HeiTech®

HEITECH PADU BERHAD

199401024950 (310628-D)

ANNUAL REPORT 2021

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

OUR INTEGRATED REPORTING JOURNEY

We continue to evolve our Integrated Reporting to better reflect our financial, non-financial and material performance in line with the core values and beliefs of HeiTech Group and its businesses.

As we move into our third year transitioning into Integrated Reporting, we believe 2021 marks a signicant step towards our value creation. Our focus continues to present a holistic view of the Group in line with our strategy of service to customers. We give a view of our successes, challenges and aspirations through the lens of our material issues.

SCOPE

This report simplifies the financial perfomance between the period of 1^{st} January 2021 - 31^{st} December 2021, and business activities, governance and other related matters from the period of 1^{st} January 2021 - 31^{st} March 2022.

REPORTING PRINCIPLES

HeiTech takes direction on its governance and reporting from the Bursa Malaysia Main Market Listing Requirements and aligns its reporting with the Value Reporting Foundation's International <IR> Framework. We also take guidance from the Malaysian Code on Corporate Governance 2021, 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 Strategic and Corporate Communications department via

+603-8026 8888 corpcomm@heitech.com.my

CORPORATE PROFILE

WHO WE ARE

HeiTech Padu Berhad is Malaysia's homegrown market leader in the ICT industry providing innovative solutions spanning from managed infrastructure services, system integration to niche solutions across all market segments.

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

OUR SOLUTIONS & SERVICES

CORE CAPABILITIES

System Integration & Application Development

We deliver customised solutions that meet our customers' specific needs by:

Formulating Strategies that best answer the requirements of our customers

Delivering Application System based on tailored strategies

Integrating System on different platforms

END-TO-END SOLUTIONS

PROJECT MANAGEMENT SERVICES

- Project Planning, Execution, Monitoring & Control
- Project Management Office
- Change Management Services

SYSTEM INTEGRATION & APPLICATION DEVELOPMENT SERVICES

- Requirement Development
- System Analysis and Design
- System Development
- System Testing (Functional, Performance & Security)

Providing End-to-End Solutions covering the entire life cycle of system

POST IMPLEMENTATION SUPPORT SERVICES

- Post Implementation Review
- Application System Support & Maintenance
- Hardware/ Software System Support & Maintenance
- Helpdesk Services

DEPLOYMENT SERVICES

- Site/ Infrastructure Readiness
- Hardware/ Software Installation, Testing and Commissioning
- System Deployment to Production Environment

USER TRAINING

- End-user Training
- Technical Training
- Management Training

Padu*Net Managed Network Services

Secure-X Managed Security Services

ICT INFRASTRUCTURE SOLUTIONS

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

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

To become the Next Generation in Managed Services, we deliver our services with proactive and competent technical support personnel nationwide, together with our excellence customer services that help our customers to focus on their business, improve their service level and reduce IT operating cost.

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")
- Managed Multi-Protocol Label Switching ("MPLS")
- Managed Internet Protocol Virtual Private Network ("IPVPN")
- Managed Metro Ethernet ("Metro-E")
- Managed Leased Line
- IP Broadband ("DSL")
- LTE 4G / 5G (future)
- Very Small Aperture Terminal ("VSAT")
- Wireless Leased Line
- Branch in a Bag
- Performance Monitoring
- High Speed Broadband

Secure-X provides risk-driven managed cyber security service solutions to Malaysian organizations including government agencies and enterprises in achieving their digital transformation goals by ensuring the safety and protection from cyber threats.

Our adoption of a zero-trust model and defence-in-depth framework keeps us ahead of other local industry service providers — coupled with the latest technology and process compliance, enabling us to provide optimised cyber defence and making sure organisations are protected from every potential attack approach.

Secure-X's builds our managed suites of services based upon 4 main pillars of Predict, Prevent, Detect and Response & Recovery with risk-driven offerings in the following areas:

- strategic monitoring,
- risk-based vulnerability management,
- managed detection and incident response,
- digital forensic investigation,
- threat intelligence,
- threat hunting,
- orchestration and optimisation,
- governance, risk and compliance.

Secure-X NexGen SOC Platform combines all these capabilities, providing organisations with a complete SOC solution, without the need to build a SOC SIEM solution in-house. Our NexGen SOC enable businesses and organisations to elevate their competitiveness and trust by ensuring and maintaining confidentiality, integrity and availability of their services to their customers.

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, renowned 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)
- Business Continuity Management System (ISO/IEC 22301)
- Payment Card Industry - Data Security Standard (PCI-DSS)

Our suite of Managed Data Centre Services consists of:

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

AwanHeiTech Cloud Computing Services

We offer flexible cloud computing services, hosted in our own Rated III Data Centre, tailored to our customers' specific business requirements – from building a private cloud and hosting cloud infrastructure (on-premise or multi-cloud) to managing shared cloud services.

Our cloud computing services help to streamline customers' budgets 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:

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

AwanHeiTech received 2020 Frost & Sullivan Asia – Pacific Best Practice Award for Competitive Strategy Innovation and Leadership in the Malaysia Cloud Infrastructure Services Industry.

PRO*Services ICT Maintenance & Deployment

We offer ICT maintenance and deployment services nationwide, particularly to organisations that have multiple branches. Our dedicated on-site 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

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.

National Security

Immigration Management Solutions:
- Passport Issuance
- Visa & Pass Issuance
- Border Control Management
- Citizen & Permanent Resident Management
- Birth, Death & Marriage Management
- National ID & Certificate Issuance

Defence

- Simulated Interactive Maintenance Aids (SIMA)
- Integrated Tactical Training & Command Control System (ITACCS)
- Asset Readiness Management and Monitoring System (ARMMS)

Transport

- Road Transport Management System
- Automated Learning, Driving Test and Training Solutions ("PINTARDRIVE")
- Integration services gateway - NexGate
- JPJ Road Tax and Driving License Renewal Services

Healthcare

- Hospital Information System ("HIS")
- GP Clinics Patient Management System
- Critical Care Information System ("CCIS") & Radiology Information System ("RIS")
- Picture Archiving & Communication System ("PACS")

Enterprise Solutions

- Sistem Manajemen Informasi Koperasi ("SMIK") - Cooperative System
- Digital Printing Services
- ezBill - Electronic Bill Presentment
- Manual Mail Processing
- Record Management Services ("RMS")
- eLis - Electronic Licensing System
- ProDoc - Document Management System
- D-VocTrac - Work From Home Application
- T-Pay - Electronic Payment Solutions
- T-Verify - eKYC solutions

Niche Solutions

- Construction of Power Station
- Electronic Commerce
- Engineering Consulting Services
- Identity Authentication & Mobility Solutions
- myintern - Internship Management System
- Financial Ancillary Solutions

Smart Solutions

- Smart Parking System
- Enhanced Flood Warning System

HIGHLIGHTS AND ACHIEVEMENTS

ACHIEVEMENTS

Secured RM36.3 million contract from JPJ for the maintenance and technical support for mySIKAP.

Secured RM35.2 million contract from LHDN for renewal of CA GEN (TSO) and Report Composer System license.

Secured RM33.9 million contract from JIM for the maintenance of MYIMMS.

Secured RM21.7 million contract from PNB for the network infrastructure at Merdeka 118.

Successfully deployed Sistem Manajemen Informasi Koperasi (SMIK), a cooperative for the Indonesian cooperative sector.

Penang Smart Parking contributed and helped Penang State to obtain Gold Award or Malaysia Team Excellence 2021 (Northern Region) and Gold Award for Regional Team Excellence Innovation Showcase 2021 (RISTEx).

Successful installation of our fist solar rooftop system at HTV2 by HECO, our own subsidiary, as part of HeiTech's sustainability efforts.

Successfully obtained a full-fledged SD-WAN Deployment for our first international customer for Managed Services.

REVIEW OF THE YEAR & KEY ACHIEVEMENTS

ORGANISATIONAL STRENGTH

978 Staff Strength

206 Certified IT Professionals

Supported by **World Class Technology Partners**

Accredited practices with **International Certifications and Standards**

FINANCIAL HIGHLIGHTS

Total Assets of **RM301.0 mil**

Revenue of **RM269.5 mil**

EBIITDA of **RM3.6 mil**

SIMPLIFIED SELECTED FIVE (5) YEARS GROUP REVIEW

REVENUE	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Network Services Fees	55,334	51,367	56,601	51,028	**54,259**
System Application and Development	69,746	59,296	125,946	43,392	**63,017**
Disaster Recovery and Facility Management Services	38,736	40,443	35,406	55,722	**23,857**
Maintenance of Hardware, Software and Application	137,688	97,930	94,115	113,222	**99,431**
Mailing and document processing services	22,241	18,046	11,681	13,389	**1,680**
Engineering works	80,725	86,013	10,725	10,574	**1,581**
Database management services	6,435	6,528	7,795	8,354	**18,009**
Software support and licence fees	4,117	3,303	2,996	-	**653**
Mobile value added services	4,751	3,754	2,761	1,429	**-**
Others	7,099	12,766	12,797	28,258	**7,015**
	426,872	379,446	360,823	325,368	**269,502**

PROFITABILITY	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
(Loss)/Profit Before Tax (RM'000)	(14,541)	(36,431)	6,636	13,321	**(16,128)**
(Loss)/Profit Before Tax Margin (%)	-3.4%	-9.6%	1.8%	4.1%	**-6.0%**
(Loss)/Profit After Taxation (RM'000)	(15,346)	(36,786)	6,219	13,127	**(16,381)**
(Loss)/Profit Attributable to Shareholders (RM'000)	(13,998)	(27,064)	7,429	10,976	**(15,778)**
Earnings per Share (RM)	-0.1383*	-0.2674*	0.0734*	0.1084*	**-0.1559***

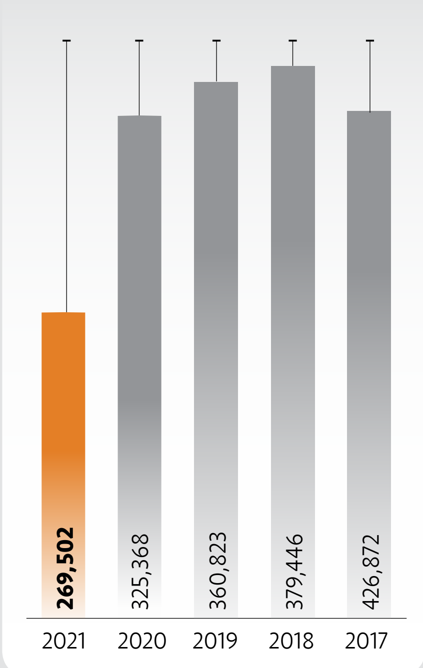
* Based on the weighted average of 101,225,000 ordinary shares of RM1.00 each

ASSETS EMPLOYED	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Total Assets (RM'000)	435,916	313,562	324,789	377,311	**300,964**
Fixed Assets (RM'000)	103,474	98,245	80,509	87,065	**110,111**
Net Current Assets (RM'000)	73,846	9,209	40,203	47,519	**26,383**
Current Ratio	1.29	1.04	1.21	1.20	**1.16**
Gearing Ratio	54%	53%	58%	60%	**56%**
Debt/Equity Ratio (%)	1.78	1.77	1.79	1.96	**1.91**
Shareholders' Fund (RM'000)	151,222	105,955	113,215	123,634	**97,291**
Net Tangible Assets per Share (RM)	1.27	0.95	1.05	1.12	**0.85**
Share Capital (RM'000)	117,751	117,751	117,751	117,751	**117,751**
Share Capital units ('000)	101,225	101,225	101,225	101,225	**101,225**

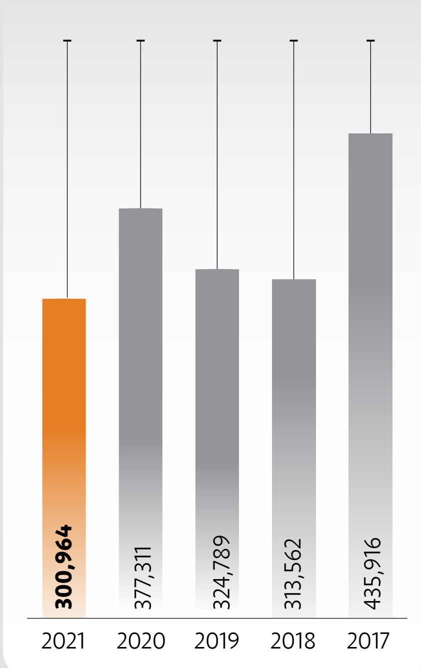
HIGHLIGHTS AND ACHIEVEMENTS

HIGHLIGHTS AND ACHIEVEMENTS

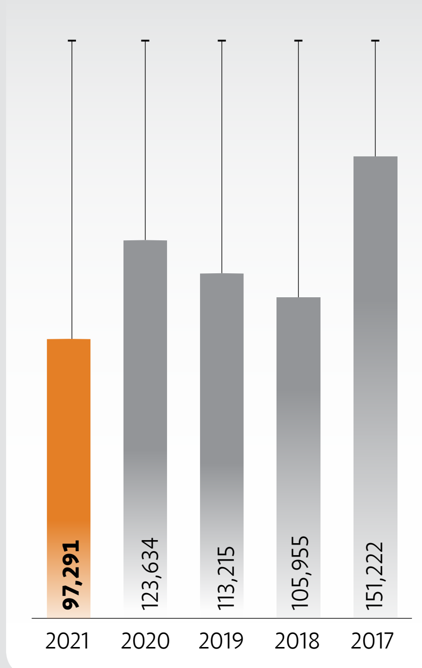
Revenue (RM'000)



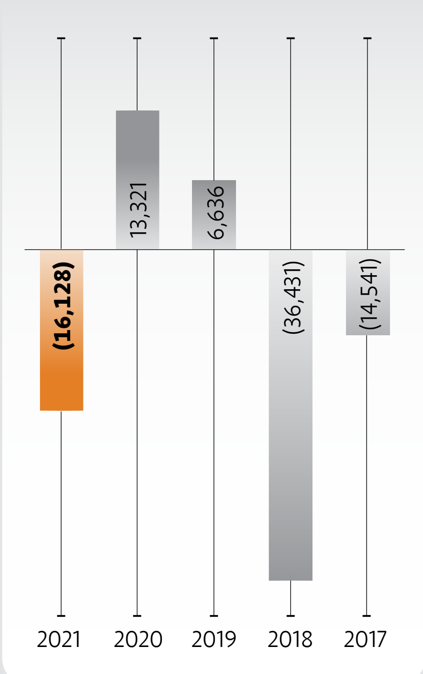
Total Assets (RM'000)



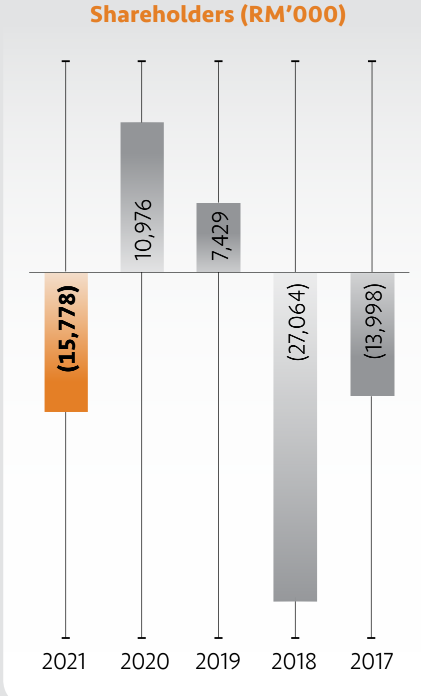
Shareholders' Fund (RM'000)



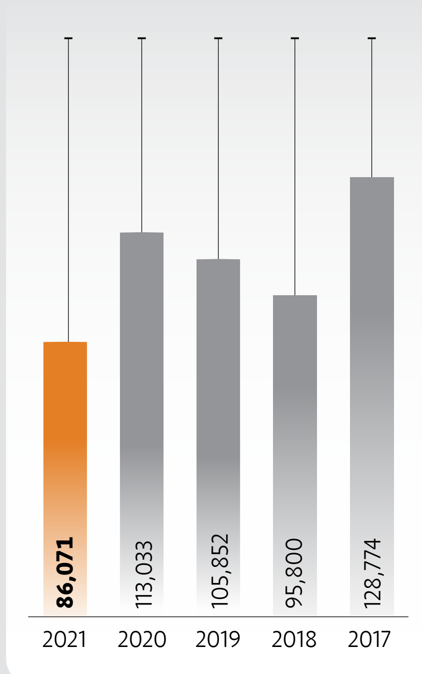
Profit before Taxation (RM'000)



Profit Attributable to Shareholders (RM'000)



Net Tangible Assets (RM'000)



DISCLOSURE TO BURSA MALAYSIA

No	Date	Announcement
1	28 Feb 2022	Quarterly rpt on consolidated results for the financial period ended 31/12/2021
2	18 Feb 2022	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
3	28 Jan 2022	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
4	17 Jan 2022	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
5	31 Dec 2021	Change in Audit Committee – Encik Razalee Bin Amin
6	31 Dec 2021	Change in Nomination and Remuneration Committee – Encik Sulaiman Hew Bin Abdullah
7	31 Dec 2021	Change in Boardroom – Encik Razalee Bin Amin
8	31 Dec 2021	Change in Nomination and Remuneration Committee – Encik Nik Mustapha Bin Nik Mohamed
9	31 Dec 2021	Change in Boardroom – Encik Chong Seep Hon
10	31 Dec 2021	Change in Boardroom – Encik Nik Mustapha Bin Nik Mohamed
11	31 Dec 2021	Change in Audit Committee – Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
12	31 Dec 2021	Change in Nomination and Remuneration Committee – Dato' Ghazali Bin Awang
13	31 Dec 2021	Change in Boardroom – Dato' Ghazali Bin Awang
14	31 Dec 2021	Change in Audit Committee - Dato' Ghazali Bin Awang
15	31 Dec 2021	Change in Boardroom – Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
16	31 Dec 2021	Change in Audit Committee – Encik Hamzah Bin Mahmood
17	31 Dec 2021	Change in Audit Committee – Puan Wan Ainol Zilan Binti Abdul Rahim
18	20 Dec 2021	Acceptance on the Letter Of Award (LOA) for the Supply, Delivery, Installation, Testing, Commissioning, Operations and Management of Network Infrastructure for the New Office of Permodalan Nasional Berhad (PNB) at MERDEKA 118
19	07 Dec 2021	Changes in Director's Interest (Section 219 of CA 2016) – Dato' Sri Mohd Hilmey Bin Mohd Taib
20	30 Nov 2021	Quarterly rpt on consolidated results for the financial period ended 30/09/2021
21	01 Oct 2021	Change in Boardroom – Datuk Jayakumar A/L Panneer Selvam
22	28 Sep 2021	Notice of Person Ceasing (Section 139 of CA 2016) – Asia Internet Holdings Sdn Bhd
23	22 Sep 2021	Acceptance on the Letter of Award (LOA) for Tender Perkhidmatan Penyelenggaraan dan Sokongan Teknikal bagi Infrastruktur ICT serta Sistem Informasi Kenderaan dan Pemandu (mySIKAP) di Semua Pejabat Jabatan Pengangkutan Jalan Malaysia sehingga 30 September 2022
24	26 Aug 2021	Quarterly rpt on consolidated results for the financial period ended 30/06/2021
25	16 Aug 2021	Term Sheet Agreement between HeiTech Padu Berhad and Regal Orion Sdn. Bhd. for the Design, Engineering, Procurement, Construction, Installation and Commissioning of Data Centre under Lot PT 29470 and PT 29471, 71760 Bandar Techpark@Enstek, Labu, Seremban, Negeri Sembilan
26	21 Jul 2021	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
27	12 Jul 2021	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
28	30 Jun 2021	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
29	29 Jun 2021	Quarterly rpt on consolidated results for the financial period ended 31/03/2021
30	24 Jun 2021	New issue of Securities (Chapter 6 of Listing Requirements): Fund Raising HeiTech Padu Berhad proposed placement of 10,000,000 New Ordinary Shares
31	24 Jun 2021	General Meetings: Outcome of Meeting
32	04 Jun 2021	General Meetings: Notice of Meeting (Amended Announcement)
33	31 May 2021	Annual Report & CG Report – 2020
34	31 May 2021	Annual Audited Accounts – 31 December 2020
35	27 May 2021	Extension of Time Up to 30 June 2021 for Issuance of Quarterly Report for the Financial Period Ended 31 March 2021
36	27 May 2021	General Meetings: Notice of Meeting
37	21 Apr 2021	Extension of Time for Issuance of Annual Report & Annual Audited Financial Statements for the Financial Year Ended 31 December 2020

FROM THE CHAIRMAN'S DESK

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

DEAR SHAREHOLDERS,

Assalamualaikum and *Salam Sejahtera*.

