6,069	1,147	6,069	630
Unutilised tax losses	16,037	3,286	3,286	3,286
Other temporary differences	87,385	78,187	102,255	78,048
	109,491	82,620	111,610	81,964

At the reporting date, the Group and the Company have unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to a 7-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority.

21. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Cost		
Consumables	387	363

During the financial year, the amounts of inventories recognised as expense in bulk mailing processing charges of the Group were RM3,007,000 (2019: RM7,171,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables				
Third parties	92,602	98,180	78,848	83,981
Amounts due from subsidiaries	-	-	28,898	27,004
Amount due from an associate	241	241	241	241
Attributable to asset held for sale	-	(645)	-	-
	92,843	97,776	107,987	111,226
Less: Allowance for expected credit losses				
- Third parties	(22,445)	(24,268)	(20,646)	(22,846)
- Amounts due from subsidiaries	-	-	(21,131)	(5,456)
- Amount due from an associate	(241)	(241)	(241)	(241)
	70,157	73,267	65,969	82,683
Other receivables				
Amounts due from subsidiaries	-	-	23,321	20,970
Amount due from an associate	41	41	41	41
Deposits	1,633	1,609	1,276	1,256
Sundry receivables	23,922	27,809	23,047	26,259
Attributable to asset held for sale	-	(3)	-	-
	25,596	29,456	47,685	48,526
Less: Allowance for expected credit losses				
- Sundry receivables	(23,184)	(23,660)	(22,723)	(23,199)
- Amounts due from subsidiaries	-	-	(20,385)	(5,786)
- Amount due from an associate	(41)	(41)	(41)	(41)
	2,371	5,755	4,536	19,500
Total trade and other receivables	72,528	79,022	70,505	102,183

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 - 60 days (2019: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. On initial recognition, the Group and the Company recognised them at their original invoiced amount, which is their fair values. The Group and the Company hold trade receivables to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

22. TRADE AND OTHER RECEIVABLES (CONT'D)**(a) Trade receivables (cont'd)**

Set out below is the movement in the allowance for expected credit losses of trade receivables (including amounts due from subsidiaries - trade):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	24,509	28,448	28,543	30,685
Provision for expected credit losses (Note 9)	1,785	2,440	17,061	1,691
Reversal of impairment loss (Note 9)	(108)	(6,079)	(86)	(3,833)
Written-off (Note 9)	(3,500)	(300)	(3,500)	-
At 31 December	22,686	24,509	42,018	28,543

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing, unsecured and are repayable on demand.

(c) Amount due from an associate

Amount due from an associate are non-interest bearing, unsecured and are repayable on demand.

(d) Sundry receivables

Set out below is the movement in the allowance for expected credit losses of sundry receivables (including amounts due from subsidiaries - non-trade):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	23,701	23,934	29,026	29,259
Provision for expected credit losses (Note 9)	559	34	15,158	34
Reversal of impairment loss (Note 9)	(1,035)	(267)	(1,035)	(267)
At 31 December	23,225	23,701	43,149	29,026

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

23. CONTRACT COSTS ASSETS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capitalised fulfilment costs				
At 1 January	38,909	35,274	38,909	35,274
Capitalised during the year	170,857	39,215	170,282	39,215
	209,766	74,489	209,191	74,489
Recognised in profit or loss	(111,189)	(35,580)	(111,188)	(35,580)
At 31 December	98,577	38,909	98,003	38,909

24. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	18,967	12,931	14,888	7,295
Deposits with licensed banks	40,632	34,516	34,580	28,543
Attributable to asset held for sale	-	(314)	-	-
Cash and bank balances	59,599	47,133	49,468	35,838

Deposits with licensed banks of the Group and of the Company amounting to RM40,632,000 (2019: RM34,516,000) and RM34,580,000 (2019: RM28,543,000) respectively are pledged as securities for loans and borrowings (Note 25).