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 2021.

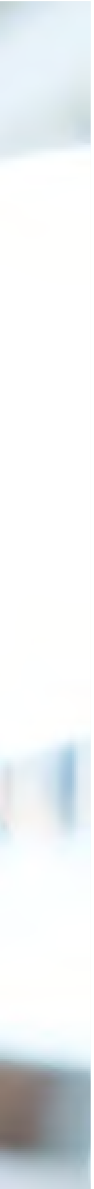
So much had happened within these few years. The most notable one is definitely the Covid19 pandemic. Praised to the Almighty God, we are all still here when many of our family members, friends and colleagues had succumbed to the deadly virus. Let us all extend our prayers to them and keep them close in our hearts.

After 2 years, so many things have changed. Our social interactions and livelihood had been altered to follow the standard operating procedures. However, we can see that situations have improved, and a lot of restrictions have been lifted by the authorities. Our country's economy is also recovering well since the fourth quarter last year and the trend is expected to continue in 2022.

OUR HOPE

As the country is on the recovery path, the onus of building back the economy falls on businesses. Businesses need to embrace the stakeholder economy concept and its emphasis on long-term value creation. Businesses must also assume greater responsibility beyond short-term profits and to account for the needs of a broader group of stakeholders.

As one of the leading technology players in the industry, HeiTech has played pivotal role in setting up and maintaining the systems and infrastructures of great agencies that are powering Malaysia. However, we aspire to go the extra mile and serve not just those who govern our nation, but also smaller markets that serve our nation. By targeting local councils and small/medium-size enterprises, we hope to enrich the services that had been aiding Malaysian public on daily basis.



Our commendable performance for the past years is attributable to the strength our people. Their tenacity and focus have steered the organisation forward even during challenging times. I am sure the goal of every organisation currently is to successfully navigate through the obstacles and emerge as a stronger and more resilient organisation. For us, we will continue to focus on abiding by one of our core values, which is people centric. By putting the best people in the forefront, we will be able to continue serving our customers with high quality services as their trusted technology partner.

As HeiTech is pivoting itself further into digitalisation realm, we hope to go beyond just shifting our business strategies, but also to shift our people's paradigm that will continue to drive HeiTech forward.

ACKNOWLEDGEMENTS

I would like to bid a warm welcome to Mr. Razalee bin Amin, Mr. Nik Mustapha bin Nik Mohamed and Mr. Chong Seep Hon as the latest additions to the Board. It is our pleasure to have such esteemed members with decades of experience between them to add to the fold. We believe our new Board members will add significant value to the future of HeiTech through their vast knowledge, wisdom and experience.

My heartfelt appreciation also goes to our former Board members, Dato' Haji Ghazali bin Awang and Datuk Jayakumar A/L Panneer Selvam for their commitment and wisdom during their tenure in HeiTech.

I wish to extend my appreciation to my fellow members of the Board as well as our customers and business partners for their confidence and support. My deepest appreciation also goes to our shareholders for the continued understanding and trust in us. As we venture forth to face the challenges and grab new opportunities, we call upon all our stakeholders to continue lending us the unwavering support.

Finally, I would like to impart 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 navigated the year 2021 amidst all the adversities. Thank you for all your efforts, persistence, and perseverance.

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

TO OUR VALUED SHAREHOLDERS,

Assalamualaikum and Salam Sejahtera.

I wish that everybody is safe and well. It has been two years since the pandemic hit us. 2021 was anticipated to be a better year but the emergence of a new COVID-19 variant with deadlier consequences had the movement control order (MCO) prolonged for more than half of the year.

We were also shocked by the terrible floods that ravaged many parts of the country, where Klang Valley was among the worst area that were affected. About 66 of Warga HeiTech were involved in the disaster. It was heartwarming to see the outpouring support amongst Warga HeiTech and other volunteers towards those that were affected by the floods.

Today, we continue to recover from the adverse effects of the calamities. We can see many businesses and individuals continue to rebound, both financially and spiritually. As we transition ourselves into the endemic stage, I am happy to see Warga HeiTech are back in office at 100% working capacity, while adhering to the necessary safety protocols.

The nation's economic indicators also show that the country is on a good path of recovery. Economic reports showed that Malaysia's Gross Domestic Product (GDP) grew by 3.6% in the fourth quarter of 2021, compared to a 3.4% contraction during the same period in 2020, and the trend is expected to continue in 2022.

BUSINESS HIGHLIGHTS

2021 was quite a low year for the Group. Revenue slides from RM325.4 million in 2020 to RM269.5 million in 2021, attributed to careful spending and delayed turnround time on major initiatives following the extended MCO. Even though we still managed to capture some new awards and extensions, the margins were not able to cover the costs incurred to sustain our operations. This has caused the Group's results to plunge from a profit of RM13.1 million in 2020 to a loss of RM16.4 million in 2021. The earnings before interest, impairment, taxation, depreciation and amortisation (EBIITDA) in 2021 stood at RM3.6 million, as opposed to RM38.5 million in 2020.

As painful as it was, we must bite the bullet and continue to march forward. Relying on our brand and reputation, loyal workforce, high-class infrastructure and supportive customers, we are positive that we will prevail amidst the hardships.

Despite the adversities, the Group was still able to record some good accomplishments in 2021. Among the achievements are:

- Secured a **RM36.3 million contract from Jabatan Pengangkutan Jalan** for mySIKAP's maintenance and technical support.
- Secured a **RM35.2 million contract from Lembaga Hasil Dalam Negeri** for renewal of CA GEN (TSO) and Report Composer System license.
- Secured a **RM33.9 million contract from Jabatan Imegresen Malaysia** for maintenance of myIMMS.
- Secured a **RM21.7 million contract from Permodalan Nasional Berhad** for network infrastructure at Merdeka 118.
- Successfully launched and deployed a pilot phase of **Sistem Manajemen Informasi Koperasi (SMIK)** in Indonesia and managed to obtain endorsement on **SMIK** as the preferred co-operatives system from Indonesian Ministry of Co-operatives.
- Our home-grown Penang Smart Parking System has aided Penang State to obtain **Gold Award for Malaysia Team Excellence 2021 (Northern Region)** and **Gold Award for Regional Team Excellence Innovation Showcase 2021 (RISTEx)**.
- Successfully **installed and commissioned our first solar rooftop system by HeiTech Eco Energy Sdn Bhd at our data centre in Bukit Jelutong**, as part of our sustainability efforts.
- Secured an **award to deploy a full-fledged Software Defined-Wide Area Network (SD-WAN)** that will allow our customers to leverage on any combination of connection services to securely link users to their applications.

THE PUSH FOR CHANGE

We know that to survive the challenges, we need to be agile and adaptable to the situations. We understand that we have to carry out some adjustments in the Group's business strategies, market segments and operational support. For those reasons, we had chosen **PIVOT** as the theme of our transformational program. Pivot in a business is not something new. When a business pivots, it means that it is altering some aspect of its products or services. Businesses might pivot to better meet customer demand, to change the target audience for new sales or any other reasons that fit, with an objective of boosting revenue streams.

Through this pivot program, our focus is about enhancing existing competencies, creation of new revenue streams and exploration of new markets. We have revisited and reassessed the core competencies of each company under the Group and realigned them in accordance with their respective market focus, strengths and potentials. As a result, the portfolios across the Group have been rearranged to reflect these assessments. The pivot program includes innovation culture that needs to be constantly applied in our business operations, and also to look into opportunities beyond the technology realm.

PIVOTING THROUGH CHALLENGES

Technology industry will remain relevant for a long time, with digitalisation and digitisation activities occurring on frequent basis. In Malaysia, the Government has been instrumental in supporting digitalisation activities through various incentives and support structure. Notably, the recent launch of 5G network will improve connectivity, productivity and competitiveness, enhance digital economy and provides opportunities to achieve economic growth and sustainability.

At HeiTech, we will be on our toes about these developments which are in line with our transformational program. It would allow us to tap into areas like mass market and transactional revenue streams and to evaluate the viability of expanding our market presence beyond Malaysia, especially in Indonesia where digital and gig economies have become an integral aspect in its immense population.

The same consideration also goes to other sectors under the Group, especially the renewable energy. We believe that we would be able tap on its potentials, especially on rooftop solar and mini hydro.

In summary, we are confident that our pivot strategies would allow us to respond more effectively to market changes, risks, threats and opportunities and enable the Group to generate better value in the future.

GRATITUDE

On behalf of the Group and myself, I would like to express my sincerest gratitude to all Warga HeiTech for the commitments, dedications and perseverance throughout the years especially during this last couple of years. Let's continue the hard work and together, we make our pivot program a success.

My heartfelt appreciation to our Chairman, Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor and all members of the Board for their guidance and stewardship. My deep appreciation is also extended to the Executive Council Members as well as our customers, business partners, and financiers for the continuous support. Finally, my utmost gratitude to all our shareholders for your continuing faith and trust in us, despite the unpredictability of our performance.

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/Executive Deputy Chairman

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

GROUP OVERVIEW

HeiTech Padu Berhad Group ("HeiTech or the Group") has been one of the nation's incumbents in the information, communication, and technology ("ICT") industry. Since its incorporation around 27 years ago, HeiTech has significantly contributed to the technological transformation and advancement of its customers via complete, end-to-end customised solutions. Among HeiTech's notable success is in assisting the Government to deliver their mission-critical systems to the Malaysian public. HeiTech also owns and manages a TIA-942 Rated 3 datacentre facility located in Bukit Jelutong, Selangor and offer services to develop, build and manage data centre facilities.

Apart from ICT, the Group is also involved in other sectors such as renewable energy, engineering, parts database for automotive, document data processing and defence. These sectors, although currently do not contribute as much as ICT, are still an important part of diversification strategy by the Group.

HeiTech services and processes are duly certified and meet the necessary standards for high-quality services, integrity and security. Among the certifications that being maintained by HeiTech 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

On top of that, HeiTech had also developed its own management and evaluation systems to ensure the standards of practices are further enhanced, namely:

- HeiTech's Project Management Information System ("PROMISE")
- Application Development Information System ("ADVISE")
- Product Evaluation for Compliance Information System ("Precise")

HeiTech has received several awards and recognition for the past years namely, 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, HeiTech was 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.

OPERATING ENVIRONMENT

2021 was anticipated to be better than 2020 but who would have thought COVID-19 pandemic took another vicious turn when deadlier variants were detected with more severe symptoms and higher death rate. Stricter measures like prolonged lockdown were taken by authority to contain the spread. Unfortunately, despite the measures and various efforts, infection level skyrocketed and the daily cases were far more than those recorded in 2020.

The prolonged preventive measures in 2021 which causes the social and business activities to be sluggish, had resulted in another challenging year for the Group in carrying out its business operations, especially for the first half of 2021.

However, economic reports by the government showed that Malaysia's Gross Domestic Product (GDP) grew by 3.6% in the fourth quarter of 2021, compared to a 3.4% contraction during the same period in 2020. This was good news and the trend is expected to continue in 2022.

Technology industry remained buoyant due to rising demand. The ongoing digitalisation has also increased spending on ICT systems and infrastructure, resulting in more players entering the field to compete. The launch of 5G network has the industry alive and enhanced optimism in the sector. According to the Malaysia Digital Economy Blueprint, Malaysia is targeting to 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 new way of living post COVID-19 pandemic. 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.

As a business citizen that is mainly involved in ICT, the Group will keep a close look out on these developments. It would allow the Group to tap into areas like mass market and transactional revenue streams. It would also allow the Group to evaluate the viability of further expanding its market presence beyond Malaysia.

Apart from ICT, the Group is keeping close attention to other industries, especially renewable energy. Malaysian Government is very clear in its direction of achieving significant energy generation from renewable energy sources. The Group believes that its prospects in renewable energy is very positive. Among the areas with large potentials are large scale solar, rooftop solar and mini hydro.

CHALLENGES

Over the past few years, the nation's ICT industry has been flourished with players from all sizes and with various technology offerings. From the contracting business perspective, it has translated into a continuous battle that put pressure on the solutions to be offered against what would be regarded as competitive pricing.

Budget allocation for ICT spending is also a significant challenge, especially on the capital expenditure for development of major ICT systems. For public sector, the allocation for development expenditure has been less than 20% of the country's yearly budget, which would squeeze the size of the pies to be shared among the tendering business community. From commercial perspective, limitation of budgets brings out the question on what is the acceptable margins in meeting the contract requirements while trying to avoid any unnecessary risk.

Priority spending and budget limitations, coupled with increasing competition formed constant variables that the Group must endure as the time progress. However, despite all the challenges, the Group had always strived to stay relevant in the market. Given the history and reputation as the industry forerunner, the Group is confident in maintaining its presence while working to expand its offerings and market reach.

STRATEGIC AND OPERATIONAL APPROACH

The Group knows that in order to remain relevant amidst today's challenges, it needs to be agile and responsive. As such, the Group had initiated a transformational program, with the aim to strengthen the position, retain its market presence while exploring new offerings and market area.

Pivot as a Transformational Program

Pivot is about change and adaptation. It is a strategy that is adapted in response to the changes in the market. At times of market uncertainty or a product for which the right market-fit is yet to be found, pivot is important to embrace changes and continuously strive for improvement to succeed in the long run. Pivoting can be in many directions. A pivot can take place within a product or offering, with certain specific features are modified. Pivot can also involve redefining certain target markets that is trying to be reached, for example, enterprise or vertical versus mass market categories. And lastly, pivot can also be made by changing the entire service or product portfolio of a company.

At the Group, we acknowledge that adjustments and realignment to market forces are necessary to remain competitive. Hence, using pivot as the central theme of our transformation program, we have charted the necessary steps to ensure that we are able to stay resilient and remain relevant in the market for many years to come. Among the guiding principles that were adopted in our pivoting journey are as follows:

1. Enhancing the core competencies of each company in the Group
2. Complementing contract-based revenue with product-based and transactional-based revenue streams
3. Market expansion either via new geographical area, enterprise or mass market
4. Innovative products and offerings
5. Gearing towards data analytics and monetization.

The portfolios across the Group have been realigned to reflect these principles. As a result, companies under the Group were categorised under 3 different segments based on their core competencies, market segments and strengths. These segments are dubbed as Core 1, Core 2 and Core 3 respectively.

CORE 1

Core 1 carries the fundamental business of the Group. Its focus market is the public sector and government-linked agencies. The fundamental offerings are systems integration, application development and maintenance. Services offered under Core 1 have been instrumental in transforming many critical government agencies in the internal security, immigration, national registration and health sectors. On top of that, its innovation arm has developed ancillary products surrounding its core offerings. One example is smart ambulance that aims to provide a faster and more comprehensive early diagnostic of patients en route to hospitals.

While Core 1 focus is to enhance HeiTech's core competencies as one of the nation's incumbent system integrator, it is also geared towards offering smart solutions for enterprises. An example is the smart parking system for local councils that allows drivers to look for available parking lots and to make payment seamlessly and hassle-free.

CORE 3

Core 3 is entrusted to focus on transport and commercial sectors. Under transportation market, Core 3 is assisting a government agency to upgrade its transport management system with latest technology and solutions. Some of services offered under Core 3 are concession based and it is currently working towards expanding the business model into other area. Core 3 has also developed an e-testing system for driving licenses under B2C model. This e-testing is part of government initiatives to combat fraudulent activities in driving test and improve the public trust in the license issuance process.

Core 3 is also the custodian of HeiTech's customers from the commercial sector from various industries like financial and insurance institutions and retails.

CORE 2

Under the Group's pivot program, Core 2 was poised to focus on creating new products and offerings, creating new line of revenue from mass, transactional-based market and entering new market area.

At this juncture, Core 2 is offering products that are targeted for public facing agencies or enterprises, business-to-business (B2B) solutions. The aim is to help these enterprises improve their services to customers while leveraging on the volume of transactions using low cost and hassle-free solutions. Examples are the easy billing and licensing systems developed for local councils in billing process. These systems eliminate the need for printing and delivery of hard copy statements. The systems also allow for online payment which help to improve collection rate by these councils.

Another area that Core 2 is currently working are the online identity verification, e-Know Your Customer (eKYC) and payment gateway. These systems are internally developed by the Group and shall be competitively positioned against existing providers in the market. It is hoped that both systems will be the new flagship offerings by the Group.

Core 2 is also exploring to market its products in Indonesia, as part of the pivot to expand the market area. Through collaboration with a local party, the Group is now providing financial systems targeted for co-operatives throughout Indonesia. Co-operatives are a significant part of Indonesian communities. Among the plans by the Indonesian authorities in their effort to promote and stimulate growth is through digitalising the economic activities using co-operatives. The aspiration is to connect them under one common system or platform that forms a network of co-operatives similar to a core banking system.

While the above initiatives are largely under the B2B segment, efforts are being geared to also capture the business-to-consumer (B2C) market segment.

Core 2 is also moving towards renewable energy. Though it is different from the IT realm, renewable energy possesses good prospects. With healthy pipelines and some notable impending contracts to be closed, the potential in renewable energy sector looks promising.

In summary, pivoting strategies and the resulting business segmentations allow the Group to respond more effectively to market changes, risks, threats and opportunities. Each Core is also tasked with continuous innovation in their offerings and business activities to avoid any complacency and being outdone by competitors.

MANAGEMENT DISCUSSION & ANALYSIS

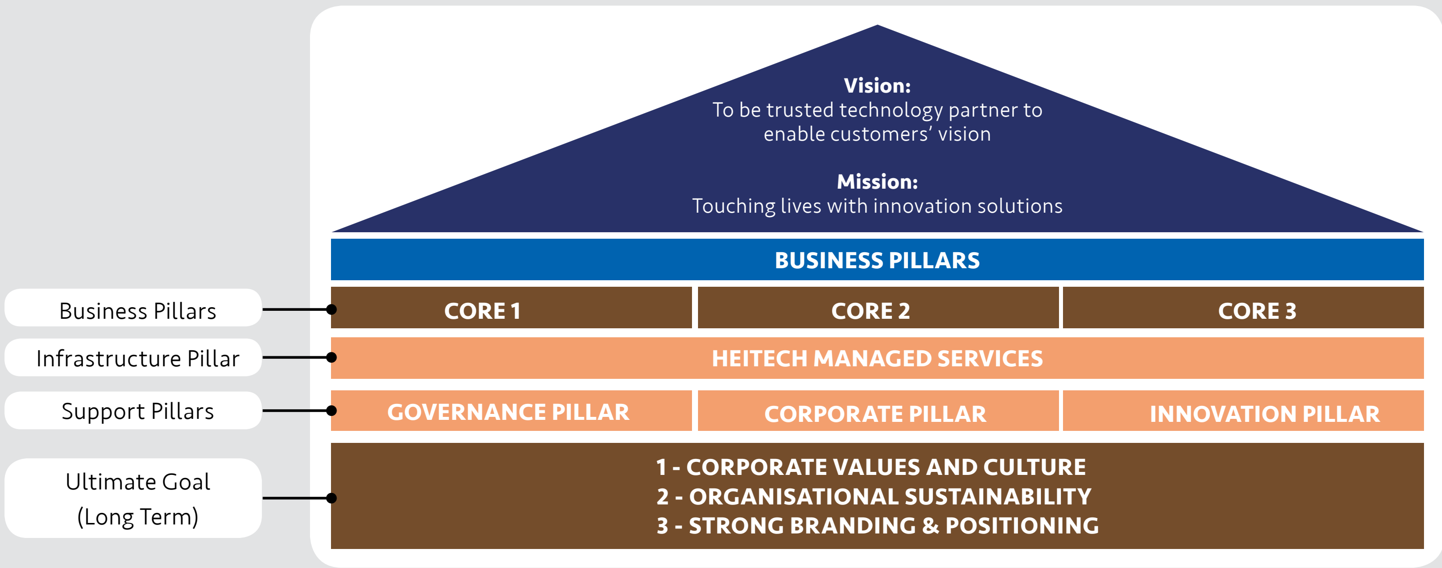
Achieving Operational Excellence

In achieving the pivot objectives and strategic goals, the Group has developed a structured operational plan to ensure better flexibility, efficiency and productivity, while strengthening the corporate values and culture, achieve organisational sustainability and to have stronger branding and positioning in the market.

The building blocks that formed the overall strategic and operational blueprint consist of the following pillars that support the Group's vision and mission.

1. Business Pillars – Core 1, Core 2 and Core 3
2. Infrastructure Pillar – HeiTech Managed Services (data centre, disaster recovery and network)
3. Support Pillars – Governance, Corporate and Innovation

These building blocks are depicted in the diagram as follows:



The infrastructure pillar, HeiTech Managed Services (HMS) that consists of data centre, disaster recovery and network services are now flattened across the Group. On top of providing services to external customers, HMS is now positioned to serve internally within the business and corporate pillars. This is important to promote a more efficient and cost-effective infrastructure support throughout the Group.

Meanwhile, the Governance, Corporate and Innovation pillars provide the necessary operational framework and compliance support which are important in having smooth business operations.

OPERATIONAL HIGHLIGHTS

Despite a competitive landscape, the Group was successful in securing several service extensions and new ventures in 2021, listed as follows:

- On 1 March 2021, the Group was awarded the "Perkhidmatan Penyelenggaraan Sistem Aplikasi MyImms" for Jabatan Imigresen Malaysia valued at RM33,920,000.
- On 5 March 2021, the Group entered into an unincorporated joint venture agreement with RO for the 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.
- On September 2021, the Group was awarded the "Tender Perkhidmatan Penyelenggaraan dan Sokongan Teknikal bagi Infrastruktur ICT serta Sistem Informasi Kenderaan dan Pemandu (mySIKAP) di Semua Pejabat Jabatan Pengangkutan Jalan Malaysia".
- On 20 December 2021, the Group was awarded the Supply, Delivery, Installation, Testing, Commissioning, Operations and Management of Network Infrastructure for the New Office of Permodalan Nasional Berhad (PNB) at MERDEKA 118.

FINANCIAL OVERVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

	2021 RM'mil	2020 RM'mil	Variance RM'mil	%
Revenue	**269.5**	325.4	(55.9)	-17%
Other income	**18.9**	14.6	4.3	-30%
Expenses	**(304.7)**	(325.2)	(20.5)	-6%
Share of associates' results	**0.2**	(1.5)	1.7	-113%
(Loss)/Profit before tax	**(16.1)**	13.3	(29.4)	-221%
Taxation	**(0.3)**	(0.2)	(0.1)	30%
(Loss)/Profit after tax	**(16.4)**	13.1	(29.5)	-225%

The Group recorded significant reduction in revenue from RM325.4 million to RM269.5 million in 2021. The reduction has resulted in losses for the year of RM16.4 million as opposed to profit of RM13.1 million in the previous year. The prolonged lockdown and priority of spending by customers were among the factors that the Group had to face, causing delays in achieving certain initiatives that were targeted earlier.

Breakdown of revenue by segment

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

Revenue By Core	2021 RM'mil	2020 RM'mil	Variance RM'mil
Core 1	**167.9**	204.8	(36.9)
Core 2	**25.8**	45.9	(20.1)
Core 3	**75.8**	74.7	1.1
	269.5	325.4	(55.9)

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 system development and maintenances were always a subject of strong tussles with other providers. Though the Group still managed to defend its footing in the existing contracts, they may have a reduction in contract value as compared to before. Further, following the reorganisation of market segments between the Cores during the year, revenue from commercial market is now being reported under Core 3.

The detailed breakdown of Core 1 revenue is as follows:

Revenue type	2021 RM'mil	2020 RM'mil	Variance RM'mil	%
System application and development	**55.1**	31.9	23.2	72%
Maintenance services	**63.8**	83.1	(19.3)	-23%
Network services	**33.9**	38.5	(4.6)	-12%
Disaster recovery and facility management	**11.9**	32.7	(20.8)	-64%
Others	**3.2**	18.6	(15.4)	-83%
Total segment revenue	**167.9**	204.8	(36.9)	-18%

CORE 2

Core 2 business span over different industries, with IT being the main activity, focusing on enterprise solutions and public facing applications. Contribution from other business activities were lower due to lower demand and spending by customers.

Revenue type	2021 (RM'mil)	2020 (RM'mil)	Variance (RM'mil)	%
Information technology services	**19.6**	18.4	1.2	7%
Engineering works	**1.6**	10.6	(9.0)	-85%
Mailing and document processing	**1.7**	13.4	(11.7)	-87%
Others	**2.9**	3.5	(0.6)	-17%
Total segment revenue	**25.8**	45.9	(20.1)	-44%

MANAGEMENT DISCUSSION & ANALYSIS

CORE 3

Revenue from Core 3 is a mix between public and commercial sectors.

Revenue type	2021 RM'mil	2020 RM'mil	Variance RM'mil	%
System application and development	**7.2**	10.8	(3.6)	-34%
Maintenance services	**34.9**	22.1	12.8	58%
Network services	**20.3**	12.5	7.8	62%
Disaster recovery and facility management	**11.9**	23.1	(11.2)	-48%
Others	**1.5**	6.2	(4.7)	-76%
Total segment revenue	**75.8**	74.7	1.1	2%

EXPENSES	2021 RM'mil	2020 RM'mil	Variance RM'mil	%
Personal expenses	**88.5**	86.8	1.7	2%
Project related expenses	**172.4**	185.9	(13.5)	-7%
Depreciation and amortisation	**14.6**	17.4	(2.8)	-16%
Impairment	**1.4**	3.1	(1.7)	-55%
Administration expenses	**24.1**	27.3	(3.2)	-12%
Finance expenses	**3.7**	4.6	(0.9)	-20%
	304.7	325.1	(20.4)	-6%

Total operating expenses of the Group reduced by RM20.4 million in 2021. Staff costs stood at RM88.5 million in 2021 as the Group continued to focus on talent retention, development and acquisition to support our strategic direction of varying our technological offerings. The Group's staff strength stood at 978 at the end of 2021 (2020: 985).

Project related expenses catered for 57% of the Group's total expenses. The reduction from RM185.9 million in 2020 to RM172.4 million in 2021 was in tandem with lower revenue, especially from the IT segment.

The Group has been very attentive in assessing the recoverability of its assets to reflect their fair valuations. In 2021, the impairment expense had reduced to RM1.4 from RM3.1 million in 2020, mainly attributed to trade receivables.

As for overheads, the Group had always strived to keep the costs at bay. The efforts have resulted in a lower administration cost in 2021. Finance cost in 2021 was also lower by 20%, mainly due to lower utilisation of revolving credit facilities.

RESULTS BEFORE AND AFTER TAX

The Group has recorded pre-tax and post-tax loss of RM16.1 million and RM16.4 million respectively in 2021 as opposed to pre-tax and post-tax profits of RM13.3 million and RM13.1 million respectively in 2020. Despite cost savings efforts and better management of financial assets, the Group's lower performance is attributed to the reduction in revenue in 2021. The delay in expected tenders and awards of contracts in 2021 contributed to the derail of revenue for the year.

The Group's earnings before interest, impairment, taxation, depreciation and amortization (EBIITDA) stood at RM3.6 million in 2021 (2020: RM38.5 million) reflecting the extremely tough business environment.

ANALYIS OF FINANCIAL POSITION

The table below shows the assets employed, liquidity ratios and working capital of the Group as at the year end of 2021 and 2020.

ASSETS EMPLOYED	2021	2020	Variance	%
Non-current Assets (RM'mil)	**110.1**	87.1	23.0	26%
Current Assets (RM'mil)	**190.9**	290.2	(99.3)	-34%
Total Assets (RM'mil)	**301.0**	377.3	(76.3)	-20%
Net Current Assets (RM'mil)	**26.4**	47.5	(21.1)	-44%
Shareholders' Fund (RM'mil)	**97.3**	123.6	(26.3)	-21%
Share Capital (units)	**101,225**	101,225		
Net Tangible Assets per Share (RM)	**0.85**	1.12	(0.27)	-24%

The Group's total assets stood at RM301.0 million in 2021, which is RM76.3 million lower than 2020, mainly attributed by the reduction in receivables and contract assets as at year end. Non-current assets registered an increase by RM23.0 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 RM7.6 million (2020: RM11.2 million) that relates to long term operating leases following the adoption of accounting standards on leases .

As of 2021, the Group's net current assets (current assets less current liabilities) stood at RM26.4 million. The adverse financial performance in 2021 had contributed to 21% drop in the Group's shareholders' fund and NTA per share respectively.

LIABILITIES AND WORKING CAPITAL	2021	2020	Variance	%
Payables (RM'mil)	**74.5**	111.2	(36.7)	-33%
Borrowings (RM'mil)	**111.5**	131.1	(19.6)	-15%
Lease liability (RM'mil)	**8.8**	12.4	(3.6)	-29%
Total liabilities (RM'mil)	**194.8**	254.7	(59.9)	-24%
Gearing Ratio (%)	**56%**	60%		
Current ratio	**1.16**	1.20		

The Group had always strived to keep its liabilities at a reasonable level. Overall liabilities of the Group dropped by 24% in 2021. 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 has adequate credit facilities to cater for its operational requirements.

The deployment of the Group's working capital is still in an acceptable position. The gearing ratio in 2021 is lower at 56% against 60% in 2020. The current ratio was slightly lower at 1.16 times in 2021 against 1.20 times in 2020.

MOVING FORWARD 2022

When the COVID-19 pandemic began two years ago, it catapulted many organizations into the future, rapidly accelerating their digital transformation efforts. Work environments changed quickly as remote working became common and digital economy was booming rapidly. Today, digitalisation continues to have a widespread impact on market demands where users are expecting faster, seamless, and more customised services, with growing awareness about the importance of storage capacity, data privacy and security. With the continued digitalisation of businesses and lifestyle, cloud and cyber security are becoming increasingly important. Cloud would be the preferred platform via software-as-a-service as organisations are finding ways to seamlessly integrate and coordinate data storage without significant investment in hardware. Meanwhile, the need for cyber security is heightened to ensure safety and integrity of the data are intact.

In Malaysia, the digitalisation of business processes is duly supported by the Government. The launch of National Digital Network Plan (JENDELA) in 2020, MyDigital in 2021, the 5-year (2020-2024) National Cybersecurity Strategy with a budget allocation of RM1.5 billion by National Cyber Security Agency (NACSA) and the more recent launch of the third Financial Sector Blueprint (FSB) 2022-2026 by Bank Negara Malaysia (BNM) in January 2022 where "Advancing Digitalization of the financial sector" is part of the component of the FSB indicate that connectivity is indeed one of the Government's top priorities. The recent announcement on 5G infrastructure will also be a pivotal shift in wireless technology and connectivity. All of these will be the catalysts for the growth of IT industry that supports economic recovery as well as to drive Malaysia's aspiration to be a dynamic, inclusive and sustainable nation.

From the Group's perspective as a player in the ICT industry, the key focus is to take advantage of the on-going digitalisation and Government support. These critical areas are in line with our business transformational program, and we believe that we are well positioned to take advantage of the digital economy. Our existing services, AwanHeiTech and SecureX are already in place to cater for the cloud and cyber security market. Through our pivot program, we are venturing into mass and transactional-based revenue streams and setting ourselves up to ride the wave of digitalisation era. Subsequently, the Group is dedicated to developing talent and investing in training to meet the demands of the booming ICT sector.

To our shareholders, we remain committed in creating more success for the Group. Even though there will be significant challenges along the way, we are positive that 2022 will be a promising year for the Group, not only from the ICT business but also from our other ventures. As we continue to march, we look forward to reporting to you on our progress in the upcoming year.

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 the 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 evolving marketplace.

MARKET LEADER WITH MERIT EXCELLENCE

HeiTech has more than 25 years' track record for delivering transformative, cutting-edge, mission-critical ICT solutions and services to Malaysia's public and private sectors.

BROAD MIX OF REVENUE ACROSS COMMERCIAL AND PUBLIC SECTORS

HeiTech generates revenue from multiple revenue streams, ranging from government concession services to commercial services, and is not overly dependent on a single market product or service.

INNOVATIVE SOLUTIONS AND SERVICES FOR ALL MARKETS

HeiTech constantly offers innovative solutions for all markets that we operate in.

GROWING REGIONAL FOOTPRINT

HeiTech's experience in various markets and providing multiple solutions has elevated us as the trusted technology partner to our customers.

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 hence complementing our homegrown solutions portfolio.

PROCESS ACCREDITATION

HeiTech has obtained and maintained multiple accreditation from international certification bodies, indicating our business adherence to the requirements of an internationally recognised management system standard.

HUMAN AND INTELLECTUAL CAPITAL

HeiTech's experienced and certified technical personnel allow us to deliver cutting edge technology and deliver end-to-end solutions to our customers.

BUSINESS STRENGTHS

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

Business Strategies

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

	Link to Business Strategies
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 as well as international products and services meeting the needs of a vast array of industries and sectors.	Market Retention and Expansion; Technological Innovation
This enables greater market penetration, reduces exposure to market volatility and the cyclical nature of our business — while enabling a stronger possibility to leverage on emerging growth opportunities across multiple segments. Our solutions portfolio ranges from managed infrastructure services to system application, from niche solutions to smart solutions, all bringing greater value to our customers and yielding a balanced revenue mix to the Group.	Market Retention and Expansion; Expansion of Product Mix; Technological Innovation
We continuously put effort into creating new products and solutions that are customised to our customers' requirements to ease their business processes in serving their consumers.	Market Retention and Expansion; Expansion of Product Mix; Technological Innovation
We continue to explore and expand our regional footprint, and evolve our business model from Business-to-Government, to Business-to-Business, and ultimately into Business-to-Consumer.	Market Retention and Expansion; Expansion of Product Mix
These partnerships have enhanced the quality and reliability of HeiTech's offerings to various industries that we have served. HeiTech also collaborates with key industry players and formed strategic partnership with business partners and suppliers to ensure continuation and growth of business.	Strategic Alliance
This recognition guarantees the reliability and credibility of our system, hence gaining continuous trust from our customers.	Accredited Management System
Our talent pool comprises the industry's top technology experts in their respective fields. This provides us with an extensive knowledge base and vast industry expertise to serve various markets.	Human Capital Development

HOW WE ASSESS MATERIALITY

9
MATERIAL MATTERS FOR YEAR 2021

HeiTech has identified nine (9) key material matters for the value creation approach. The material topics are mapped based on their relationships with HeiTech's use of capital resources, in achieving the business strategies while serving our stakeholders. It is important to note that our list of material topics remain unchanged from the previous year, as the pandemic has impacted our initiatives in exploring new material topics. Therefore, HeiTech has resolved to focus on already established materiality matters that we have continuously strived to make headway in.

Material Topic	Description
Supply Chain	HeiTech's ability to leverage on efficient and reliable partners/vendors is material to the Group's ability to achieve cost efficiency, service reliability and customer satisfaction.
Innovation	HeiTech promotes an innovation-oriented 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 the nature of business providing services to the public 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 in a tech-based company like HeiTech where IP development relies heavily on a talented and committed workforce. HeiTech is recognised for having skilled and experienced personnel from reputable industry backgrounds 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 crucial means by which we gain a better understanding of their needs and challenges, hence cultivating lasting relationships.
Service Quality	As a leading player in the IT industry, service quality is of the utmost importance to ensure excellent service delivery to our customers. We adopt international standards and methodologies as a commitment towards providing industry benchmark services.
Strategic Social Contribution	True business sustainability is only achieved when we fulfil our role as good corporate citizens. 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 the strict adherence to standards and regulations set by the relevant authorities. HeiTech has established effective governance and a controlled structure to ensure a proper code of conduct in our business.
Environment, Safety and Health	Environment, safety and health are elements that contribute to a sustainable business. As a technological solutions provider, HeiTech's carbon footprint is limited to the 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

Capital	Financial	Manufactured	Intellectual	Human	Natural	Social and Relationship
Stakeholder	Employees	Customers	Shareholders	Partners/Vendors	Community	Government/Regulatory Body/Authority

HeiTech response to the matter	Affected Capital	Stakeholder Groups affected
HeiTech is committed to managing its supply chain to ensure delivery of services to customers are made timely, effectively and in the most cost-efficient manner. Various engagement activities were held with our partners and suppliers, to further strengthen the partnership. Continuous assessments of the partners and vendors were conducted to maintain the excellent service quality of the partners within the supply chain.	Financial, Social and Relationship	Customers, Partners/Vendors, Government/Regulatory Body/Authority
The ability of HeiTech to maintain a 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 have encouraged and empowered our staff to think outside the box and translate ideas into products and services that can address customers' needs and pain points.	Financial, Human, Manufactured, Intellectual	Customers, Partners/Vendors, Employees
HeiTech is proactive in our defence against cyber attacks and has 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 include the prevention of any cyber threat thereby protecting any breach of data privacy.	Financial, Social and Relationship, Intellectual	Customers, Partners/Vendors, Shareholders, Employees, Government/Regulatory Body/Authority
HeiTech ensures its sustainability by focusing on human resource efforts to recruit, upskill, engage and reward employees accordingly as well as provide training and clear career development paths to safeguard the continuity and enhancement of knowledge and the 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.	Human, Social and Relationship, Intellectual	Customers, Partners/Vendors, Employees, Community
We are committed to ensuring the best customer experience at every touchpoint. Aside from enhancing user experience through technological innovation, customer service is also a key focus area for us to effectively attract, retain and grow our customer base. We also conduct regular customer satisfaction surveys to identify areas for improvement.	Financial, Social and Relationship, Human	Customers, Shareholders, Government/Regulatory Body/Authority
HeiTech adopts international accredited management processes i.e CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS to gain customer confidence and increase loyalty to our brand. HeiTech proactively develops talents to deliver the best service to our customers.	Financial, Social and Relationship, Human, Manufactured	Customers, Shareholders, Government/Regulatory Body/Authority
HeiTech Cares is the Corporate Social Responsibility arm of the organisation 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.	Financial, Intellectual, Natural, Human, Social and Relationship	Community, Shareholders, Employees, Government/Regulatory Body/Authority
HeiTech conducts frequent monitoring and review of all regulatory standards to ensure constant compliance in guiding our business behaviours and in our interactions with our stakeholders. HeiTech has also established multiple platforms and channels for our stakeholders to safely report on any malpractices conducted by our employees.	Intellectual, Human	Customers, Shareholders, Employees, Government/Regulatory Body/Authority
HeiTech strongly believes 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 on the environment.	Human, Social and Relationship, Natural	Customers, Partners/Vendors, Shareholders, Employees, Government/Regulatory Body/Authority, Community

THE RISKS WE CONSIDER

With the dynamic landscape of the technology industry, HeiTech faces external and internal factors that influence our value creation abilities. Therefore, we take a proactive approach to risk management, which is a fundamental aspect of our governance, strategy and decision-making. We stay ahead of critical risks through our Enterprise Risk Management (ERM) Framework.

Risk Type	Business Context	Implications
Market	Rapid technology growth has made the competition in the technology industry more intense. The barrier to entry is decreasing, as technology has become an integral part of every companies' core element of survivability.	• Stiff competition and challenges from the infrastructure, cost structure and pricing • Loss of market share to innovative and disruptive competitors
Operational	HeiTech operates in a highly regulated industry that requires strict adherence to the regulatory requirements.	• Disruption to business operation • Fines, penalties and other costs associated with operational non-compliance
Technology	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 important to prevent from falling behind in the industry.	• Lack of research and development into emerging technologies limits competitiveness and stifles innovation • Failure to meet customers' requirements
Supply Chain	HeiTech's ability to leverage on efficient and reliable partners/ vendors and other various parties is crucial in achieving cost efficiency, service reliability and customer satisfaction. All these parties play a key role to ensure the continuation and growth of the business.	• Delay in service deliverables • Disruption to business operation • Reputation risk for non-delivery
Cyber Threat	Cyber threats on personal privacy, businesses and government functions have been escalating worldwide. In view of the large volume of customer data in our care and our nature of business as the digital extension of government services, we consider cyber threat as one of the foremost concerns.	• Affecting reputation among customers • Litigation and penalties associated with leakage of confidential information
New Business Initiatives	HeiTech is aware on the increasing level of competitiveness in the market. Therefore, we have diversified our products and service offerings to create additional revenue streams. Venturing into new territory may expose HeiTech to risks associated with the investments made in diversification initiatives.	• Unable to meet our commitments as per contracted • Reputational impact among our customers

This framework allows us to assess and respond to events that may impact our ability to create sustained value. The table below presents HeiTech's principal risks for the year 2021. These principal risks are linked to our business strategies.