Deposits with licensed banks earn profit at the respective deposit rates. The weighted average effective profit rate as at 31 December 2020 for the Group and for the Company was 1.66% (2019: 2.49%) per annum and 1.66% (2019: 3.15%) per annum respectively. The average days to maturity period as at 31 December 2020 for the Group and for the Company were 36 days (2019: 124 days) and 36 days (2019: 148 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

24. CASH AND BANK BALANCES (CONT'D)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	59,599	47,133	49,468	35,838
Less: Bank overdrafts (Note 25)	(12,576)	(13,674)	(11,705)	(12,684)
	47,023	33,459	37,763	23,154
Deposits pledged as securities for bank borrowings	(40,632)	(34,516)	(34,580)	(28,543)
Cash and cash equivalents	6,391	(1,057)	3,183	(5,389)

25. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Secured:					
Term loan	2021	922	898	-	-
Bank overdrafts	On demand	12,576	13,674	11,705	12,684
Revolving credits	2021	29,182	82,241	29,182	82,241
Contract financing	2021	85,546	11,610	85,546	11,610
Obligations under finance leases (Note 31(b))	2021	404	500	39	117
Attributable to asset held for sale		-	(47)	-	-
		128,630	108,876	126,472	106,652
Non-current					
Secured:					
Term loan	2022 - 2023	2,382	2,772	-	-
Obligations under finance lease (Note 31(b))	2022	32	437	-	41
		2,414	3,209	-	41
Total loans and borrowings		131,044	112,085	126,472	106,693

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

25. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Maturity of loans and borrowings:				
Within one year	128,592	108,759	126,433	106,536
More than 1 year and less than 2 years	987	1,424	39	116
More than 2 years and less than 5 years	1,465	1,902	-	41
	131,044	112,085	126,472	106,693

Term loan

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loan	3,304	3,670	-	-
	3,304	3,670	-	-

Term loan is drawdown by Inter-City MPC (M) Sdn. Bhd. in relation to the acquisition of Pro Office Solutions Sdn. Bhd.

Term loan is secured by the following:

- First legal charge over a building of the subsidiary as disclosed in Note 12;
- Joint and several guarantee by certain directors.

The weighted average effective interest rate of term loan of the Group was 4.65% (2019: 4.65%) per annum. The repayment of the Group's term loan is due from 2020 to 2023.

Bank overdrafts

Bank overdrafts are secured by negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of bank overdrafts was 6.91% (2019: 7.91% per annum).

Revolving credits

Revolving credits are secured by deposits with licensed banks, negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of revolving credits was 4.10% (2019: 5.13%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

25. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Group's financing activities excluding bank overdrafts is as follows:

Group	Cash changes			Non-cash changes			31 December 2020 RM'000
	1 January 2020 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	New leases RM'000	Others* RM'000	
Term loan							
- non-current	2,772	(366)	-	-	-	(24)	2,382
- current	898	-	(147)	147	-	24	922
Revolving credits	82,241	(53,059)	(1,570)	1,570	-	-	29,182
Project financing	11,610	73,936	(631)	631	-	-	85,546
Obligations under finance leases							
- non-current	437	-	-	-	-	(405)	32
- current	453	(454)	(118)	118	-	405	404
Total	98,411	20,057	(2,466)	2,466	-	-	118,468

Group	Cash changes			Non-cash changes			31 December 2019 RM'000
	1 January 2019 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	New leases RM'000	Others* RM'000	
Term loan							
- non-current	3,636	(864)	(193)	193	-	-	2,772
- current	884	14	-	-	-	-	898
Revolving credits	62,251	19,990	(7,513)	7,513	-	-	82,241
Project financing	11,354	256	(1,948)	1,948	-	-	11,610
Obligations under finance leases							
- non-current	1,009	-	(7)	7	-	(572)	437
- current	470	(541)	(91)	91	-	524	453
Total	79,604	18,855	(9,752)	9,752	-	(48)	98,411

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

25. LOANS AND BORROWINGS (CONT'D)

Company	Cash changes			Non-cash changes			31 December 2020 RM'000
	1 January 2020 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	New leases RM'000	Others* RM'000	
Revolving credits	82,241	(53,059)	(1,570)	1,570	-	-	29,182
Project financing	11,610	73,936	(631)	631	-	-	85,546
Obligations under finance leases							
- non-current	41	-	-	-	-	(41)	-
- current	117	(119)	(72)	72	-	41	39
Total	94,009	20,758	(2,273)	2,273	-	-	114,767