Mitigation Measures	Links: Strategy	Links: Material Topics
HeiTech's value proposition has always emphasised understanding customers' requirements and providing solutions that are tailored to their needs. To set ourselves apart from the competition, we shall continue to provide attractive and appealing offerings with competitive pricing.	• Market Retention and Expansion • Strategic Alliance • Technological Innovation	• Supply Chain • Innovation • Customer Satisfaction • Service Quality • Strategic Social Contribution
HeiTech has put in place robust processes and established various committees to oversee the implementation and effectiveness of HeiTech's operational processes. These processes are duly certified by the relevant international certification bodies.	• Accredited Management System • Human Capital Development	• Human Capital Development • Innovation • Cyber Security and Privacy • Environment, Health and Safety
We continue to innovate and create new product offerings that tailor to our customers' requirements, through the support of our strong internal technological capabilities. We have formed strategic alliances with partners that specialise in niche technology to complement our overall customer offerings.	• Technological innovation • Human Capital Development • Accredited Management System	• Innovation • Human Capital Development • Cyber Security and Privacy • Customer Satisfaction
HeiTech engages key industry players and builds strategic partnerships with suppliers. HeiTech has established and currently practices a transparent and fair procurement management system that protects the right of our vendors. We continue to ensure that the social and environmental practices of the suppliers are in line with our policies.	• Strategic Alliance • Accredited Management System	• Supply Chain • Service Quality • Strategic Social Contribution • Governance, Ethics and Compliance
HeiTech has established various security measures to prevent cyber attacks and to shield our IT infrastructure from security breaches. All security measures have been duly certified by the relevant certification bodies.	• Technological innovation • Accredited Management System	• Cyber Security and Privacy • Governance, Ethics and Compliance
HeiTech has engaged subject matter expert to provide advice and insight on the new business initiatives. We performed regular market studies and assessments to identify more opportunities and also potential threats that may arise.	• Market Retention and Expansion • Expansion of Product Mix	• Innovation • Human Capital Development • Strategic Social Contribution • Environment, Health and Safety

OUR STRATEGIC PROGRESS

HeiTech continues to enhance its value creation by leveraging on six (6) capitals and nine (9) materiality matters. The effective interplay between the capitals and linkage to the materiality allows HeiTech to achieve outputs for the company and valuable outcomes that benefit all stakeholders. Despite the turbulent operating environment of FY2021, HeiTech's value creation approach remains undisrupted.

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

Capital

- Financial
- Human
- Manufactured
- Natural
- Intellectual
- Social and Relationship

Business Strategies

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

Business Strengths	Linkage to Materiality	Risks
Market Leader With Merit Excellence	Service Quality, Customer Satisfaction, Supply Chain	• Market • Operational • Technology
Broad Mix Of Revenue Across Commercial And Public Sectors	Service Quality, Customer Satisfaction	• Market • Operational
Innovative Solutions And Services For All Markets	Cyber Security and Privacy, Environment, Safety and Health, Innovation, Strategic Social Contribution	• Market • Technology • Cyber threat • New business initiatives
Growing Regional Footprint	Service Quality, Customer Satisfaction, Innovation, Supply Chain	• Market • Operational • Supply Chain
Dynamic Strategic Alliance With Partners	Service Quality, Customer Satisfaction, Innovation, Strategic Social Contribution	• Market • Operational • Supply Chain
Process Accreditation	Cyber Security and Privacy, Governance, Ethics and Compliance	• Operational • Cyber Threat
Human And Intellectual Capital	Human Capital Development, Environment, Safety and Health, Strategic Social Contribution	• Operational • Technology

Business Strategies	Capital Affected	Outputs, Performance Highlights and Achievements
		As recognised 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 is contributed by 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 customers' needs and requirements by leveraging the customise latest technology and applications. 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 to Business-to- Business perspective. 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 have complemented our homegrown solutions portfolio by leveraging on the latest technology and cutting-edge products through innate partnerships, collaborations and interactions with multiple global ICT brand names. These partnerships have enhanced the quality and reliability of the Group's services and offerings.
		HeiTech adhered to internationally recognised 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. In addition to the HTV2 PCI DSS attestation of compliance, HeiTech has also achieved the TIA-942 Rated-3 Data Centre for HTV2, a data centre facilities certification and globally recognised certification which emphasizes HeiTech's commitment to deliver the highest quality services to its customers.
		HeiTech has a total of 978 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.

OUR VALUE CREATION MODEL

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

CAPITALS	INPUT
FINANCIAL Fundamental in funding our operations and driving business growth. How the Group multiplies what we have today into greater value is vital.	• Borrowing at the beginning: **RM131.0 mil** • Cash and bank balance at the beginning: **RM59.6 mil** • Employee benefit expense: **RM88.5 mil**
MANUFACTURED Utilisation of our infrastructure towards delivering high quality services to our customers and drive our best value creation capabilities to the Group.	• Tangible and intangible assets: **RM301.0 mil** • Tier-IV ready data centre infrastructure • **50,000** sq.ft data centre capacity • **80,000** sq.ft Corporate HQ
INTELLECTUAL Our intangible assets that include IP, knowledge, capabilities and brand that attributes to the Group's competitive advantage.	• Homegrown intellectual property • Support from international principal partners • Certified technical personnel with vast experience in the industry
HUMAN High performing workforce with diversity of gender, social background and capabilities that has enriched working culture.	• **978** employees • Professional development and talent management • Flexible working environment
SOCIAL AND RELATIONSHIP Quality relationship with stakeholders would enable the Group to achieve our sustainable objectives.	• Proactive engagements with stakeholders via various communication channels
NATURAL Consumption of natural resources in the working environment to meet our sustainable objectives.	• Optimum consumption of natural resources i.e. water and electricity • Proper waste disposal • Venture into renewable energy • Installation of rooftop solar in HTV2 Data Centre

BUSINESS STRATEGIES

BUSINESS STRENGTHS

CORPORATE GOVERNANCE

SUSTAINABILITY

Despite the turbulent operating environment of FY2021, HeiTech's value creation approach remains undisrupted.

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

- **Market Leader with Merit Excellence**
- **Broad Mix of Revenue Across Commercial and Public Sectors**
- **Innovative Solutions and Services for All Markets**
- **Growing Regional Footprint**
- **Dynamic Strategic Alliance with Partners**
- **Process Accreditation**
- **Human and Intellectual Capital**

The roles and responsibilities of the Board of Directors are set out by our charter, in compliance with the Malaysian Code of Corporate Governance (MCCG) 2021, acting in the best interests of our stakeholders.

This is to ensure we remain as the 'trusted technology partner to enable our customers' vision'.

Social

Environment

Economics

OUTPUTS	OUTCOMES
• Revenue : **RM269.5 mil** • EBIITDA : **RM3.6 mil** • Cash and Bank Balance : **RM61.3 mil** • Share Capital : **RM117.7 mil** • Borrowing : **RM111.5 mil**	• Paid Income Tax : **RM253K** • Wages and Benefits : **RM88.5 mil** • Paid to financiers : **RM3.8 mil**
• Improved pipeline and funnel management • Expansion of customer base • Achieved the TIA-942 Rated-3 Data Centre for HTV2	• Total Assets : **RM300.9 mil** • Excellent connectivity, availability, accessibility and seamless customer support via our Universal Service Centres (USC) across Malaysia
• Adopted international standard and certification i.e. CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS • Internal knowledge-based repository • Creation of new innovative products and solutions • New market penetration	• Recognition and awards received by the industry • Penetration into the mass-market – B2C initiatives such as Smart Parking • Creation of DvocTrac, ezBill, ProDoc, eLis and ASPIRE
• **978** employees • 80% technical and 20% non-technical workforce • Certified technical personnel	• Work-life balance • Increased productivity • High employee morale • Accountable leaders and down liners • Highly skilled professionals • Creation of brand ambassadors in their niche areas
• Community programs by HeiTech Cares • Participation in industry roadshows and events. • Internships for more than 100 students • University visits • 3U1I program with UiTM • Partner engagement programs • Stakeholder engagement via social media platform	• Stronger rapport with stakeholders • Understanding stakeholder's aspirations, concerns and needs • Creation of job opportunities for fresh graduates • Nurture the talents of the younger generation into the IT industry • Enhance the living standards of the community • Build a strong brand and gain market insights
• **2.19 MT** solid waste from paper • **10,360 m3** of water • **8,995,208 Kwh** electricity • Energy savings through rooftop solar installation at our HTV2 Data Centre	• Continue managing the usage of natural resources • Reduction in usage of paper and electricity that leads to lower carbon emissions • Creation of new revenue streams in the renewable energy sector

SUSTAINABILITY AT HEITECH PADU BERHAD

1.0 INTRODUCTION

HeiTech has played a pivotal role in building the nation through technology. Started with the digitisation and digitalisation of certain processes in Jabatan Pendaftaran Negara ("JPN"), Jabatan Pengangkutan Jalan ("JPJ") and Jabatan Imigresen Malaysia ("JIM"), now, HeiTech has moved towards new areas, creating niche products and solutions as part of our continuous efforts using technology via innovation.

Our mission of "touching lives with innovative solutions" not only forms the creed of our day-to-day operations but also in ensuring that we contribute to sustainable development in Malaysia.

At HeiTech, we believe in developing products and solutions that positively impacts the people around us. Our effort focuses towards ensuring our continuous ability to develop innovative solutions that create and provide value to our stakeholders whether those values are in terms of the economy, environment or the society.

Our involvement with technological advancement and progress demonstrates our commitment towards the holistic success of the company. Hence, our business and corporate strategies, decisions and planning are centred towards ensuring that we remain innovative, relevant and sustainable for years to come. We believe that in order to become a trusted technology partner, we must first ensure that our holistic foundations as a business entity are solid.

2021 is a good example of how a right-minded culture can help an organisation overcome difficulties and challenges, especially amidst the affects of a raging pandemic on business operations. Challenges like these need to be responded with strength, agility, and perseverance. This has compelled us to accelerate or find new ways of doing business to safeguard health and safety, while minimising socioeconomic disruptions towards ensuring the well-being of our business, stakeholders and the environment in the long-term.

With this, HeiTech is confident of rising to the challenge in the current landscape, harnessing new opportunities for future value creation and ensuring in the future, our products and services provide a consistently high level of quality that Malaysians enjoy today.

2.0 SUSTAINABILITY AGENDA

Our vision in becoming the trusted technology partner includes the effort to continuously create and provide value to all stakeholders. These stakeholders include our customers, shareholders, employees, vendors, visitors to HeiTech and the community in general. HeiTech's sustainability agenda is to pledge our commitment towards incorporating Economic, Environmental and Social ("EES") factors into our strategic decision-making. These factors are evaluated in terms of its impact on business and risk mitigation, as well as taking advantage of opportunities.

SUSTAINABLE DEVELOPMENT GOALS

3.0 SUSTAINABILITY GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations ("UN") Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("UN SDGs"), which are an urgent call for action by all countries in a global partnership.

HeiTech strategises and plans sustainability initiatives based on these UN SDGs, with nine (9) of them significantly linked to our business operations. These areas are:

SUSTAINABILITY AT HEITECH PADU BERHAD

In relation to the sustainability agenda and the UN SDGs, HeiTech's sustainability goals are as follows:

a. To achieve higher levels of economic growth via innovation, technological advancement and diversification of products and services.

b. To promote and practice environmental stewardship via the utilisation of reliable and modern clean energy as well as the safety and health of relevant stakeholders.

c. To ensure social development for employees and their work environment, global partners, cyber security, community support as well as customers.

4.0 COMMITMENT TOWARDS SUSTAINABILITY

The United Nations Global Compact was formed to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for businesses, containing ten principles in the areas of human rights, labour, the environment and anti-corruption.

HeiTech's approach towards sustainability occurs via the integration of economic and social development as well as environmental performance in our business commitments. We believe in committing to the UN SDGs and continue to positively contribute towards the UN Global Compact via innovation, digitization, digitalisation and other technological advancements in ICT.

5.0 MANAGEMENT APPROACHES AND ACTION PLANS

In order to achieve higher levels of economic growth, promote and practice environmental sustainability, safety and health as well as ensuring sustainable social development, our management approaches are targeted at long-term and holistic sustainable growth. Our disclosure and strategies are segmented into Economic, Environmental and Social ("EES") factors, where we further define the nine (9) focus areas as follows:

3 KEY SUSTAINABILITY COMMITMENTS

In line with our sustainability agenda and goals, our sustainability efforts revolve around three (3) key sustainability commitments:

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 usage of technology.

ECONOMIC
- Supply Chain
- Stakeholder Engagement
- Service Quality Agenda
- Cybersecurity

ENVIRONMENT
- Our Consumption
- Our Offerings

SOCIAL
- Employees
- Customers
- Community Support

MEASURING OUR ECONOMIC MATTERS

1.0 INTRODUCTION

In balancing the needs of today and our sustainability aims of tomorrow, HeiTech takes the economic aspects of our business seriously. Our supply chain is designed not only to be complementary but also value-enhancing to our customers. Therefore, we chose our partners based on the values they bring to us added with diversity and equality in mind. We aim to ensure that we continue to exist for years to come by identifying and dissecting proper economic and financial strategies. This includes continuously revisiting and tweaking our supply chain management to ensure that the due processes are being met, by the relevant skilled workforce — as well as in dealing with a diverse range of suppliers, in collaboration with like-minded partners with shared values, to aid the nation in its quest for economic recovery. In line with the needs and considerations of our stakeholders, HeiTech is committed to ensuring that our business priorities are not only ecologically sound but also create value for both internal and external stakeholders.

2.0 SUPPLY CHAIN

2.1 Supplier Management

Our suppliers subscribed to the best global practices in product and service quality control, labour management and environmental protection. To enhance collaboration with the staunch support of our suppliers, vendors and principals, HeiTech develops a strategic partner enablement program where we optimise channel management and increase partner network to unlock new revenue streams between both parties – HeiTech and our partners.

Apart from receiving competitive pricing from our principal partners, HeiTech also benefits from the partner enablement programme through trainings and certifications provided in various technical skill sets to complement multiple products and services we offer to the market. In addition, there is also unique mentor-mentee programmes organised by the partners that promotes diverse leadership development via group discussion, networking, and company-to-company best practice exchange across a select network of customers and partners committed to diversity and inclusion.

To assess our vendors' satisfaction level with our services, HeiTech conducts the Vendor Satisfaction Assessment ("VSSA") on an annual basis. The goal of this assessment is to identify areas for improvement and also to ensure a satisfactory level of service quality - encompassing areas such as personnel, services and general competencies. HeiTech also conducts a Vendor Evaluation Survey ("VES") on all suppliers based on product quality and services rendered to HeiTech on a quarterly basis. The VES helps us to monitor our vendors' performance and determine areas for improvement, in line with requirements from the Standard and Industrial Research Institute of Malaysia ("SIRIM").

As suppliers ourselves, we subscribe to the same values that we expect our suppliers to uphold. Through our subsidiary InterCity-MPC (iNTERCiTY), we are one of the few companies in Malaysia that provide end–to–end Data Document Processing and Record Management services. Through services such as Automated Enveloping and Self-Mailers, supply chain processes are made more efficient, allowing our clients to focus on their core businesses.

2.2 Supplier Diversity

HeiTech subscribes to efficient, fair and transparent procurement activities. Suppliers are selected based on their merits and capabilities, after performing extensive background checks to validate their credibility. We believe that for any organisation to grow, scale and be sustainable, they must be able to deal with a diverse set of audiences, target markets, partners and suppliers. The likes of major international ICT brands such as Google, Microsoft and Symantec have proven that organisations should provide equal opportunity based on merit – regardless of nationality, race or cultural background in order to sustain a business in the long run.

With a total of 1,143 suppliers for the year under review, HeiTech suppliers spread across Bumiputera, Non-Bumiputera, Foreign Company and Principal.

2.3 Strategic Partners Collaboration

Sustainability is achieved through partnerships where HeiTech is able to strategically capitalise on collaboration. Continuing from supplier diversity, through strategic partnership collaboration, HeiTech assesses partners with complementary capabilities - widening the marketing network and distribution channels in Malaysia and international markets. This allows the sharing of best practices, technology updates and strategies that we adopt and apply across our value chain services to support our customers' needs.

In addition, the multi-sector partnerships draw on diverse competencies of partners from many sectors and the huge potential to combine resources, skills and knowledge from a wide range of stakeholders for promoting greater sustainability across the globe.

3.0 STAKEHOLDER ENGAGEMENT

We believe that engagement with both external and internal stakeholders is imperative towards the sustainability of our organisation. Stakeholders who are well informed would better understand, trust and support the aims and goals of the organisation. Promoting transparency, trust and partnership are among the priorities we uphold in order to strengthen our engagement with valuable stakeholders. This is in line with keeping to our focus of involving our stakeholders in various engagements due to the unique benefits they bring to our organisation. These benefits include stakeholder confidence towards HeiTech, increased loyalty, potentially attract investors and increase an overall positive image and reputation towards the company.

The types of engagement differ for each of the stakeholders as seen below:

Stakeholder Group	Type of Engagement	Frequency
Employees	Internal Satisfaction Survey	Annually
	Dialogue with employees - Town Hall	When Needed
	Kick-Off Session	Annually
	Internal newsletters	Quarterly
	Kelab Kakitangan HeiTech	Periodic
Customers	Customer Satisfaction Survey	Once every two years
	Customer Call Operation	24 x 7
	Customer Engagement Programme	Periodic
	Meetings and discussions	Scheduled
	Customer Audit	Scheduled
Shareholders	Annual Report	Annually
	Annual General Meeting	Annually
	Investor Relation Portal	When Needed
	Financial Reports	Quarterly
Partners/Venture	Partner engagement programmes	Scheduled
	Technology update sessions	When needed
	Vendor Satisfaction Survey	Annually
	Vendor Performance Evaluation	Annually
	Tenders, biddings and quotations	When needed
	Procurement policy updates	When needed
Community	Community engagement with HeiTech Cares volunteers	Periodic
	Industry visits by university students	When needed
	Donations and sponsorship	When needed
Government/ Regulatory Body/ Authority	Audits, meetings and site visits	When needed

MEASURING OUR ECONOMIC MATTERS

4.0 SERVICE QUALITY AGENDA

As one of the leading ICT companies in Malaysia, service quality is of the utmost importance in HeiTech's business offerings. The quality of our service is crucial to ensure that it is in line with our core values and principles. We aim to create products and solutions that truly speak to our customers' needs. By efficiently managing our resources and continuously monitoring the degree of productivity of our employees, we ensure that our employees' expertise, knowledge, and talents are proactively cultivated in order to better serve our customers from all walks of life.

In order to achieve excellent service quality, HeiTech has developed our own project management, application development and testing processes, referred to as HeiTech Defined Processes (HDP). These processes are based on global best practices from the Project Management Institute ("PMI"), CMMI Institute and TMMi Foundation.

In 2021 reassessment, HeiTech has successfully retained CMMI for Development v2.0 Maturity Level 3, assessed by the CMMI Institute from the United States. HeiTech is also one of 6 organisations in Malaysia to have achieved and maintained the CMMI maturity level as of 2021.

The adoption of these structured processes for IT projects, which includes HeiTech's Project Management Information System ("PROMISE"), Application Development Information System ("ADVISE") and Product Evaluation for Compliance Information System ("PRECISE") provides guidance to improve the organisation's processes and ability to manage the development, deployment and maintenance of products and services.

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 staff, through its knowledge repository.

Through these processes, we are able to provide an exceptional experience to all of our customers. We conduct a Customer Satisfaction Survey annually to gauge the level of satisfaction of our customers with respect to our services and their overall experience with HeiTech. Our customers provide their feedback through various platforms such as phone call, email, company website and postal mail.

5.0 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, there are undoubtedly more cyber attacks around the world during this pandemic. There are many countries who have reportedly been victims 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.

The results of these losses and harm directly and significantly affect the finances and operations of an organisation and can cause companies to even go bankrupt. Hence, it is vital for our cyber security measures to be at its best in order to ensure business operations remain running.

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 maintained 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 organisations that handle credit cards from the major card issuers.

HeiTech continuously invests 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.

Our strength in cybersecurity is also visible via our Secure-X Managed Security Service, where we manage cyber security risks via threat intelligence and threat hunting. It is worth to also note that our Secure-X is also a finalist of the Cyber100 National Cyber Secuity Innovation Challenge Programme.

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

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

DOING OUR PART FOR THE ENVIRONMENT

1.0 INTRODUCTION

We aim to improve the quality of life and positively impact the environment. We are committed to making our operation environmentally friendly by looking into different ways to minimise the use of natural resources and preserve the natural ecosystem in order to ensure not only the sustainability of the company, but the sustainability of the environment in general. Our efforts involve reducing our carbon footprint by leveraging on the reduction of water and electricity usage, developing and utilising green energy, paperless office transformation and proper waste management.

2.0 OUR CONSUMPTION

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 HeiTech's entire business operation, we commenced our journey in reducing our carbon footprint by implementing a number of different energy-saving initiatives to overcome climate change.

Among the initiatives that were undertaken include:

- Energy consumption from renewable resources i.e. solar;
- Continuously monitoring the effectiveness of our document and waste management system; and
- Enforcing strict measures to reduce electricity usage during non-operating hours.

2.1 Water and Electricity

Prudent and efficient use of water and electricity also positively impacts businesses. The sensible use of water and electricity is vital for socio-economic development and business continuity. HeiTech continuously puts effort in optimising water and electricity usage at the workplace, by discouraging where possible wasteful practices.

Water

The water we consumed is obtained from the municipal water supply. As of 2019, HeiTech no longer manages HeiTech Village in Subang Jaya. There is a lack of data for water consumption since 2019 as there is no separate water meter for the floors we occupy. However, we still maintain records on our water consumption at HeiTech Village 2 ("HTV2"). The following records show water consumption at HTV2 for the past five (5) years:

Year	Water Consumption (m3)
2021	10,360
2020	32,692
2019	47,084
2018	41,084
2017	32,751

Note: All records are of the use at HTV2 (including data centre) and employees working at the location. Due to the Movement Control Order (MCO) in 2021, water usage was significantly reduced due to most employees being mandated to Work From Home (WFH).

Electricity

HeiTech follows a business continuity policy and implements the best practices for disaster recovery in our power supply setup and consumption. In 2021, we practised energy conservation practices at the workplace such as:

- Leveraging on cloud for digital storage and relocating data in cloud services.
- Implementing server optimisation and converting existing physical servers to virtual servers.
- Replacing conventional lighting with energy-saving lighting.
- Initiating active power management on computers and portal devices (standby/hibernate) when inactive.
- Conserving electricity by turning off computers, charging docks, lighting and cooling systems when not in use.
- Making use of natural lighting, automated energy-efficient office and Energy Star certified equipment and cooling systems.

Our electricity consumption follows the GRI Standards and the Greenhouse Gas Protocol ("GHG"). Below is our record electricity consumption use and carbon emissions in metric tonnes of carbon dioxide equivalent ("MT CO2-eq") for the last five (5) years.

Usage of electricity at HeiTech Village 2:

Year	Electricity Consumption (kWh)	Carbon Emission from Electricity Consumption (MT CO2-eq)
2021	**8,750,848**	**6,202.00**
2020	9,126,931	6,330.00
2019	9,263,402	6,428.80
2018	9,322,773	6,470.00
2017	10,029,874	6,960.73

Note: *All records are of the electrical usage 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 CO2-eq)
2021	**244,360**	**169.59**
2020	283,948	197.06
2019	332,590	230.82

Note: *All records are of the electrical usage at HeiTech Village building and employees working in that location.*

We can see that the COVID-19 pandemic has indirectly brought a positive impact to the environment, as fewer people work at the office premises, hence reducing the consumption of water and electricity significantly. Moving forward, we will further put our commitment to reducing overconsumption of water and electricity over time.

We had minimal hassle of transitioning into Work From Home ("WFH") without compromising any single SLA with the customers. In fact, WFH boosted our contribution to lessen the carbon emission which is further complemented by our pivot to utilise alternative energy for our premises, starting with our data centre.

2.2 Paperless Office Transformation

Greenhouse gases are generated from paper production, causing deforestation and global warming. To offset environmental impact, recycling should be implemented in workplace environments to reduce unnecessary wastage of paper. In addition, the inks and toners we use in our printers may contain volatile compounds and non-renewable substances which are damaging to the environment.

As a trusted technology partner, we believe that technology plays an important role to sustain the environment from an economic standpoint. HeiTech has successfully minimised the use of paper by adopting digital transformation, through cloud-based technology and portable devices. All important business documents can be stored digitally and shared online with respective parties which helps to reduce time, money and effort.

As part of our commitment towards a sustainable environment, most of our meeting materials have been shared digitally since 2014. The Board of Directors are provided with downloadable meeting materials in cloud applications. However, we are still required to use paper for business purposes and adherance to certain legal requirements.

SUSTAINABILITY AT HEITECH PADU BERHAD

DOING OUR PART FOR THE ENVIRONMENT

Tabulated below is our five (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 CO2-eq)	Solid Waste (MT)
2021	**1,640**	**1.49**	**(25.45)**	**36.86**	**2.19**
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

* *Usage by Warga HeiTech in HeiTech Village.*

The reduction of paper usage either for internal or external purposes is proof of our commitment and continuous effort to reduce our carbon footprint. It is also contributed by our work from home arrangement, as HeiTech has applied a rotation-based work schedule since the beginning of the COVID-19 pandemic.

2.3 Waste Management

HeiTech strives towards creating both internal and external awareness to mitigate the negative impact on the environment as much as possible. We continuously encourage Warga HeiTech to organise their wastage accordingly for proper waste disposal as we value the impact of misconduct on 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-fixed schedule.

Paper Waste

At HeiTech, documented papers are treated separately from other types of paper. As the printed paper documents may contain certain confidential information, we shred all unwanted documents with sensitive information using 'Destruction-on-Wheels' service by iNTERCiTY.

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 of via proper Green IT disposal procedure.

Hazardous Waste

As printer ink toner cartridges contain potentially hazardous ingredients, HeiTech utilises vendors that provide refillable cartridge services through our subsidiary iNTERCiTY. More than 1,000 bottles of cartridge toners are returned to vendors each year to be refilled and used in our digital data printing services.

3.0 OUR OFFERINGS

Innovation lies at the heart of our practices. We believe the positive impact of technology we create far outweighs any potential negative impacts making life and work easier, more productive and sustainable. As we approach the Fourth Industrial Revolution (IR 4.0), we have continued to innovate solutions that will enable a more resource efficient industry with less waste and greater productivity, as a significant response to climate challenges and to provide alternative consumption options for our stakeholders. Through our offerings, HeiTech has increased the level of automation via digitisation and digitalisation of various processes. The effort is both internal and external with our product innovations being crafted with a clear focus on making a positive impact on the environment.

The year 2021 has seen a continuation of COVID-19 pandemic and its effects on society as a whole. In line with the Malaysia Digital Economy Blueprint introduced in 2020, HeiTech continues to innovate towards developing new products and solutions, as well as improve on existing infrastructures, to aid in the acceleration of Malaysia's progress as a technologically advanced economy. With these innovations, we contribute our efforts to elevate the quality of life for all Malaysians in a post-pandemic world.

Changing How The Industry Behaves

Transportation is considered a traditional asset-intensive industry, accounting for at least 24% of global CO2 emissions as reported by the International Energy Agency in 2020. HeiTech continues to focus on digitalising and automating processes in the transportation industry through innovations such as **Penang Smart Parking** and **Pintar Drive**.

Through the implementation of the latest technology, the Penang Smart Parking (PSP) application utilises an IoT-based system that sends data on the availability of parking space via mobile devices. The innovation has helped to optimise parking experience, which in turn has help to minimise carbon emissions and time spent on the road.

HeiTech, through HeiTech Next ("HNext") has developed Pintar Drive, a solution which automates the manual evaluation and assessment for driving tests which has helped to reduce human contact and elevate driving experience.

Facilitating How Organisations Behave

In the spirit of our vision 'touching lives with innovative solutions', HeiTech has made innovation at the core of our operations — whether it is about helping customers with their ICT needs in the long run, or finding ways to improve the efficiency of internal processes. We focus on resolving significant challenges, where we connect the resulting innovations to our current portfolio of products and services through digitisation and digitalisation.

Amongst the products that have benefitted from these innovations are **Sistem Manajemen Informasi Koperasi (SMIK)** and **ProSchool**, as custom-developed systems currently utilised in the co-operative and education sectors in Indonesia. Through the development of these solutions, we are committed to spurring growth and closing gaps through digitalisation to enhance the productivity, welfare and living standards of Indonesia's rural economy.

On our own shores, we have also worked to ensure the digitalisation of local industries and society at large are implemented in a ecologically conscious way. An example of this would be **HIS@KKM** — a digital patient care ecosystem that helps in building a structured repository of a patient's clinical data and medical history, across all interventions and services offered within the ecosystem. In the same vein, we have also developed **ProDoc**, a document management system that enables text to be recognised from the scanning of physical documents via Optical Character Recognition while immediately storing them to cloud. By digitising manual processes that traditionally require physical documents, these products have aided in increasing efficiency and productivity in the workplace, minimised data leakages and has the added benefit of reducing the usage of paper — which in turn reduces the amount of waste sent to landfills.

Aside from the digitalisation of manual processes, we also offer a **Destruction-on-Wheels (DOW)** service via our subsidiary, Inter-City MPC (iNTERCiTY). DOW is a purpose-built mobile document shredding truck that provides a secure on-site disposal facility to unwanted physical documents, which is then delivered to a recycling facility to be turned into new paper products. Similarly, iNTERCiTY also offers their clients the option of **receiving their bills and statements online** over the traditional usage of physical mail. By providing these options, clients are able to meet their sustainable goals through the reduction of paper waste and other forms of emissions, such as carbon emissions through mail delivery.

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* *Solar Panels at HeiTech Village 2 (HTV2) Data Centre (HTV2)*

Of course, helping customers with their processes is only part of our innovation goals. We believe that improving internal processes is as important as helping others improve. Among the efforts for improvement includes digitalising manual processes such as our internal Risk Register through our in-house developed system named **ieRisk**, our customer help desk system **i-Focus Customer Service ("iFICS")** and our internal task management system that automates task scheduling and assignments **i-SUPPORT**. These internal systems have helped us to ensure maximum circularity in our internal operations, by generating less physical waste sent to landfills and increasing the efficiency of processes in our own workplace.

Assisting Businesses in Operations

Connectivity and digitalisation enables us to collaborate and innovate, engage with our stakeholders and help make industries more productive and efficient. As payment networks become increasingly complex due to the advancement of technology, solutions providers have started to rely on new technologies such as automation and Artificial Intelligence (AI) to combat any issues that may arise. The Tekkis' APIs power **t-Verify** (identity authentication system) and **t-Pay** (payment gateway solution) through automation via a few lines of code and the usage of AI. These processes are vital in business operations, providing benefits such as minimising data leakages and preventing identity fraud.

Providing a Sustainable Solutions

Climate change is now front and centre as the most urgent issue facing humanity, affecting environmental, social and economic life. How we now respond to the challenge is a shared responsibility. That is why we have decided to look at how we drive more efficient, less wasteful use and reuse of resources through technology. In 2021, HeiTech installed **solar panels on the roof tops** of our Data Centre at HeiTech Village 2 (HTV2). By installing solar panels, HeiTech has not only benefitted on utility costs but also in reducing the data centre's overall carbon footprint. Through cloud technology, we are also able to monitor the performance of our solar plants in real time - measuring the reduction of CO2 emissions, the number of trees that can be planted by using sustainable technology, and the amount of coal consumption on the energy used.

PROGRESSING SOCIETY

1.0 INTRODUCTION

At HeiTech, we aim to focus on the the social development of our stakeholders. We foster a workplace where everyone is given the opportunity to pursue their passion, fulfil their purpose, become leaders and empower others around them.

2.0 EMPLOYEES

Our employees, whom we refer to as Warga HeiTech, are the cores of our journey towards sustainable growth. HeiTech is committed towards creating a respectful, diverse, inclusive and collaborative work culture as well as a safe and healthy working environment to ensure Warga HeiTech can achieve excellence in innovation, productivity as well as values.

2.1 Diversity and Inclusivity

At HeiTech, we provide equal recruitment and employment opportunity, regardless of their gender, ethnicity, age, religion and marital status. Warga HeiTech consist of people from a diverse set of ethic, cultural and religious backgrounds. We aim to reduce inequalities within the demographics of the organisation.

We also abide by the Children and Young Persons (Employment) Act 1966 where the recruitment of children and young workers as forced labour are prohibited. We continuously encourage all Warga HeiTech to respect one another via the establishment of HeiTech Code of Business Conduct detailing how employees should conduct themselves and the guideline is applicable to all companies under the HeiTech Group. This is one of the corporate strategies of HeiTech to promote respect, diversity and inclusion within the organisation.

2.2 Demographics

Tabulated below are the demographics of Warga HeiTech until 31 December 2021. The number of staff is represented by the Company, not the Group.

	2021		2020		2019		2018		2017	
Age Group	**Data**	**%**	**Data**	**%**	**Data**	**%**	**Data**	**%**	**Data**	**%**
<20	**-**	**-**	-	-	-	-	1	0.11	-	-
20-29	**301**	**30.78**	301	30.56	307	30.98	262	28.35	88	9.65
30-39	**288**	**29.45**	297	30.15	302	30.47	307	33.23	304	33.33
40-49	**243**	**24.85**	245	24.87	235	23.71	226	24.26	278	30.50
50-59	**144**	**14.72**	136	13.81	138	13.93	126	13.63	207	22.70
>60	**2**	**0.20**	6	0.61	9	0.91	2	0.22	35	4.00
TOTAL	**978**	**100**	985	100	991	100	924	100	912	100

	2021		2020		2019		2018		2017	
Gender	**Data**	**%**	**Data**	**%**	**Data**	**%**	**Data**	**%**	**Data**	**%**
Male	**603**	**61.66**	599	60.81	596	60.14	564	61.00	569	62.39
Female	**375**	**38.34**	386	39.19	395	39.86	360	39.00	343	37.61
TOTAL	**978**	**100**	985	100	991	100	924	100	912	100

PROGRESSING SOCIETY

Turnover Rate by Gender	2021 %	2020 %	2019 %	2018 %	2017 %
Male	**18.38**	4.97	12.14	8.83	8.84
Female	**13.72**	4.97	15.47	6.32	5.53
TOTAL	**32.10**	9.95	27.61	15.15	14.37

Gender	2021		2020		2019		2018		2017	
	Data	%	Data	%	Data	%	Data	%	Data	%
Malay	**942**	**96.32**	958	97.26	965	97.38	899	97.29	878	96.27
Chinese	**11**	**1.12**	6	0.62	6	0.61	7	0.76	12	1.32
Indian	**7**	**0.72**	7	0.71	9	0.91	7	0.76	7	0.77
Other Bumiputera Ethnicity	**1**	**0.20**	2	0.2	7	0.71	7	0.76	8	0.88
Sabah Native	**6**	**0.61**	3	0.3	1	0.10	1	0.11	3	0.33
Sarawak Native	**9**	**1.02**	8	0.81	2	0.20	2	0.22	2	0.22
Pakistani	**-**	**-**	0	0	-	-	-	-	1	0.11
Iranian	**1**	**-**	1	0.1	1	0.10	1	0.11	1	0.11
TOTAL	**978**	**100**	985	100	991	100	924	100	912	100

Gender Diversity of Management

Top Management

2021	**3**	**1**
2020	4	3
2019	4	3
2018	4	3
2017	2	3

Board of Directors

2021	**7**	**1**
2020	7	1
2019	7	3
2018	7	3
2017	6	2

Education Level	Headcount
Diploma & below	345
Bachelor's Degree	599
Masters & PhD	33
Professional Qualification	1
TOTAL	**978**

Employment Category	Headcount
Permanent	463
Contract	515
TOTAL	**978**

2.3 Career Growth

All career advancement process in HeiTech is guided by HeiTech Career Ladder policy which helps Warga HeiTech to plan and chart their career growth in the Company. We provide trainings that include specific skills or technical competencies, soft skill training, coaching, leadership and also organise knowledge-sharing sessions to all Warga HeiTech. Approximately RM1,015,933 has been invested for all training programmes conducted in year 2021.

Soft Skills (Total training = **14**)

- Analytical & Critical Thinking Skills
- Business English for Front Liners
- Communication & Networking Skills
- Entrepreneurship 101
- Managing Virtual Teams
- Organisational Adaptability
- Supervisory Development Program

Functional (Total training = **46**)

- Accounting Skills for Accounts Clerks & Assistants
- Digital Human Resources
- QMS and ABMS Internal Auditing Workshop
- MS ISO 9001:2015 QMS Introduction
- Social Media Marketing

Technical (Total training = **74**)

- Advanced PHP Programming
- Business Requirement Analysis
- Web Application Security
- Mobile Application Development
- React Native
- Agile Hybrid Project Management

2.4 Employee Certification

We continue to invest in the growth of Warga HeiTech and encouraged them to obtain certification with specific technical skillsets in order to support the development and deployment of multiple products and services we provide to the market. As of 31 December 2021, we have 206 certified staff, with various certifications obtained, as follows:

Certifications

- CCNA: Implementing and Administering Cisco Solutions v1.0
- Certified Business Analysis Professional (CBAP)
- Certified Contact Center Professional (CCCP)
- Certified Data Centre Specialist (CDCS)
- Certified Ethical Hacker (CEH)
- Certified Information Security Manager (CISM)
- Certified Tester Foundation Level (CTFL)
- CompTIA Cybersecurity Analyst (CySA+)
- CompTIA Network+
- CompTIA Security+
- ITIL V4 Foundation

- Cisco Certified Network Professional (CCNP) Routing and Switching
- IREB Certified Professional for Requirements Engineering (CPRE) - Foundation Level
- Microsoft 365 Certified: Enterprise Administrator Expert
- Microsoft 365 Certified: Modern Desktop Administrator Associate
- Microsoft Certified Azure Administrator Associate
- Project Management Professional (PMP)
- Red Hat Certified System Administrator (RH199)

SUSTAINABILITY AT HEITECH PADU BERHAD

PROGRESSING SOCIETY

2.5 Employee Engagement

At HeiTech, we strongly believe that life is beyond merely work. We continue to conduct and organise various employee engagement activities in order to promote sustainable culture within the company. Furthermore our efforts were also assisted by Kelab Kakitangan HeiTech ("KKH"). The establishment of KKH was to organise non-work-related matters among Warga HeiTech. While most activities by KKH conducted in 2021 were related to sports, arts, religion and culture, there were also disaster relief activities that occurred during the major floods in Peninsular Malaysia that significantly helped the flood victims.

Among engagement activities organised are as follows:

- Weekly Yaasin Recital
- Dana Kasih Sayang HeiTech
- Flood Relief Assistance 2021
- Flood-affected Home Cleaning
- Pertandingan Melukis dan Mewarna Sempena Bulan Kemerdekaan
- e-Kuiz Keluarga Malaysia
- Family Fun Video
- Fantasy Premiere League
- Pertandingan Mewarna Bertemakan Keluarga Malaysia
- HeiTech Runner: The Ultimate Run
- Movie Fever: SpiderMan – No Way Home

2.6 Commitment to Safety and Health Performance

HeiTech is fully committed to providing a safe and healthy work environment for all employees, contractors, clients, visitors and related stakeholders on every site. This is reflected in our Occupational Safety and Health Policy ("OSH Policy") in line with Occupational Safety and Health Act 1994 and is administered by the OSH Committee consisting of Chairman, Deputy Chairman, Secretariat and members from different departments and business divisions.

The role of the HeiTech OSH Committee is to determine the overall occupational safety and health strategies and initiatives, as well as to drive effective implementation. The OSH Committee also conducts regular workplace inspections including plumbing, electrical, heating and cooling equipment to help prevent incidents, injuries and illnesses and ensure nothing can compromise the safety and health of the employees.

Workplace Safety

In order to reduce workplace accidents, we manage safety and health by continuing to identify and monitor the significant risks areas by implementing practical safety measures and encouraging healthy lifestyle. This is further supported by promoting a positive safety and health culture by strengthening the engagement and involvement with our employees.

Some of our initiatives in this area include organising activities to improve knowledge and skills on safety and health matters such as basic safety training, fire prevention drills and hazard identification. We also emphasised a balanced work lifestyle through KKH by having sports, wellness programmes, motivational talks, cultural activities, outings and recreational programmes.

During the year under review, we continued to organise Occupational Safety and Health (OSH) programmes with the main purpose of embedding and inculcating a safe and healthy culture and mindset among our employees.

We also acknowledged that the risk of carpal tunnel syndrome amongst Warga HeiTech is higher while working in the ICT industry without ergonomic changes.

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

Year	Average Total Staff	Carpel Tunnel	%	Slipped Disk	%
2021	**1,001**	**3**	**0.29**	**4**	**0.39**
2020	985	3	0.30	2	0.20
2019	991	3	0.30	4	0.40
2018	924	0	0.00	5	0.54
2017	902	3	0.33	4	0.44

Nonetheless, creating a safe communal environment that encourages everyone to be more active remains one of the keys of HeiTech contributing towards embracing environmental sustainability. We continue to implement measures to advocate holistic employee well-being and constantly encourage the employees to do light exercise and motivate employees to practice healthy habits and promote a safe working environment.

PROGRESSING SOCIETY

2.7 COVID-19-Related Safety and Health Measures

HeiTech has established guidelines and procedures during the COVID-19 outbreak that outlines the necessary measures to be taken by Warga HeiTech and its stakeholders. These guidelines include matters related to working arrangement, event management, usage of self-test kits, encouraging employees to go for booster shots, sharing of COVID-19 statistics and many more. In order to maximise the reach, HeiTech has communicated these guidelines and procedures via email and Telegram.