Company	Cash changes			Non-cash changes			31 December 2019 RM'000
	1 January 2019 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	New leases RM'000	Others* RM'000	
Revolving credits	62,547	19,694	(7,513)	7,513	-	-	82,241
Project financing	11,354	256	(873)	873	-	-	11,610
Obligations under finance leases							
- non-current	156	-	(7)	7	-	(115)	41
- current	113	(111)	(3)	3	-	115	117
Total	74,170	19,839	(8,396)	8,396	-	-	94,009

* The 'other' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

26. LEASE LIABILITY

	Maturity	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Obligations under right-of-use asset (Note 31(c))	2021	3,001	2,744	2,553	2,317
		3,001	2,744	2,553	2,317
Non-current					
Obligations under right-of-use asset (Note 31(c))	2022 - 2025	9,426	11,650	8,244	10,015
		9,426	11,650	8,244	10,015
Total lease liability		12,427	14,394	10,797	12,332

The remaining maturities of lease liability as at 31 December are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Maturity of lease liability:				
Within one year	3,001	2,744	2,553	2,317
More than 1 year and less than 2 years	3,588	2,866	2,727	2,406
More than 2 years and less than 5 years	5,838	8,784	5,517	7,609
	12,427	14,394	10,797	12,332

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	32,735	50,930	27,757	35,442
Amounts due to subsidiaries	-	-	33,010	66,152
Amount due to an associate	-	380	-	380
	32,735	51,310	60,767	101,974
Other payables				
Amount due to directors of a subsidiary	6,068	5,625	-	-
Amount due to a related party	141	-	-	-
Deposits	110	1,355	110	1,355
Accruals	53,527	17,239	52,622	13,926
Sundry payables	16,062	11,118	12,610	7,892
Attributable to asset held for sale	-	(2,008)	-	-
	75,908	33,329	65,342	23,173
Total trade and other payables	108,643	84,639	126,109	125,147

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2019: 30 to 90 days) terms.

(b) Amount due to directors of a subsidiary

The amount due to directors of a subsidiary is unsecured, bears interest at 10% per annum and is repayable on demand.

28. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January/31 December	101,225	101,225	117,751	117,751

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

29. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2020 RM'000	2019 RM'000
At 1 January	(865)	(1,023)
Other comprehensive income:		
Foreign currency translation	(557)	158
At 31 December	(1,422)	(865)

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

30. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

This is in relation to the disposal of Cinix1 Pty Ltd ("CINIX") business operations. The disposal of business has been completed in 2020.

As at 31 December 2019, the assets and liabilities related to CINIX have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale".

Below are the significant assets and liabilities classified as held for sale:

	Group 2019 RM'000
Assets of disposal group classified as held for sale	
Property, plant and equipments	125
Intangible assets	1,296
Cash and bank balances	314
Trade and other receivables	647
	2,382
Liabilities directly associated with disposal group classified as held for sale	
Trade and other payables	2,008
Borrowings	47
	2,055
Net assets directly associated with disposal group classified as held for sale	327



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

31. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group and Company	
	2020	2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	943	14,769
Approved but not contracted for:		
Property, plant and equipment	390	1,447

(b) Finance lease commitments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	421	551	39	123
Later than 1 year but not later than 2 years	32	422	-	41
Later than 2 years but not later than 5 years	-	32	-	-
Total minimum lease payments	452	1,005	39	164
Less: Future finance charges	(16)	(68)	-	(6)
Present value of minimum lease payments	436	937	39	158

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	404	500	39	117
Later than 1 year but not later than 2 years	32	405	-	41
Later than 2 years but not later than 5 years	-	32	-	-
	436	937	39	158
Less: Amount due within 12 months	(404)	(500)	(39)	(117)
Amount due after 12 months	32	437	-	41

The Group has entered into hire purchase agreements for property, plant and equipment as disclosed in Note 12. The hire purchase payable of the Group and of the Company bore effective interest rate of 4.07% - 5.12% (2019: 4.07% - 5.12%) per annum and 4.75% (2019: 4.75%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

31. COMMITMENTS (CONT'D)

(c) Lease liability commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Minimum lease payments:				
Not later than 1 year	4,119	3,862	3,522	3,286
Later than 1 year but not later than 2 years	4,491	3,769	3,514	3,193
Later than 2 years but not later than 5 years	7,178	10,124	6,701	8,793
Total minimum lease payments	15,788	17,755	13,737	15,272
Less: Future finance charges	(3,361)	(3,361)	(2,940)	(2,940)
Present value of minimum lease payments	12,427	14,394	10,797	12,332