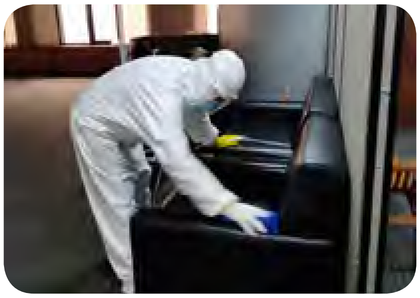
For working arrangement, HeiTech has moved towards 100% Work on Premise ("WoP") in line with adapting to the endemic phase. Exclusion for this directive are only for those who are identified as close contact, unwell and non-vaccinated employees. Employees are also reminded to fully adhere to the following measures;

a. Maintaining a physical distancing and proximity of 1-metre apart.
b. Usage of face masks all the times.
c. Regularly sanitising hands.
d. Avoiding crowded places.
e. If unwell, employees are prohibited from entering office premises and are asked to mmediately seek for medical treatment.

In the case of events, meetings or trainings, HeiTech laid out requirements based on the number of attendees as well as the duration of the event. Self-test kits are provided for official company events.

HeiTech has also taken proactive measures to encourage employees to obtain booster shots for COVID-19 via the company's COVID-19 Awareness Campaign. This is done for the protection of Warga HeiTech against severe and potentially fatal infection as well as preparation for the transition towards the endemic phase. This effort also reflects our commitment towards supporting the government initiatives to increase vaccination rates among the Malaysian population. Currently, 99% of Warga HeiTech are fully vaccinated.






We realise the importance of proper sanitisation and disinfection at office premise in response to the COVID-19 pandemic. We conduct frequent office sanitisation to keep Warga HeiTech safe in as efficient a manner as possible.

2.8 Internal Satisfaction Survey ("ISS")

Every year, HeiTech conducts the Internal Satisfcaction Survey in order to evaluate the service performance of various internal departments within the company. This survey is done to ensure we identify key strength and improvement areas of our internal service provision.

For the Internal Satisfaction Survey 2021, out of 939 target respondents, 919 staff participated in the survey which is around 87% of the total staff population. This is by far the best response rate thus far throughout the history of our internal satisfaction surveys. The following table illustrates the satisfaction level of internal services within HeiTech.

	Department/Service Owner	Total No. of Responses	Total Dissatisfied (Rating 1 & 2)	Total Satisfied (Rating 3 & 4)	Overall Customer Satisfaction Level (%)
1	Audit & Assurance	272	1	271	99.63%
2	Company Secretary	224	1	223	99.55%
3	Corporate Finance	444	13	431	97.07%
4	Corporate Human Resource	571	6	565	98.95%
5	Governance & Integrity	302	6	296	98.01%
6	Information Technology Management	529	15	514	97.16%
7	Legal	292	3	289	98.97%
8	Organizational Practices & Consulting	301	1	300	99.67%
9	Procurement Services	334	6	328	98.20%
10	Project Monitoring & Compliance	292	1	291	99.66%
11	Property Management & Administration	382	3	379	99.21%
12	Strategic & Corporate Communications	308	3	305	99.03%
CORPORATE OFFICE OVERALL TOTAL		**4251**	**59**	**4192**	**98.61%**

2.9 Grievance, Sexual Harassment and Whistleblowing

HeiTech stands firm on maintaining a healthy workplace environment which is free from harassment in any form. The 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.

2.10 Work-life Balance

Sustainable human development can occur only when there is a reasonable work-life balance. We strongly believe that with better work-life balance, employees feel more in control of their working life and resulting to happier employees, increased production rate, and lower absenteeism.

Generally, the working hours for Warga HeiTech are in accordance with the nation's Labour Law. However, we have improved upon the norms and allowed 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 organises 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 being a platform for Warga HeiTech to get to know each other.

PROGRESSING SOCIETY

3.0 CUSTOMERS

Customers are one of the biggest factors in determining the make or break of a business. HeiTech continues to be committed in providing the best possible solutions, coupled with the best value added services based on integrity, respect and fairness, to our customers. We continue to demonstrate commitment by ensuring our customers are satisfied, provide on-time delivery, enhance customer experience and provide continuous knowledge sharing and expertise with customers.

3.1 Customer Care Operations ("CCO")

Customer service goes beyond receiving and making calls. The idea of a satisfied customer revolves around the ability to retain them at a favourable price point to both the business as well as the customers themselves. In order for this to work, the services provided must meet or exceed customer expectations.

At HeiTech, our 24-hour call centre proactively handle enquiries, complaints and project incidents from customers. The call centre is operated by trained professional helpdesk employees to ensure all inputs are tracked and recorded, in accordance with our Customer Care Operating Procedure.

General enquiries and complaints are responded within three (3) working days. With regards to project support and maintenance incidents, our Customer Care Centre attends and rectifies as per the Service Level Agreement. Once an issue is resolved, customers will be provided with incident reports that summarises the incidents. At HeiTech, we treat every enquiry/complaint/incident with the utmost importance and ensure it remains within the boundaries of our information security and privacy policy as well as comply with the Personal Data Protection Act 2010 ("PDPA 2010").

3.2 Information Security and Privacy Policy

As technology continues to rapidly advance, so does its threats. The safety of corporate information and confidential data is important. As part of the efforts to mitigate information security risk, HeiTech takes proactive measures on IT security controls, as stipulated in our Information Security and Privacy Policy.

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

Our commitment and efforts to provide secured data services to our customers were paid off through the recognition 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.

3.3 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 our Customer Satisfaction Survey once every 2 years.

The survey not only covers our past business activities, but also provides room for valuable feedback, opinions and recommendations that help make us a better organisation. Additionally, the survey helps us to determine our necessary course of action based on areas that require improvement.

4.0 COMMUNITY SUPPORT

We remain committed towards Corporate Social Responsibility ("CSR") initiatives in order to expand our reach to the community. Our focus is to contribute towards developing human capital by raising the level of employability of individuals via education and social development as well as the quality of life and standard of living for those in need of support.

Empowering Youth Through Education

HeiTech believes that the future lies in the younger generation. While some students are fortunate to be blessed with the adequacy of their educational needs, others require all the help they can get. We continue to play a pivotal role in raising the educational standards of students in rural communities by providing them with necessary support to succeed in their education. HeiTech's participation in youth and educational development includes student industry field trips, school adoption and scholarship programmes, collaboration with universities and providing gadgets to students.

In 2021, HeiTech was involved in various youth-building initiatives with the aim of fostering the future leaders of our nation. Through these activities, we hope to inspire the future generation through the power of technology and innovation. Among the activities that we conducted were as follows: -

(a) Provide gadgets to empower learning

We have provided 100 tablets to students from two (2) schools and federation to enable them to follow the home teaching and learning program (PDPR) during the Movement Control Order (MCO) period. The students from SMK Puchong Perdana, SK Dusun Tua and the Federation of the Deaf Malaysia were presented with the tablets worth RM55,000 and was part of our Tablet Donation Programme in realising the MyDigital blueprint.

Additionally, HeiTech collaborated along with Inspira Comm, a social enterprise, by donating 10 laptops for efforts in providing education to Orang Asli school children as well trainings for women in the Bukit Kemandol area. The programme also involved the support from SK (A) Bukit Kemandul.

(b) Collaboration with Universities for Industrial Experience

For tertiary education, 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 in 2019. This programme 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. The programme commences in 2022 as the students only reach the internship part of their studies in 2022.

Furthermore, HeiTech also collaborates with external parties to assist university students for the development of their education. Our collaboration with IBM and UMP began since 2010 under the "IBM-UMP HeiTech System z Academic Initiative". It is an elective curriculum to develop specialists 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.

(c) 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 RM10,000 for this programme.

MOVING FORWARD

We will continue to extend our efforts in fulfilling our sustainability commitment to discover new means to minimise waste generation, improve operational performance as well as reduce negative environmental impact.

We also strive to ensure that all our operations are in full compliance with applicable environmental regulations, whilst driving innovation to enhance resource efficiency with the goal of contributing towards an eco-friendly business transformation.

PROFILE OF DIRECTORS

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

CHAIRMAN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

MALAYSIAN
AGED 73
MALE

DATE OF APPOINTMENT
17th October 2006

QUALIFICATIONS:

- 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

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 the Chairman 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.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

DATO' SRI MOHD HILMEY BIN MOHD TAIB

PRESIDENT/EXECUTIVE DEPUTY CHAIRMAN

MALAYSIAN
AGED 69
MALE

DATE OF APPOINTMENT
5th August 1994

QUALIFICATIONS:

- Bachelor of Economics (Hons) in Accounting, University of Malaya, Malaysia
- 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 Hilmey 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 Hilmey 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 Hilmey 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 university college status into one of the top local universities, specialising in engineering and technology courses.

He is also the Chairman of HeiTech Eco Energy Sdn Bhd, Motordata Research Consortium Sdn Bhd, and several other companies within HeiTech Group and also a Director of Tekkis Sdn Bhd.

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

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

PROFILE OF DIRECTORS

DATO' MOHD FADZLI BIN YUSOF

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Risk Management Committee

MALAYSIAN
AGED 77
MALE

DATE OF APPOINTMENT
7th October 2005

QUALIFICATIONS:

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

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.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

SULAIMAN HEW BIN ABDULLAH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Nomination & Remuneration Committee
Member of Risk Management Committee

MALAYSIAN
AGED 72
MALE

DATE OF APPOINTMENT
30th July 2013

QUALIFICATIONS:

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

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.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

PROFILE OF DIRECTORS

WAN AINOL ZILAN BINTI ABDUL RAHIM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Audit Committee
Member of Employee Share Option Scheme ("ESOS") Committee

MALAYSIAN
AGED 67
FEMALE

DATE OF APPOINTMENT
6^{th} August 2013

QUALIFICATIONS:

- 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.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

DATUK MOHD RADZIF BIN MOHD YUNUS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Nomination & Remuneration Committee
Member of Risk Management Committee

MALAYSIAN
AGED 63
MALE

DATE OF APPOINTMENT
21st September 2018

QUALIFICATIONS:

- 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

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.

He is the Chairman of Tekkis Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

12/12

PROFILE OF DIRECTORS

HAMZAH BIN MAHMOOD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Audit Committee
Member of Employee Share Option Scheme ("ESOS") Committee

MALAYSIAN
AGED 60
MALE

DATE OF APPOINTMENT
12th March 2021

QUALIFICATIONS:

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

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 a vast experience in the financial sector, including in the fields of 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.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

10/10

RAZALEE BIN AMIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of Audit Committee

MALAYSIAN
AGED 69
MALE

DATE OF APPOINTMENT
1st January 2022

QUALIFICATIONS:

- Bachelor of Economics (Hons) in Accounting, University of Malaya, Malaysia
- Postgraduate Diploma in Accounting, University of Malaya, Malaysia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Financial Planner, Financial Planning Association of Malaysia

EXPERIENCE:

Razalee bin Amin is a licenced auditor and an approved liquidator, who has more than 43 years of experience in various management positions and directorships in public listed companies with areas of expertise in audit, corporate recovery, finance, banking and investment acquisition.

He started his career at Messrs. Hanafiah Raslan & Mohamad, a Chartered Accountant firm. In 1983, he joined Sateras Resources (Malaysia) Berhad as a Group Financial Controller before being appointed as the Senior Vice President of the Investment and Acquisition Division at MBF Finance Berhad in 1987. He subsequently served Damansara Realty Berhad as Senior General Manager from 1994 until 1996, when he set up his own Chartered Accountants firm, Razalee & Co., where he is presently the Managing Partner.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

N/A

PROFILE OF DIRECTORS

NIK MUSTAPHA BIN NIK MOHAMED

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman of Employee Share Option Scheme ("ESOS") Committee
Member of Nomination and Remuneration Committee

MALAYSIAN
AGED 66
MALE

DATE OF APPOINTMENT
1st January 2022

QUALIFICATIONS:

- Bachelor of Science, Northern Illinois University, USA
- Masters in Science, Northern Illinois University, USA
- Diploma in Education, University Kebangsaan Malaysia
- Masters in Business Administration, Cranfield University, United Kingdom

EXPERIENCE:

Nik Mustapha started his career in 1978 as a Research Assistant at Northern Illinois University, USA before joining Majlis Amanah Rakyat (MARA) from 1981 to 1984, as Development Officer/Lecturer in the Education and Training Division. He left to join Rank Xerox Ltd. Malaysia as Senior Personnel Executive and subsequently as the Personnel Manager before moving to Sterling Drug Malaysia and Singapore in 1987 until 1995.

Nik Mustapha was appointed as Assistant General Manager of HR & Corporate Affairs Division of Permodalan Nasional Berhad ("PNB") and later as General Manager where he served until 2000. Before his retirement, he had served as Chief Human Resource and Corporate Services of Felda Global Ventures Holdings Berhad ("FGV").

Currently, he served as General Manager in Professional Golf of Malaysia.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

N/A

CHONG SEEP HON

INDEPENDENT NON-EXECUTIVE DIRECTOR

MALAYSIAN
AGED 60
MALE

DATE OF APPOINTMENT
1^{st} January 2022

QUALIFICATIONS:

- Bachelor of Electrical Engineering (Major in Computer Science, Systems & Controls), University of New South Wales, Australia

EXPERIENCE:

Chong started his career as Services Engineer at IBM in 1988. Throughout his career, he held various positions in IBM involving both technical, sales and management. He also assumed Senior Leadership positions and was involved in making strategic decisions for clients and the company.

Chong has thirty-two (32) years in the IT industry and has vast experience in Artificial Intelligence (AI) and Big Data. He is currently the Consultant for AI & Big Data company located in Malaysia where he provides advisory and consultancy to company based on a needs basis.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR:

N/A

PROFILE OF COMPANY SECRETARIES

F

SITI SHAHWANA BINTI ABDUL HAMID

QUALIFICATION(S):

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

EXPERIENCES:

Siti Shahwana was appointed as the Company Secretary of HeiTech on 29th 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.

M

AMIR ZAHINI BIN SAHRIM

QUALIFICATION:

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

EXPERIENCES:

Amir Zahini was appointed as Joint Company Secretary on 1st March 2016. He has over fifteen (15) years of experience in the private sector as company secretary, specialising in the areas of 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

Dato' Sri Mohd Hilmey's profile is contained in the "Profile of Directors" section as set out on page 55 of this Annual Report.

SALMI NADIA BINTI MOHD HILMEY

- Group Chief Operating Officer
- Executive Vice President

QUALIFICATION(S):

- 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

EXPERIENCES:

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.

AHMAD NASRUL HAKIM BIN MOHD ZAINI

- Group Chief Financial Officer
- Executive Vice President

QUALIFICATION(S):

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

EXPERIENCES:

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

ABDUL HALIM BIN MD LASSIM

- Chief Executive Officer of Core 1
- Executive Vice President

QUALIFICATION(S):

- 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)

EXPERIENCES:

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.

AHMAD JEFRI BIN ADBUL RASHID

- Head of Core 2
- Senior Vice President

QUALIFICATION(S):

- Bachelor of Commerce, University of Newscastle, Australia
- Chartered Accountant
- Member of Malaysia Institute of Accountants (MIA)
- Member of CPA Australia

EXPERIENCES:

Ahmad Jefri started his career as an Associate with KPMG Desa Megat in 2000 before moving to Ernst & Young in 2003. He left Ernst & Young as Senior Manager after serving the firm for 9 years to join HeiTech in 2013 as Senior Manager, Group Financial Services.

He was appointed as Vice President, Group Financial Services in 2019 and subsequently as Senior Vice President and Head of Core 2 in 2021, to oversee the subsidiary companies in HeiTech Group.

He holds a number of directorship within HeiTech Group.

ABDULLAH BIN AHMAD

- Head of Core 3
- Senior Vice President

QUALIFICATION(S):

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

EXPERIENCES:

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 of 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.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE

TS. WAN ZAILANI BIN WAN ISMAIL

- Senior Vice President, Technology & Product Managed Infrastructure Services (HMS)

QUALIFICATION(S):

- Bachelor of Science (BSc) in Computer Science and Mathematics, University of Wisconsin, Oshkosh, Wisconsin, USA
- Professional Technologist (P.Tech), Malaysian Board of Technologist

EXPERIENCES:

Ts. Wan Zailani has more than 30 years of experience in the ICT industry. He started his career with US-based WANG Computers (now defunct) in 1989, as the Systems Analyst. He then left the company to join the largest local Bank, Malayan Banking Berhad (Maybank) in February 1990. There he was the Head of the Technical Services Unit responsible in managing the Bank's Mainframe system (IBM system Z) for its high availability and systems performance.

After 10 years working with Maybank, he left to join HeiTech Padu Berhad in 1999, until now. Throughout this period, he has held various positions such as Technical Consultant, Project Manager, Product Manager, Head of Product, Sales & Marketing, Head of Managed Operations, Director of Enterprise Technology Services and currently, the Chief Technology Officer and Senior Vice President of HeiTech's Managed Infrastructure Services business unit or widely known as HeiTech Managed Services (HMS).

NOR AZLINA BINTI ABDUL LATIFF

- Chief Information Officer
- Vice President

QUALIFICATION(S):

- 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)

EXPERIENCES:

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 system 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

QUALIFICATION(S):

- 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

EXPERIENCES:

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors acknowledges the importance of Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") to continuously deliver sustainable performance for the benefit of shareholders and maintaining standards of corporate governance in managing the business affairs of the Group.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("MMLR") and it is to be read together with the Corporate Governance Report 2021 of the Group which is available on the corporate website at **www.heitech.com.my**

A PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

It is essential that the Board see their directorships as a journey of stewardship. The notion of stewardship points that the Board have a responsibility not only to themselves but to the Group, its shareholders and the wider group of stakeholders as well. It is also important to iterate that a good corporate governance is not against self-enrichment, as this is a key driver in a free economy. Rather, good corporate governance call for the Board to walk down this path of enrichment in an ethical and sustainable manner.

PART 1 – BOARD RESPONSIBILITIES

The Board of Directors ("the Board") are entrusted with the responsibility to exercise reasonable and proper care of the Group'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 Group. Furthermore, the Board acknowledges the recommendation of the code in MCCG 2021 on a clear division of responsibility between the Chairman and the President.

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 Group 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 the 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.

The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities. Details of the Board members' attendance at the Board and Board Committee meetings for the financial year ended 31st December 2021 are as follows: -

Director	Board of Directors Meeting	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Risk Management Committee Meeting
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	12/12	7/7	N/A	N/A
Dato' Sri Mohd Hilmey Bin Mohd Taib	12/12	N/A	N/A	N/A
Dato' Mohd Fadzli Bin Yusof	12/12	N/A	N/A	4/4
Datuk Mohd Radzif Bin Mohd Yunus	12/12	N/A	3/3	4/4
Encik Sulaiman Hew Bin Abdullah	12/12	N/A	3/3	4/4
Puan Wan Ainol Zilan Binti Abdul Rahim	12/12	7/7	N/A	N/A
Encik Hamzah Bin Mahmood	10/10	N/A	N/A	N/A
Dato' Haji Ghazali Bin Awang (Resigned w.e.f 31st December 2021)	12/12	7/7	3/3	N/A
Datuk Jayakumar A/L Panneer Selvam (Resigned w.e.f 1st October 2021)	11/11	N/A	N/A	N/A
Encik Razalee Bin Amin (Appointed w.e.f 1st January 2022)	N/A	N/A	N/A	N/A
Encik Nik Mustapha Bin Nik Mohamed (Appointed w.e.f 1st January 2022)	N/A	N/A	N/A	N/A
Mr. Chong Seep Hon (Appointed w.e.f 1st January 2022)	N/A	N/A	N/A	N/A

Group Company Secretary

Every Director 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 was 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 Group and the Directors in relation to their duties and responsibilities. The Company Secretaries also ensure that relevant board papers are disseminated to the Board before the meetings to enable the Directors review the materials and obtain additional information or clarification. The Company Secretaries attend all meetings of the Board and Board Committees and ensure that all the meetings are properly convened, and that the deliberations at the meetings are recorded.

Access to Information and Advice

The Board has unfettered access to the information within the Group, in terms of 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 advice from independent professional advisers at the Group's expense.

Board Charter

The Board's roles and responsibilities, as stated earlier are outlined 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 Group.

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 President 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.

Code of Conduct

The Directors are 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 to enhance the Group's standard of corporate governance and behaviour. The Directors are obliged to follow the code as it is the way to manifest their commitment to professionalism and integrity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistleblowing Policy

A Whistleblowing Policy was adopted to provide a safe avenue for employees and stakeholders of HeiTech to disclose any improper conduct concerning the Group. A copy of the Whistleblowing Policy and Guidelines is available for viewing on the Group's corporate website at **www.heitech.com.my/**

Training of Directors

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 2021, the Directors had attended various training programmes relevant to their duties and responsibilities. Among the trainings that they had attended includes:

- MIA Webinar Series: Board Assessment – A Key Cog in an Effective Governance Structure
- Webinar: Introduction to the Agile-Aware Leader
- MIA Webinar Series: Managing Risk Effectively Amidst Uncertainty

PART 2 – BOARD COMPOSITION

The Group is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of accounting, finance, taxation, audit, business, information technology, and law. This enables the Board to carry out its responsibilities effectively and ensures accountability.

At present, the Board consists of ten (10) members, all of whom are non-executive, except for the Executive Deputy Chairman. Of the nine (9) Non-Executive Directors, eight (8) 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.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") consists of exclusively Independent Non-Executive Directors. The members are as follow:

Members	Designation
Encik Sulaiman Hew Bin Abdullah	Chairman
Datuk Mohd Radzif Bin Mohd Yunus	Member
Encik Nik Mustapha Bin Nik Mohamed	Member

NRC is entrusted 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") of the Group. NRC considers various aspects which include the competencies, commitment, contribution, and performance of a candidate. The Committee strictly adheres to the selection process which emphasises the qualification, background, and 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 Group.

Tenure of Independent Director

The Board takes cognisance of the MCCG best practice stipulating that the tenure of an Independent Director should not exceed a term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board if it is determined that his/her expertise and experience are relevant to the Group. The Board may wish to retain an Independent Director who has served more than nine (9) years.

In such an event, the Board, with the recommendation by the NRC will assess to justify retaining him/her as an Independent Director, and the Board must make a recommendation to this effect whilst providing strong justification to shareholders for their approval at a general meeting through a two-tier voting process.

Gender Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2021 to the establishment of boardroom and workforce Gender Diversity Policy. The Board, through the NRC will continue to consider gender diversity as part of its future selection on female board representation.

The evaluation on the suitability of candidates as a 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.

Re-election of Directors

The Company's Constitution provides that at least one-third of the Directors be subjected to retirement by rotation at each Annual General Meeting ("AGM") and that all Directors retire once every three years and be eligible to offer themselves for re-election. The Constitution also provides that Directors who are appointed during the year be subjected to re-election at the next AGM following his/her appointment.

At the forthcoming AGM, three (3) Directors namely, Dato' Sri Mohd Hilmey Bin Mohd Taib, Puan Wan Ainol Zilan Binti Abdul Rahim, and Encik Hamzah Bin Mahmood will be retiring by rotation pursuant to Clause 82 of the Company's Constitution and being eligible, offered themselves for re-election. Whilst the newly appointed Directors, Encik Razalee Bin Amin, Encik Nik Mustapha Bin Nik Mohamed and Mr. Chong Seep Hon will be retiring pursuant to Clause 85 of the Company's Constitution.

PART 3 – REMUNERATION

The Board strives to ensure that there is formal and transparent remuneration to attract and retain Directors and Management of the required calibre needed to run the Group successfully. The remuneration payable to Non-Executive Directors will be a matter for the Board as a whole, and individual Director shall not participate in the decision on their own remuneration packages.

The details of the Director's remuneration comprising remuneration received during the financial year ended 31st December 2021 are as follows:

Directors	Salary RM	Special Allowances RM	Bonus RM	Meeting Allowances RM	Annual Fees (Company) RM	Annual Fees (Subsidiaries) RM	Total RM
Dato' Sri Mohd Hilmey Bin Mohd Taib	1,225,000	-	-	12,000	-	15,000	1,252,000
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-	36,000	-	39,500	-	-	75,500
Dato' Haji Ghazali Bin Awang (Resigned w.e.f 31st December 2021)	-	-	-	39,500	-	-	39,500
Dato' Mohd Fadzli Bin Yusof	-	-	-	29,500	-	12,500	42,000
Datuk Mohd Radzif Bin Mohd Yunus	-	-	-	33,000	-	-	33,000
Sulaiman Hew Bin Abdullah	-	-	-	33,000	-	-	33,000
Wan Ainol Zilan Binti Abdul Rahim	-	-	-	28,000	-	-	28,000
Hamzah Bin Mahmood				16,000	-		16,000
Datuk Jayakumar A/L Panneer Selvam (Resigned w.e.f 1st October 2021)	-	-	-	20,000	-	-	20,000
GRAND TOTAL							**1,539,000**

The number of Directors of the Company in each remuneration band during the financial year ended 31st December 2021 are as follows:

Range of Remuneration (RM)	Executive	Non-Executive
Up to 50,000	-	7
50,001 – 200,000	-	1
200,001 and above	1	-

B PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

In today's complex and evolving business environment, an effective audit and risk management process can make a strong contribution to a "no surprises" environment. Being vigilant of uncertainties requires the Group to anticipate future challenges, understand what is on the horizon, and address risks more strategically - all of which calls for greater oversight, accountability and transparency.

i) Audit Committee

The Audit Committee consists of exclusively Independent Non-Executive Directors. Currently, the members are as follows:-

Members	Designation
Puan Wan Ainol Zilan Binti Abdul Rahim	Chairman
Encik Razalee Bin Amin	Member
Encik Hamzah Bin Mahmood	Member

The Audit Committee carries the responsibilities as listed in the Audit Committee's Report on pages 74 to 76 of the Annual Report.

Relationship with the External Auditors

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

Internal Audit Function

The Group's internal audit function is carried out by an internal audit department led by Encik Ahmad Kamal Bin Mohd Kassim. Internal audit provides independent assessment on the effectiveness and efficiency of internal controls by utilising a global audit methodology and tool to support the corporate governance framework. Further details on the internal audit function are described in the Audit Committee's Report on pages 74 to 76 of the Annual Report.

ii) Risk Management Committee ("RMC')

The RMC consists of exclusively Independent Non-Executive Directors. Currently, the members are as follows:-

Members	Designation
Dato' Mohd Fadzli Bin Yusof	Chairman
Datuk Mohd Radzif Bin Mohd Yunus	Member
Encik Sulaiman Hew Bin Abdullah	Member

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

RMC also reviews and deliberates any potential investment to be made by the Group. 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.

Internal Control and Risk Management

The Board of Directors recognised the importance of having sound internal controls and risk management practices to 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 statement of the Group on risk management and internal control system is set out in the Statement on Risk Management and Internal Control on pages 77 to 82 in this Annual Report.

C PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

Communication With Stakeholders

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 Group is guided by the Corporate Disclosure Guide issued by Bursa Malaysia.

The Group communicates to its stakeholders via its website, **www.heitech.com.my** and its announcements on Bursa Malaysia's website. 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.

Conduct of Annual General Meeting

The Board will ensure that the Notice of the Annual General Meeting is sent to shareholders at least twenty-eight (28) days prior the date of the general meeting to provide sufficient time and opportunity to shareholders to prepare for the discussion in general meetings. The Chairman and the Board members will be present at the general meeting.

Shareholders who are unable to attend the Annual General Meeting are advised to appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it to the Share Registrar at least forty-eight (48) hours before the meeting.

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 AGM are voted by poll.

The Company shall be conducting poll voting for all resolutions set out in the Notice of the 27th Annual General Meeting.

Investors Relations

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

i) Siti Shahwana Binti Abdul Hamid (Group Company Secretary)

03 8601 3000 shahwana@heitech.com.my

ii) Amir Zahini Bin Sahrim (Joint Company Secretary)

03 8601 3000 amirsahrim@heitech.com.my

ii) Rosman Mustafa Kamar
(for Investor Relation and Shareholders Communication)

03 8601 3000 rosmanmk@heitech.com.my

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 31st December 2021.

iii) Material Contracts

Neither Group and/or its subsidiary companies has entered into any material contracts which involved Directors' and major shareholders' interest during the financial year ended 31st December 2021, save as disclosed under Disclosure to Bursa Malaysia on page 11 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 FY2021 are as follows:

	Group (RM)	Company (RM)
Audit fees	477,024	235,500
Non-audit fees	10,000	10,000
Total	487,024	245,500

v) Profit Guarantee

There was no profit guarantee given by the Group during the financial year ended 31st December 2021.

vi) Share Buy Back

There was no share buy back exercise done during the financial year ended 31st December 2021.

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 31st December 2021 in compliance with paragraph 15.15 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

COMPOSITION AND MEETINGS

At present, 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 seven (7) times during the financial year ended 31st December 2021. The composition of the Committee and the details of their attendance are as follows:

Name of Committee Members	No. of Meetings Attended
Dato' Haji Ghazali Bin Awang Chairman of the Committee (Resigned w.e.f. 31.12.2021)	7/7
Wan Ainol Zilan Binti Abdul Rahim (Appointed as Chairman of the Committee w.e.f 1.1.2022)	7/7
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (Resigned as Member of the Committee w.e.f 1.1.2022)	7/7
Encik Hamzah Bin Mahmood (Appointed as Member of the Committee w.e.f 1.1.2022)	N/A
Encik Razalee Bin Amin (Appointed as Member of the Committee w.e.f 1.1.2022)	N/A

The Committee meetings were attended by the Management of HeiTech and the Vice President 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 2021, the Committee has carried out the following tasks:

(a) Financial Reporting

(i) Reviewed the quarterly financial results prior to recommending 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 Group 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 2021.

(b) Internal Audit

During the year, the Committee:

(i) Reviewed and approved the 2021 Annual Internal Audit Plan;
(ii) Reviewed and approved the 2021 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 waction plans;
(iv) Discussed on actions 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 C ommittee 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 Vice President 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 Vice President 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 following:

(i) The External Auditor's 2021 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").

In 2021, the Committee held two (2) private sessions with External Auditors Messrs. AlJafree Salihin Kuzaimi PLT, in the absence of Management on 23rd March 2021 (91st ACM) and 22nd November 2021 (94th ACM) 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 are not more favourable than those available to the public and other suppliers and are not detrimental to the minority shareholders; and
(ii) Monitored the threshold of the RPT and RRPT to ensure compliance with the Listing Requirements of BMSB.

(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 31st December 2021 for inclusion in the 2021 Annual Report to ensure that they were prepared in compliance with relevant regulatory requirements and guidelines.

STATE OF INTERNAL CONTROL

The Statement on Risk Management and Internal Control furnished on pages 77 to 82 of the annual report provides the overview of the state of internal controls within the Group.

AUDIT COMMITTEE REPORT

RELATIONSHIP WITH THE EXTERNAL AUDITORS

The Group through the Committee has established a 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 finalise 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 the assurance it requires regarding the adequacy, integrity and effectiveness of the internal control system.

AA is headed by the Vice President 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's Degree in Accountancy (Honours), Universiti Teknologi MARA. In April 2021, he was commissioned as a Certified Integrity Officer by the Malaysian Anti-Corruption (MACC) Academy. He has more than 25 years' experience in the areas of internal and external auditing, business process improvement, quality management system, 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 2021 Annual Internal Audit Plan was presented to the Committee for approval. The Internal Audit function adopts a 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 8 staff as at 31 December 2021. The total operation cost of the Department for 2021 was RM831,703 comprising of mainly salaries, travelling expenses, administrative and training.

The Internal Audit assignments conducted in 2021 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 2020 Annual Internal Audit Performance Report for review by the Committee;
(b) Prepared the 2021 KRA/KPIs for approval by the Committee;
(c) Prepared the 2021 Annual Internal Audit Plan for the approval of the Committee;
(d) Implemented the approved 2021 Annual Internal Audit Plan;
(e) Assessed the adequacy and effectiveness of the 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) Organised training programmes 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 13th April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), a listed issuer must ensure that its Board of Directors ("Board") includes in its annual report a statement about the state of its risk management and internal controls as a group. In addition, Principle B (II) of the Malaysian Code on Corporate Governance ("MCCG") also stipulates that the Board should maintain a sound system of internal controls, including a review of its effectiveness to safeguard shareholders' investments and the Group's assets.

Set out below is HeiTech's Statement on Risk Management and Internal Control, in compliance with the MMLR of Bursa Malaysia.

BOARD OF DIRECTORS' ACCOUNTABILITY

The Board acknowledges its responsibility to oversee and ensure a sound system of risk management and internal control for HeiTech. The risk management and internal control is regularly reviewed to ensure it remains relevant, effective and applicable to the changes in HeiTech's structure, processes and dynamic business environment. An effective risk management framework helps HeiTech achieve its optimal performance by incorporating risk information for better decision-making, while sound internal controls enable appropriate responses in managing the identified risks, thus facilitating effective and efficient operations while safeguarding shareholders' investments and the Group's assets.

HeiTech's risk management and internal control 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 on 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 investments.

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 for the year under review. 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 is supported by the Risk Management Committee and Audit Committee.

RISK MANAGEMENT

HeiTech's risk management framework 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 activities help to reduce uncertainties surrounding the internal and external environment, allowing us to maximise opportunities and build a successful and sustainable business. These processes continue to be in place for the year under review.

The implementation of risk management in the Group 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

b) Central Risk Review Committee ("CRRC")

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 of the companies within the Group, that could affect business performance and survivability;
- Monitor the implementation of risk mitigation plans and deliberate to RMC on a quarterly basis;
- Coordinate programmes for continuous improvement of the ERM implementation; and
- Evaluate and assess the risks associated with all investments to be made by HeiTech.

INTERNAL CONTROL

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

a) Control Environment

HeiTech established structures that provide the basis for carrying out internal control across the organisation. The Board and Senior Management set the tone at the top regarding the importance of internal control including the expected standards of conduct.

i) Board Committees

The Board acknowledges 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
- Risk Management Committee
- Nomination and Remuneration Committee
- Employee Share Option Scheme Committee
- Voluntary Separation Scheme Committee

ii) Management meetings

The following are the various types of Management meetings conducted in HeiTech:

Type of Management meetings	Frequency
Executive Council meetings Set the strategic direction of the Group and review the Group's performance and challenges.	Quarterly
Central Review Committee meetings Review and evaluate business proposals to ensure that strategic solutions, pricing and partnerships (with customers and various types of partners) are appropriately considered.	When needed
Central Risk Review Committee meetings Review and deliberate key risk profiles for all departments and companies within HeiTech Group. Monitor the effectiveness of the mitigation implementation plan and recommendations for improvement.	Periodically
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.	Quarterly
Procurement Committee meetings Deliberate and approve the procurement and acquisition process.	When needed
Investment Committee meetings Review and deliberate all investments to be made by HeiTech and recommend to the Risk Management Committee.	When needed
Project Steering Committee meetings Monitor the implementation progress for all projects in HeiTech.	Periodically
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 channels.	Quarterly
Technology Working Group meetings Provide direction on the technology adoption and initiatives to be implemented for HeiTech and the customers. Review and address technology issues or concerns that require experts' attention and support.	Quarterly

b) Control Activities

HeiTech established a set of policies, procedures and standards that provide the whole organisation with proper guidance for decision making and streamlining the internal processes:

i) Policies and Procedures

The policies and procedures adopted by all supporting departments under business groups/ operating divisions/ companies of HeiTech Padu Berhad are duly certified under various ISO certifications and subjected 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

Certifications

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

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

HeiTech has achieved and conformed 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 conformed 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 conformed 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 conformed 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 include Human Capital Management Services, Finance and Procurement Services, Marketing and Communications Services and Project Management Services.

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

Achieved and conformed to ABMS certification since 2020. The scope of certification covers:

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

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, internal quality audit activities also help to improve 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 organisation improves the organisation's control over the execution of projects, as well as well as to help meeting stiff project deadlines and quality levels. CMMI for Development model assists HeiTech to develop and institutionalise efficient and effective processes in the organisation. 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 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 organisation. HeiTech has successfully maintained its 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 six (6) organisations in Malaysia to have achieved and maintained the CMMI maturity level to date.

Standards

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

Payment Card Industry Data Security Standard ("PCI DSS")

HeiTech has maintained PCI DSS certification since January 2017. The PCI DSS is a proprietary information security standard for organisations that handle 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 the USA.

Telecommunications Infrastructure Standard

Data Centre in HeiTech Village 2 is certified with ANSI/TIA-942-B:2017 Rated 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 organisation'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 include HeiTech's Project Management Information System ("PROMISE") and Application Development Information System ("ADVISE") provides guidance to improve the organisation's processes and ability to manage the development, acquisition and maintenance of products and services.

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 staff, 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 expects the highest standards of integrity from all our employees as well as our Business Associates. In line with good corporate governance practices, the Management and Board of Directors encourage all stakeholders, employees and third parties to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses. HeiTech has established 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 afforded 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") sets 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. In addition, HeiTech has established a 3-Year Anti-Corruption Plan 2020-2022 with the following objectives:

- Setting a framework for HeiTech's journey towards strengthening governance and integrity to combat bribery and corruption;
- To cultivate a good corporate governance and practices in organisation;
- To promote good ethical values, professionalism, transparency, accountability and high integrity awareness amongst employees; and
- To safeguard stakeholder and organisation i.e., commercial organisation from potential corporate liability as per Section 17A MACC Act 2009 (Amendment 2018).

ASPIRATION:
To become an organisation with high integrity and enhance value to the stakeholders

- To build an organisation with high integrity
- To promote ethical business practices and governance via efficiency, integrity, transparency and adherence to laws, rules and regulations
- Conduct business in an honest and ethical manner and in accordance with laws and regulations

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

Our policy is being communicated to our staff and stakeholders internally and externally. For external direct communication, HeiTech provides Integrity Kits for Business Associates. Related information and documentation are available on HeiTech's website, www.heitech.com.my.

c) Information and Communication

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

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

d) Monitoring

HeiTech performed ongoing monitoring activities and evaluations to ensure that each of the components of internal control are present and functioning.

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 assisting 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 an independent and impartial appraisal, the internal auditors are 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 for all audit exercises including follow-up audit reports will be tabled and deliberated in the Audit Committee Meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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) Corporate Planning

HeiTech's Corporate Planning Department consolidates the business plan for all HeiTech Group of Companies. The business plan outlines the key result areas of each of the companies. The business plan will be presented, deliberated and approved by the Board of HeiTech. The Corporate Planning Department also reviews business plans on a quarterly basis to monitor and assess the performance of each company, to ensure the targets set are met. The Operational Masterplan document will be used to assess the performance of all companies against the goals and targets set.

iii) Organisational Best Practices & IT Management

The Organisational Best Practices & IT Management ("OrBIT") 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. OrBIT 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 organisation. These are then summarised into an Executive Management Report. The report is escalated to the Management and necessary action will be taken, where applicable.

OrBIT 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.

The OrBIT is also responsible to ensure HeiTech's IT policies remain relevant, continuously updated and consistently enforced throughout HeiTech. OrBIT monitors and ensure all internal systems can be operated with minimal downtime and all systems/ infrastructure are in good condition to support HeiTech 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 ensuring 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 reviewing the contract formation and monitoring contractual performance to minimize risks towards HeiTech's business operation. HeiTech recognises the importance of protecting and securing shareholders' and customers' personal data. HeiTech 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 employees.

HeiTech uses a Balanced Scorecard approach 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 the individual employee against the required competency.

The outcomes of the 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

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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
Loss for the year	(16,381)	(19,176)
Loss attributable to:		
Owners of the parent	(15,778)	(19,176)
Non-controlling interests	(603)	-
	(16,381)	(19,176)

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

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' Mohd Fadzli Bin Yusof **	
Sulaiman Hew Bin Abdullah **	
Wan Ainol Zilan Binti Abdul Rahim **	
Datuk Mohd Radzif Bin Mohd Yunus **	
Hamzah Bin Mahmood	
Razalee Bin Amin	(Appointed on 1 January 2022)
Nik Mustapha Bin Nik Mohamed	(Appointed on 1 January 2022)
Chong Seep Hon	(Appointed on 1 January 2022)
Datuk Jayakumar A/L Panneer Selvam	(Resigned on 1 October 2021)
Dato' Haji Ghazali Bin Awang **	(Resigned on 31 December 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	
Joshua Samuel Smith	(Appointed on 22 October 2021)

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	1,745	1,450
Other emoluments	320	320
Benefits-in-kind	53	53
	2,118	1,823

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 2021.

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:

	Number of ordinary shares			
	1 January 2021	Bought	Sold	31 December 2021
The Company				
Direct interest				
Dato' Sri Mohd Hilmey Bin Mohd Taib	5,890,184	951,200	(3,000,000)	3,841,384
Indirect interest *				
Held through Padujade Corporation Sdn. Bhd.				
Dato' Sri Mohd Hilmey Bin Mohd Taib	24,899,828	-	(12,000,000)	12,899,828
Held through Gerbang Mahligai Sdn. Bhd.				
Hamzah Bin Mahmood	-	292,000	-	292,000
HeiTech Academy Sdn. Bhd. - a fellow subsidiary				
Direct interest				
Dato' Sri Mohd Hilmey Bin Mohd Taib	1	-	-	1

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 have 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 have 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 37 to the financial statements.

AUDITORS

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Al Jafree Salihin Kuzaimi PLT	400	236
Other auditors	87	-
	487	236

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 2021.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 13 April 2022.

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

Dato' Sri Mohd Hilmey Bin Mohd Taib

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' Sri Mohd Hilmey Bin Mohd Taib**, 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 2021 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 13 April 2022.

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

Dato' Sri Mohd Hilmey Bin Mohd Taib

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 13 April 2022.)

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 2021 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 96 to 183.