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	3,001	2,744	2,553	2,317
Later than 1 year but not later than 2 years	3,588	2,866	2,727	2,406
Later than 2 years but not later than 5 years	5,838	8,784	5,517	7,609
	12,427	14,394	10,797	12,332
Less: Amount due within 12 months	(3,001)	(2,744)	(2,553)	(2,317)
Amount due after 12 months	9,426	11,650	8,244	10,015

The Group has entered into rental agreement for building and motor vehicles as disclosed in Note 12. The lease liability payable of the Group and of the Company bore effective interest rate of 8.07% (2019: 7.86%).

(d) Financial guarantee

	Company	
	2020 RM'000	2019 RM'000
Unsecured:		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	8,000	13,450

No value has been placed on the corporate guarantee provided by the Company as the directors have assessed the guarantee contracts and concluded that the financial impact of the guarantee is not material as the subsidiaries concerned are in positive shareholder funds to meet their obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

32. CONTINGENT LIABILITY

On 8 October 2018, the Group received an action by a sub-contractor in respect of disputed outstanding payment amounting to RM2,730,000 for purported services rendered. A trial date has been fixed from 20 to 24 April 2020. However, due to the Movement Control Order announced by the government, the trial date has been postponed to 1 September 2021 and 3 September 2021.

Based on available information and legal advice received, the management is of the view that there is a good chance of defending the above claim and therefore, no provision has been made in the financial statements.

33. RELATED PARTY DISCLOSURES

(a) Transaction with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2020 RM'000	2019 RM'000
Group		
Services provided to Permodalan Nasional Berhad (PNB), (a former corporate shareholder of the Company):		
- Network related services	(8,505)	(7,044)
Services provided to Amanah Saham Nasional Berhad, a fund manager of PNB	(15,558)	(21,485)
Rental expenses of building payable to PNB	2,783	2,783
Company		
Rental expenses of building payable to PNB	2,783	2,783
Dividend income from subsidiaries	32,840	900

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

33. RELATED PARTY DISCLOSURES (CONT'D)**(b) Compensation of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly, including any director of the entity.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	3,585	3,176	3,111	3,052
Defined contribution plan	122	172	122	172
	3,707	3,348	3,233	3,224

Included in the total key management personnel is:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration (Note 7)	2,080	1,609	1,606	1,485

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group President and management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, Group's policy, that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For the financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Nominal amount of RM8,000,000 (2019: RM13,450,000) relating to corporate guarantees provided by the Company on one (2019: two) subsidiaries' bank loan.

Credit risk concentration

At the reporting date, approximately 73% (2019: 86%) of the Group's trade receivables were due from commercial sector agencies in Malaysia.

Trade and other receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are provided in full if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management is to maintain sufficient level of cash to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise funds from shareholders, capital market and financial institutions and balance their portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contracted undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
31 December 2020			
Financial liabilities:			
Trade and other payables	108,643	-	108,643
Loans and borrowings	128,777	2,312	131,089
Total undiscounted financial liabilities	237,420	2,312	239,732
31 December 2019			
Financial liabilities:			
Trade and other payables	84,639	-	84,639
Loans and borrowings	109,118	3,260	112,378
Total undiscounted financial liabilities	193,757	3,260	197,017
Company			
31 December 2020			
Financial liabilities:			
Trade and other payables	125,461	-	125,461
Loans and borrowings	126,472	-	126,472
Total undiscounted financial liabilities	251,933	-	251,933
31 December 2019			
Financial liabilities:			
Trade and other payables	125,147	-	125,147
Loans and borrowings	106,648	41	106,689
Total undiscounted financial liabilities	231,795	41	231,836

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's and the Company's policy is to manage interest expense using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM83,000 (2019: RM192,000) higher/lower and RM74,000 (2019: RM169,000) lower/higher respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate loans to related parties. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates mainly in Malaysia and transacts predominantly in RM. The Group has minimal transactional currency exposure arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

35. FAIR VALUE OF FINANCIAL INSTRUMENTS**A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

	Note	Group		Company	
		Carrying amount RM'000	Fair value Level 2 RM'000	Carrying amount RM'000	Fair value Level 2 RM'000
2020					
Financial liability					
Loans and borrowings (non-current)	25	3,332	2,739	-	-
- Obligations under finance leases	25	452	403	39	36
2019					
Financial liability					
Loans and borrowings (non-current)					
- Term loan	25	3,858	3,171	-	12,921
- Obligations under finance leases	25	999	892	158	274

Non-current loans and borrowings - fixed rate

The fair value of non-current loans and borrowings at fixed rates are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the expected future cash flows at market incremental lending rate available for similar types of lending, borrowing or leasing arrangements at the reporting date.

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Loans and borrowings (current)	25
Loans and borrowings - floating rate (non-current)	25
Trade and other payables	27

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

B. Determination of fair value (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short-term nature, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio at reasonable level. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the parent.

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	25	131,044	112,085	126,472	106,693
Trade and other payables	27	108,643	84,639	126,109	125,147
Less: Cash and bank balances	24	(59,599)	(47,133)	(49,468)	(35,838)
Net debt		180,088	149,591	203,113	196,002
Equity attributable to owners of the parent, representing total capital		123,634	113,215	111,554	108,619
Capital and net debt		303,722	262,806	314,667	304,621
Gearing ratio		59%	57%	65%	64%

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

- (i) Information technology
- (ii) Mailing and document processing services
- (iii) Engineering works

However, due to the changes in the business landscape, the Group has revised the way it segmentises the entities by taking into consideration the decision making process and business challenges that are faced by the Group. The Group is reorganised based on business maturity and has three reportable segments as follows:

(i) Core 1

Core 1 essentially consolidates HeiTech's brands in the information technology sectors. Its activities focus on serving the public and private sectors with the range of services and products portfolio from system integration and application development, maintenance, managed services, financial and business solutions.

(ii) Core 2

Core 2 leverages on the multi-offerings and multi-industries of the companies within the Group. These offerings range from energy sector constructions, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile applications, simulation and training to various customers.

(iii) Core 3

Initially, Core 3 was planned as the exploration arm of new technology for the Group. However, as the business progresses, it was identified that the transportation sector may have good potentials for the Group. As such, Core 3 has been recalibrated to explore the opportunities within the transportations sector.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

	Core 1				Core 2				Core 3				Adjustments and eliminations				Consolidated financial statements				
	2020		2019		2020		2019		2020		2019		2020		2019		2020		2019		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue:																					
External sales	270,911	303,519	45,883	57,304	8,574	-	-	-	-	-	-	-	-	-	-	-	-	325,368	360,823	-	-
Inter-segment	-	-	447	-	-	-	-	-	(447)	-	-	-	-	-	-	-	-	-	-	-	-
Total	270,911	303,519	46,330	57,304	8,574	-	-	-	(447)	-	-	-	-	(447)	-	-	-	325,368	360,823	-	-
Results:																					
Finance costs	(4,179)	(11,470)	(444)	(1,617)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,623)	(13,087)	-	-
Hibah income	530	1,024	230	182	-	-	-	-	-	-	-	-	-	-	-	-	-	760	1,206	-	-
Depreciation and amortisation	(14,371)	(12,644)	(3,100)	(3,421)	-	-	-	-	44	-	-	-	-	-	-	-	-	(17,427)	(16,065)	-	-
Other non-cash items	806	(2,016)	973	719	-	-	-	-	-	-	-	-	-	-	-	-	-	1,779	(1,297)	-	-
Share of results of associates	(1,625)	(939)	138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,487)	(939)	-	-
Profit/(loss) before tax	4,707	11,135	13,696	(4,050)	1,155	-	-	-	(6,237)	(449)	B	-	-	(6,237)	(449)	B	-	13,321	6,636	-	-
Assets:																					
Investments in associates	2,538	470	-	-	-	-	-	-	933	729	-	-	-	933	729	-	-	3,471	1,199	-	-
Additions to non-current assets	21,626	4,358	692	3,003	-	-	-	-	-	-	-	-	-	-	-	-	-	22,318	7,361	-	-
Segment assets	377,362	355,812	48,201	218,346	25,114	-	-	-	(73,366)	(249,368)	D	-	-	(73,366)	(249,368)	D	-	377,311	324,790	-	-
Liabilities:																					
Segment liabilities	265,808	247,193	57,301	81,323	16,224	-	-	-	(84,628)	(111,700)	E	-	-	(84,628)	(111,700)	E	-	254,705	216,817	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Note	2020 RM'000	2019 RM'000
Impairment loss on intangible assets	9	-	1,620
Impairment loss on trade and other receivables	9	2,343	2,474
Reversal of impairment loss on trade and other receivables	9	(1,142)	(6,346)
Property, plant and equipment written off	9	596	1,123
Unrealised foreign exchange gain	9	(18)	(168)
		1,779	(1,297)

B The following items are added to/(deducted from) segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2020 RM'000	2019 RM'000
Expenses from inter-segment	(127)	13,577
Share of results of associates	(1,487)	(939)
Finance costs	(4,623)	(13,087)
	(6,237)	(449)

C Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment	15,907	5,675
Intangible assets	5,610	1,216
Investment in an associate	801	470
	22,318	7,361

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

D The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Inter-segment assets	(71,861)	(252,440)
Property, plant and equipment	(1,201)	-
Right-of-use assets	(304)	-
Deferred tax assets	-	21
Tax recoverable	-	3,051
	(73,366)	(249,368)

E The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Inter-segment liabilities	(84,309)	(226,792)
Loan and borrowings	-	112,085
Lease liabilities	(319)	-
Deferred tax liabilities	-	263
Tax payable	-	2,744
	(84,628)	(111,700)

Geographical information

Revenue and non-current assets information based on the geographical location of the operations of the Group are as follows:

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
By country:				
Malaysia	321,812	357,267	79,496	74,432
Australia	2,996	2,996	36	1,421
Indonesia	560	560	1,647	1,752
	325,368	360,823	81,179	77,605

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)Geographical information (cont'd)

Non-current assets information presented consist of the following items as presented in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Property, plant and equipment	59,335	56,602
Right-of-use assets	11,243	13,640
Intangible assets	10,601	7,363
	81,179	77,605

Information about major customers

Revenue from major customers from the public sector represents 48% of total sales of the Group arising from sales by the Core 1 segment.

38. SIGNIFICANT EVENT

The Covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by governments to contain the virus have affected economic activity. We have taken a number of measures for our people (such as social distancing and working from home) and ensuring that our business operations continue as usual.

At this stage, the impact of the pandemic on our business and results is tolerable as the demand and need for services in the information technology realm are still intact. Nevertheless, we will remain vigilant and will continue to follow and implement the necessary policies and procedures to ensure our operations are not disrupted and the wellbeing of our people and our stakeholders are not jeopardised due to the pandemic.

A state of emergency has been declared in Malaysia by the King, Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, effective from 11 January 2021 to 1 August 2021, to tackle the Covid-19 pandemic.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 21 April 2021.

CORPORATE INFORMATION

🔍 BOARD OF DIRECTORS
▼

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Chairman

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/Executive Deputy Chairman

Dato' Mohd Fadzli Bin Yusof
Independent Non-Executive Director

Dato' Haji Ghazali Bin Awang
Independent Non-Executive Director

Datuk Mohd Radzif Bin Mohd Yunus
Independent Non-Executive Director

Sulaiman Hew Bin Abdullah
Independent Non-Executive Director

Wan Ainol Zilan Binti Abdul Rahim
Independent Non-Executive Director

Datuk Jayakumar A/L Panneer Selvam
Non-Independent Non-Executive Director

Hamzah Bin Mahmood (Appointed w.e.f 12 March 2021)
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Haji Ghazali Bin Awang
Chairman
Independent Non-Executive Director

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Independent Non-Executive Chairman

Wan Ainol Zilan Binti Abdul Rahim
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Dato' Mohd Fadzli Bin Yusof
Chairman
Independent Non-Executive Director

Sulaiman Hew Bin Abdullah
Independent Non-Executive Director

Datuk Mohd Radzif Bin Mohd Yunus
Independent Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

Dato' Haji Ghazali Bin Awang
Chairman
Independent Non-Executive Director

Sulaiman Hew Bin Abdullah
Independent Non-Executive Director

Datuk Mohd Radzif Bin Mohd Yunus
Independent Non-Executive Director

GROUP COMPANY SECRETARIES

Siti Shahwana Binti Abdul Hamid
MAICSA 7018383

Amir Zahini Bin Sahrim
MAICSA 7034464

EXECUTIVE COUNCIL COMMITTEE

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/Executive Deputy Chairman

Ahmad Nasrul Hakim Bin Mohd Zaini

Group Chief Financial Officer
Executive Vice President,
HeiTech Padu Berhad

Salmi Nadia Binti Mohd Hilmey

Group Chief Operating Officer
Executive Vice President,
HeiTech Padu Berhad

Abdul Halim Bin Md Lassim

Executive Vice President,
HeiTech Padu Berhad
Chief Executive Officer of Core 1

Abdullah Bin Ahmad

Vice President, HeiTech Padu Berhad
Head of Core 3

Nor Azlina Binti Latiff

Chief Information Officer
Vice President, HeiTech Padu Berhad

Ts. Dr. Nor Hazilawati Binti Awang

Vice President, HeiTech Padu Berhad

GROUP STRUCTURE

SUBSIDIARIES

100% HeiTech Managed Services Sdn Bhd

100% Tekkis Sdn Bhd

70% P.T Intercity Kerlipan

100% HeiTech Next Sdn Bhd

100% Inter-City MPC (M) Sdn Bhd

60% Motordata Research Consortium Sdn Bhd

100% HeiTech i-Solutions Sdn Bhd

100% Cinix 1 Pty. Ltd.

51% Duta Technic Sdn Bhd

100% PSG Data Sdn Bhd

100% Pro-Office Solutions Sdn Bhd

51% Uji Bestari Sdn Bhd

100% HeiTech Defence System Sdn Bhd

100% HeiTech Eco Energy Sdn Bhd



REGISTERED OFFICE

Level 15 HeiTech Village
Persiaran Kewajipan
USJ 1 UEP Subang Jaya
47600 Subang Jaya
Selangor Darul Ehsan Malaysia
Tel : +603-8026 8888
Fax : +603-8024 7997

INCORPORATED

5 August 1994

WEBSITE ADDRESS

www.heitech.com.my

AUDITOR

Messrs. AlJafree Salihin Kuzaimi PLT
555, Jalan Samudera Utara 1,
Taman Samudra, 68100, Batu Caves,
Selangor

PRINCIPAL BANKERS

- Affin Bank Berhad & Affin Islamic Bank Berhad
- RHB Islamic Bank Berhad & RHB Bank Berhad
- Bank Muamalat Malaysia Berhad
- CIMB Bank Berhad
- Amlslamic Bank Berhad
- Malayan Banking Berhad & Maybank Islamic Berhad
- Public Bank Berhad
- Bank Islam Malaysia Berhad
- Emirates Islamic Bank

PRINCIPAL SOLICITORS

Chooi & Company + Cheang & Ariff
39 Court@Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur

Messrs. Rajes Hisham Rahim & Gopal
6th Floor
Yee Seng Building
Jalan Raja Chulan
50200, Kuala Lumpur

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01 Level 32 Tower A
Vertical Business
Suite Avenue 3 Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur Malaysia
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 20 November 2000)

Stock Code : 5028

Stock Name : HTPADU

14th Floor Exchange Square
Bukit Kewangan
P.O. Box 11023
50670 Kuala Lumpur
Tel : +603-2034 7000
Fax : +603-2710 2308

AGM Helpdesk

Amir Zahini Bin Sahrin

Tel : +603-8601 3454

Fax : +603-8024 7997

Khyrul Anwaar Bin Mohamed Nor Azizi

Tel : +603-8601 3125

Fax : +603-8024 7997

ASSOCIATE AND INVESTMENT

49% PT Desa Tech Nusantara

40% e-Komoditi Sdn Bhd

20% Silvertch Global Ltd.

49% InTech Solutions Pvt. Ltd

39% Peladang HeiTech Sdn Bhd

44% DAPAT Vista (M) Sdn Bhd

25% NXSense Sdn Bhd

Notes:

- The companies reflected above are active operating subsidiaries, associate and investment companies.
- Information is accurate as at 31 March 2021.



LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

Location	Description	Land/ Build-up Area	Current Usage	Land/ Tenure	Net Book Value as at 31.12.2020	Valuation Amount	Date of Revaluation
No. 1 Jalan U8/81, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.	HS (D) 142708, P.T. No. 17653, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan.	211,091 Sq. Ft.	HeiTech Village 2 World Class Data Center and business premise	Freehold	RM20.1 Million	RM76 Million	12 August 2020
Cyberjaya	HS (D) 7091 P.T. No. 12105, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	51,817 Sq. Ft.	Vacant Land	Freehold	RM2.52 Million	RM 7 Million	21 August 2020



SHAREHOLDING ANALYSIS

DIRECTORS' SHAREHOLDING AS AT 30TH APRIL 2021

No.	Name of Directors	Total Shareholdings
1	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,741,384
2	Dato' Mohd Fadzli Bin Yusof	-
3	Dato' Haji Ghazali Bin Awang	-
4	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-
5	Datuk Mohd Radzif Bin Mohd Yunus	-
6	Datuk Jayakumar A/L Panneer Selvam	-
7	Sulaiman Hew Bin Abdullah	-
8	Wan Ainol Zilan Binti Abdul Rahim	-
9	Hamzah Bin Mahmood	-
Total		3,741,384

SUBSTANTIAL SHAREHOLDERS AS AT 30TH APRIL 2021

No.	Name	ID Number	No of Shares/ Securities	Holding Percentage
1	Padujade Corporation Sdn Bhd	199701014408 (429904-X)	12,899,828	12.743
2	Asia Internet Holdings Sdn Bhd	199801007297 (463424-W)	5,397,800	5.332
Total			18,297,628	18.075

ANALYSIS BY SIZE OF HOLDINGS AS AT 30TH APRIL 2021

Size of Shareholdings	No. of Shareholders/ Depositors	Holder Percentage	No. of Shares/ Securities	Holding Percentage
1-99	410	11.042	12,962	0.012
100-1,000	635	17.102	396,802	0.391
1,001-10,000	1,920	51.710	8,014,609	7.917
10,001-100,000	629	16.940	19,773,332	19.534
100,001 and above	119	3.151	73,027,595	72.143
Total	3,713	100	101,225,300	100



SHAREHOLDING ANALYSIS

THIRTY (30) LARGEST SHAREHOLDINGS AS AT 30TH APRIL 2021

No.	Name	Shares	Percentage
1	Padujade Corporation Sdn Bhd	12,899,828	12.743
2	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd	5,397,800	5.332
3	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	5,000,000	4.939
4	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	4,995,000	4.934
5	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng	4,000,000	3.951
6	Mohd Hilmey Bin Mohd Taib	3,741,384	3.696
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	2,000,000	1.975
8	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Chiau Beng Teik (PNG)	2,000,000	1.975
9	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	1,132,000	1.118
10	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt for UOB Kay Hian Pte Ltd (A/C Clients)	1,100,000	1.086
11	Chua Soak Sun	1,087,400	1.074
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kang Pang Kiang (MY3922)	1,000,000	0.987
13	TAN YAN CHING	1,000,000	0.987
14	U YONG DOONG @ U SUNG KWI	920,000	0.908
15	Ngooi Chiu Sein	800,000	0.790
16	SIAH WANG CHOON	735,000	0.726
17	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Soo Wan	711,800	0.703
18	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Palany Andavar A/L Pitchamuthu	655,000	0.647
19	Soo Ai Lin	648,000	0.640



SHAREHOLDING ANALYSIS

No.	Name	Shares	Percentage
20	Citigroup Nominees (Asing) Sdn Bhd UBS AG	626,600	0.619
21	Hau Mun Meng	623,200	0.615
22	Ngooi Chiu Ing	590,000	0.582
23	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Raymond Cheah Sin Beng (7005439)	556,300	0.549
24	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Wai Leong	510,000	0.503
25	Lizalina Chew Sin Wei	489,000	0.483
26	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Zulkifli Bin Hamzah	472,300	0.466
27	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Meng Keat	471,500	0.465
28	Kok Chang Chee	470,000	0.464
29	Wan Zaidi Bin Wan Jaafar	430,795	0.425
30	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Raymond Cheah Sin Beng	426,000	0.420
Total		55,488,907	54.802

This page is intentionally left blank.

www.heitech.com.my

HeiTech Padu Berhad 199401024950 (310628-D)
Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1,
UEP Subang Jaya, 47600 Subang Jaya,
Selangor Darul Ehsan, Malaysia
T: +(603) 8026 8888 / +(603) 8601 3000
F: +(603) 8024 7997