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 2021, 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.

Key Audit Matters	How our audit addressed the key audit matters
1) Revenue recognition In accordance with MFRS 15 *Revenue from Contracts with Customers*, 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. 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. Furthermore, significant judgement is required in estimating the cost to complete the performance obligation satisfied over time using the input method. 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(a), Note 3.2(c) and Note 4 to the financial statements.	Our procedures included, amongst others: - 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; - We have re-calculated the percentage of completion to ensure mathematical accuracy; and - We have reviewed the adequacy of the disclosures of the revenue recognition in the audited financial statements.

Key Audit Matters	How our audit addressed the key audit matters
2) Impairment of intangible assets and property, plant and equipment During the year, the Group recorded loss 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 may be impaired. In accordance with MFRS 136: *Impairment of Assets*, 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. 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. Refer to the disclosures of intangible assets and property, plant and equipment in Note 14 and Note 12 to the financial statements respectively.	Our procedures included, amongst others: (i) In reviewing the impairment assessments based on VIU model, our procedures included, amongst others: - 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. (ii) In reviewing the impairment assessment based on FVLCD, our procedures included, amongst others: - 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; - We evaluated the objectivity, independence and expertise of the management expert by inquiring the management experts regarding the years of experience and qualifications; and - We have assessed the adequacy of the disclosure in the financial statements in accordance with the MFRS 136, including any key sources of estimation uncertainty pertaining to the impairment assessment, if necessary.

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 2021, 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 2021, 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.

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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
201506002872 (LLP0006652-LCA) & AF1522
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
No. 01768/05/2023 J
CHARTERED ACCOUNTANT

Dated : 13 April 2022

Selangor, Malaysia

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	4	**269,502**	325,368	**245,348**	287,881
Other income	5	**18,931**	14,554	**15,353**	44,199
Employee benefits expense	6	**(88,487)**	(86,807)	**(75,634)**	(73,448)
Purchase of hardware and software		**(79,947)**	(103,248)	**(79,914)**	(103,248)
Lease line rental		**(26,809)**	(25,137)	**(26,809)**	(25,137)
Maintenance costs		**(9,774)**	(21,752)	**(9,774)**	(21,752)
Bulk mailing processing charges		**(7,698)**	(6,199)	**-**	-
Project implementation costs		**(48,129)**	(29,522)	**(41,480)**	(25,393)
Depreciation and amortisation	9	**(14,590)**	(17,427)	**(12,571)**	(14,370)
Other expenses		**(25,612)**	(30,399)	**(30,039)**	(61,511)
Finance costs	8	**(3,709)**	(4,623)	**(3,528)**	(4,179)
Share of results of associates		**194**	(1,487)	**-**	-
(Loss)/profit before tax	9	**(16,128)**	13,321	**(19,048)**	3,042
Income tax expense	10	**(253)**	(194)	**(128)**	(107)
(Loss)/profit for the year		**(16,381)**	13,127	**(19,176)**	2,935
(Loss)/profit attributable to:					
Owners of the parent		**(15,778)**	10,976	**(19,176)**	2,935
Non-controlling interests		**(603)**	2,151	**-**	-
		(16,381)	13,127	**(19,176)**	2,935
(Loss)/profit per share attributable to owners of the parent (sen per share):					
Basic/diluted	11	**(15.59)**	10.84		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
(Loss)/profit for the year		**(16,381)**	13,127	**(19,176)**	2,935
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations		**183**	(557)	**-**	-
Total comprehensive (loss)/income for the year		**(16,198)**	12,570	**(19,176)**	2,935
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(15,595)**	10,419	**(19,176)**	2,935
Non-controlling interests		**(603)**	2,151	**-**	-
		(16,198)	12,570	**(19,176)**	2,935

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Non-Current Assets					
Property, plant and equipment	12	**52,935**	59,335	**46,037**	51,587
Right-of-use assets	13	**7,605**	11,243	**7,133**	9,841
Intangible assets	14	**11,220**	10,601	**4,614**	5,157
Investments in subsidiaries	15	**-**	-	**26,243**	31,122
Investments in associates	16	**1,364**	3,471	**470**	2,538
Investment in joint venture	17	**350**	350	**350**	350
Other investments	18	**3,080**	2,065	**2,470**	1,530
Contract cost assets	23	**33,557**	-	**33,557**	-
		110,111	87,065	**120,874**	102,125
Current Assets					
Inventories	21	**294**	387	**-**	-
Trade and other receivables	22	**42,204**	72,528	**45,204**	70,505
Contract assets	19	**32,731**	55,275	**32,709**	54,251
Contract costs assets	23	**49,847**	98,577	**49,847**	98,003
Prepayments		**559**	534	**-**	-
Tax recoverable		**3,926**	3,346	**3,118**	3,010
Cash and bank balances	24	**61,292**	59,599	**53,213**	49,468
		190,853	290,246	**184,091**	275,237
Total Assets		**300,964**	377,311	**304,965**	377,362
Equity and Liabilities					
Current Liabilities					
Contract liabilities	19	**9,341**	2,430	**8,900**	2,430
Loans and borrowings	25	**87,019**	128,630	**85,479**	126,472
Trade and other payables	27	**64,934**	108,643	**87,670**	126,109
Tax payable		**189**	23	**-**	-
Lease liabilities	26	**2,987**	3,001	**2,723**	2,553
		164,470	242,727	**184,772**	257,564
Net Current Assets		**26,383**	47,519	**(681)**	17,673

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-Current Liabilities					
Deferred tax liabilities	20	**41**	138	**-**	-
Loans and borrowings	25	**24,486**	2,414	**22,294**	-
Lease liabilities	26	**5,793**	9,426	**5,521**	8,244
		30,320	11,978	**27,815**	8,244
Total Liabilities		**194,790**	254,705	**212,587**	265,808
Net Assets		**106,174**	122,606	**92,378**	111,554
Equity attributable to owners of the parent					
Share capital	28	**117,751**	117,751	**117,751**	117,751
(Accumulated losses)/retained profit		**(19,221)**	7,305	**(25,373)**	(6,197)
Foreign currency translation reserve	29	**(1,239)**	(1,422)	**-**	-
		97,291	123,634	**92,378**	111,554
Non-controlling interests		**8,883**	(1,028)	**-**	-
Total Equity		**106,174**	122,606	**92,378**	111,554
Total Equity and Liabilities		**300,964**	377,311	**304,965**	377,362

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 2021

	← Attributable to owners of the parent →					
	← Non-distributable →		Distributable			
	Share capital (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Accumulated losses/ retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group						
At 1 January 2021	**117,751**	**(1,422)**	**7,305**	**123,634**	**(1,028)**	**122,606**
Total comprehensive loss	**-**	**183**	**(15,778)**	**(15,595)**	**(603)**	**(16,198)**
Disposal of an associate	**-**	**-**	**(234)**	**(234)**	**-**	**(234)**
Increase in stake in a subsidiary	**-**	**-**	**(10,514)**	**(10,514)**	**10,514**	**-**
At 31 December 2021	**117,751**	**(1,239)**	**(19,221)**	**97,291**	**8,883**	**106,174**
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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Non-distributable	Distributable	
	Share capital (Note 28) RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 January 2021	**117,751**	**(6,197)**	**111,554**
Total comprehensive income	**-**	**(19,176)**	**(19,176)**
At 31 December 2021	**117,751**	**(25,373)**	**92,378**
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

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 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating activities				
(Loss)/profit before tax	**(16,128)**	**13,321**	**(19,048)**	**3,042**
Adjustments for:				
Gain on disposal of property, plant and equipment	**(3,085)**	(7,882)	**(3,009)**	(3,201)
Loss on disposal of an associate and an other investment	**4,959**	-	**4,959**	-
Hibah income	**(578)**	(760)	**(484)**	(530)
Dividend income	**-**	-	**-**	(32,848)
Finance costs	**2,769**	3,465	**2,682**	3,169
Finance costs on lease liabilities	**940**	1,158	**846**	1,010
Amortisation of intangible assets	**1,044**	1,429	**543**	271
Depreciation of property, plant and equipment	**10,646**	12,967	**9,460**	11,504
Depreciation of property, plant and equipment (right-of-use assets)	**2,900**	3,031	**2,568**	2,595
Written off on:				
- Property, plant and equipment	**131**	625	**-**	-
- Trade receivables	**-**	3,500	**-**	3,500
- Contract cost assets	**-**	516	**-**	516
Reversal of impairment loss on:				
- Trade receivables	**(317)**	(108)	**(94)**	(86)
- Other receivables	**(261)**	(1,035)	**(2,728)**	(1,035)
- Investment in subsidiaries	**-**	-	**-**	(2,682)
- Investment in associate	**(6,088)**	-	**(6,088)**	-
- Investment in other investment	**(809)**	-	**(809)**	-
- Property, plant and equipment	**(99)**	(589)	**-**	-
Impairment loss on:				
- Trade receivables	**1,423**	1,785	**1,353**	1,386
- Amount due from subsidiaries (trade)	**-**	-	**-**	15,675
- Other receivables	**-**	559	**1,956**	559
- Amount due from subsidiaries (non-trade)	**-**	-	**-**	14,599
- Investment in subsidiaries	**-**	-	**3,879**	10,567
- Investment in associates	**-**	801	**-**	801
Unrealised foreign exchange gain	**-**	(18)	**-**	(18)
Provision for onerous contract cost assets	**-**	3,282	**-**	3,282
Share of results of associates	**(194)**	1,487	**-**	-
Total adjustments	**13,381**	24,213	**15,034**	29,034
Operating cash flows before changes in working capital	**(2,747)**	37,534	**(4,014)**	32,076

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating activities (cont'd)				
Changes in working capital:				
Inventories	**93**	(24)	**-**	-
Trade and other receivables	**28,631**	1,010	**24,812**	(3,526)
Contract assets	**22,544**	17,307	**21,542**	15,853
Contract costs assets	**15,173**	(59,668)	**14,599**	(59,094)
Prepayments	**(25)**	304	**-**	-
Contract liabilities	**6,911**	(594)	**6,470**	(594)
Trade and other payables	**(43,657)**	22,096	**(37,439)**	29,821
Total changes in working capital	**29,670**	(19,569)	**29,984**	(17,540)
Cash flows generated from operations	**26,923**	17,965	**25,970**	14,536
Profit paid	**(1,161)**	(999)	**(2,682)**	(896)
Taxes paid	**(764)**	(926)	**(236)**	(233)
Net cash flows generated from operating activities	**24,998**	16,040	**23,052**	13,407
Investing activities				
Purchase of property, plant and equipment	**(4,258)**	(15,907)	**(3,910)**	(15,393)
Hibah received	**578**	760	**484**	530
Proceeds from disposal of property, plant and equipment	**-**	37	**-**	-
Software development costs incurred	**(1,663)**	(5,610)	**-**	(5,428)
Increase in investment in subsidiaries	**-**	-	**-**	(1,400)
Net proceeds from disposal of a subsidiary associates and an other investment	**6,075**	8,093	**6,075**	7,575
Net cash flows generated from/(used in) investing activities	**732**	(12,627)	**2,649**	(14,116)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financing activities				
(Repayment)/proceeds from loans and borrowings	**(23,474)**	18,404	**(22,712)**	20,877
Repayment of obligations under finance leases	**(138)**	(542)	**(39)**	(119)
Deposits placement to securities for bank borrowings	**(3,009)**	(6,116)	**(4,195)**	(6,037)
Repayment of lease liabilities	**(3,670)**	(3,747)	**(3,257)**	(3,167)
Profit paid	**(1,608)**	(2,466)	**(1,547)**	(2,273)
Net cash flows (used in)/generated from financing activities	**(31,899)**	5,533	**(31,750)**	9,281
Net (decrease)/increase in cash and cash equivalents	**(6,169)**	8,946	**(6,049)**	8,572
Effect of exchange rate changes on cash and cash equivalents	**(828)**	(1,498)	**-**	-
Cash and cash equivalents at 1 January	**6,391**	(1,057)	**3,183**	(5,389)
Cash and cash equivalents at 31 December (Note 24)	**(606)**	6,391	**(2,866)**	3,183

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021, 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 2021.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7:	
Interest Rate Benchmark Reform	1 January 2021
Amendment to MFRS 4 : Insurance Contract	1 January 2021
Amendments to MFRS 16: Covid-19-Related Rent Concessions	6 April 2021

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

2.2 Changes in accounting policies

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:

Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The Group and the Company have elected to early adopt amendment to MFRS 16 "COVID-19 – Related rent concessions" which will take effect on or after 6 April 2021.

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 as disclosed in Note 13.

2.3 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
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
Amendments to MFRS 9: Financial Instruments - Annual improvements to MFRS 2018 - 2020	1 January 2022
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 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

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

2.4 Basis of consolidation (cont'd)

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.

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Company 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.

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.

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.

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

2.8 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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 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.

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 and the Company 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Investment in 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.

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.

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

2.10 Investments in associates and joint ventures (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and the Company'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 and the Company have 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 and the Company'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.

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.

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

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

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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 19, Note 22 and Note 24.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure 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.

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 and the Company have not designated any financial assets under this category.

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

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

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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

Upon initial recognition, the Group and the Company 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 and the Company 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 and the Company have 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.

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 and the Company have 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.

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)

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.

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

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 and the Company 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 and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have 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 and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have 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 and the Company 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.

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

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 and the Company 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 and the Company have not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group and the Company. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets

The Group and the Company recognise 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 and the Company 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).

For trade receivables and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have 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 and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. 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 and the Company'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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 and the Company have 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.19 Employee benefits

(a) 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.

(b) Defined contribution plans

The Group and the Company 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 contact to each lease and non-lease component on the basis of their relatives 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 liablities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

2.20 Leases (cont'd)

As a lessee (cont'd)

(a) 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 commmencement 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.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liablities measured at the present value of lease payments to be made over the lease term.

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.

(c) Short-term leases and leases of low-value assets

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.

(d) 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.

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

2.20 Leases (cont'd)

As a lessee (cont'd)

(d) Extension options (cont'd)

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.

2.21 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.

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

2.21 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Segment reporting

For management purposes, the Group and the Company are 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 and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

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 and the Company.

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

2.25 Fair value measurements (cont'd)

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 and the Company use 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 and the Company determine 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.

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 and the Company 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 and the Company 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.

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

2.26 Revenue from contracts with customers (cont'd)

(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 and the Company 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 and the Company 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 and the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Group and the Company satisfies a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company 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 and the Company 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 and the Company satisfies over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company'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 3.1(a) and Note 3.2(c).

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 (cont'd)

The following describes the performance obligation in contracts with customers:

(a) System application and development and engineering works

The Group and the Company involve in the system application and development and engineering works, in which the Group and the Company consider 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 and the Company are 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 and the Company 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 and the Company determined whether control is transferred at a point in time or over time.

(b) Rendering of services

The Group and the Company 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 and the Company. The Group and the Company applies the time elapsed method to measure progress.

(c) Mobile value-added services and mailing and document processing services

The Group and the Company 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 and the Company incurs costs to fulfil a contract with a customer. The Group and the Company capitalises the incremental costs of obtaining a contract that meet criteria in MFRS 15. Costs incurred by the Group and the Company 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 and the Company'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 and the Company 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.

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

2.26 Revenue from contracts with customers (cont'd)

(e) Contract balances (cont'd)

Trade receivables

A receivable represents the Group's and the Company'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 and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company 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 and the Company performs under the contract.

(f) Warranty obligations

The Group and the Company 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company'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.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies (cont'd)

(a) Revenue from contracts with customers

The Group and the Company 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 and the Company are 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 and the Company 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 and the Company are 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 and the Company considered the terms of the contracts entered into with customers.

For contracts that meet the over time recognition criteria, the Group and the Company determined that the input method is the best method in measuring progress of the development because there is direct relationship between the Group's and the Company'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 and the Company 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 and the Company transfer 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 and the Company are 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, other receivables and contract assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables, other 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 and the Company historical observed default rates. The Group and the Company 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 and the Company'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.

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 and the Company 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 and the Company generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's and the Company'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 and the Company exclude the effect of those costs. Also, the Group and the Company adjust the input method for any cost incurred that are not proportionate to the Group's and the Company's progress in satisfying the performance obligation.

The carrying amounts of contract assets and liabilities of the Group and the Company are disclosed in Note 19.

4. REVENUE

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers. For more details on Segments, please refer to Note 36.

Group

31 December 2021

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	33,929	-	20,330	54,259
System application and development	55,071	760	7,186	63,017
Maintenance charges	63,724	832	34,875	99,431
Disaster recovery and facility management services	11,926	-	11,931	23,857
Engineering works	-	1,581	-	1,581
Mailing and document processing services	-	1,680	-	1,680
Database management services	-	18,009	-	18,009
Software support and licence fees	653	-	-	653
Others	2,573	2,939	1,503	7,015
	133,947	25,801	55,495	215,243
Total revenue from contracts with customers	167,876	25,801	75,825	269,502
Geographical markets				
Malaysia	167,876	25,090	75,825	268,791
Australia	-	106	-	106
Indonesia	-	605	-	605
Total revenue from contracts with customers	167,876	25,801	75,825	269,502
Timing of revenue recognition				
Goods transferred at a point in time	2,573	22,628	1,503	26,704
Services transferred over time	165,303	3,173	74,322	242,798
Total revenue from contracts with customers	167,876	25,801	75,825	269,502

4. REVENUE (CONT'D)

Set out below is the disaggregation of the Group's revenue from contracts with customers. For more details on Segments, please refer to Note 36. (cont'd)

Group (cont'd)

31 December 2020

Segments	Core 1 RM'000 Restated	Core 2 RM'000	Core 3 RM'000 Restated	Total RM'000
Type of goods or services				
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	38,535	-	12,493	51,028
System application and development	31,949	624	10,819	43,392
Maintenance charges	83,105	7,992	22,125	113,222
Disaster recovery and facility management services	32,682	-	23,040	55,722
Engineering works	-	10,574	-	10,574
Mailing and document processing services	-	13,389	-	13,389
Database management services	-	8,354	-	8,354
Mobile value added services	-	1,429	-	1,429
Others	18,529	3,521	6,208	28,258
	166,265	45,883	62,192	274,340
Total revenue from contracts with customers	204,800	45,883	74,685	325,368
Geographical markets				
Malaysia	204,800	42,327	74,685	321,812
Australia	-	2,996	-	2,996
Indonesia	-	560	-	560
Total revenue from contracts with customers	204,800	45,883	74,685	325,368
Timing of revenue recognition				
Goods transferred at a point in time	18,529	26,693	6,208	51,430
Services transferred over time	186,271	19,190	68,477	273,938
Total revenue from contracts with customers	204,800	45,883	74,685	325,368

4. REVENUE (CONT'D)

Set out below is the disaggregation of the Company's revenue from contracts with customers.

	2021 RM'000	2020 RM'000
Company		
Type of goods or services		
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities		
Network related services	**54,259**	51,028
System application and development	**62,357**	42,769
Maintenance charges	**79,328**	113,203
Disaster recovery and facility management services	**23,857**	55,722
Others	**25,547**	25,159
	191,089	236,853
Total revenue from contracts with customers	**245,348**	287,881
Timing of revenue recognition		
Goods transferred at a point in time	**25,547**	25,159
Services transferred over time	**219,801**	262,722
Total revenue from contracts with customers	**245,348**	287,881

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.

5. OTHER INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hibah income from fixed deposits with license banks	**578**	760	**484**	530
Dividend income from:				
- Subsidiaries	**-**	-	**-**	32,848
Gain on disposal of a subsidiary and an associate	**3,085**	7,882	**3,009**	3,201
Profit guarantee in relation to disposal of a subsidiary	**-**	3,400	**-**	3,400
Rental income	**106**	9	**72**	57
Reversal of impairment loss on trade and other receivables	**578**	1,143	**2,822**	1,121
Reversal of impairment on investment in subsidiary	**-**	-	**-**	2,682
Reversal of impairment loss of associate	**6,088**	-	**6,088**	-
Reversal of impairment loss of other investment	**809**	-	**809**	-
Realised gain on foreign exchange	**-**	31	**-**	30
Others	**7,687**	1,329	**2,069**	330
	18,931	14,554	**15,353**	44,199

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	**73,602**	72,242	**62,471**	60,978
Defined contributions plans and social security contributions	**9,614**	9,461	**8,309**	8,127
Other benefits	**5,271**	5,104	**4,854**	4,343
	88,487	86,807	**75,634**	73,448

7. DIRECTORS' REMUNERATION

The details of remuneration received or receivable by directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors' remuneration:				
Salaries and other emoluments	**1,240**	1,066	**1,240**	1,066
Benefits-in-kind	**53**	83	**53**	83
Total executive directors' remuneration	**1,293**	1,149	**1,293**	1,149
Non-executive directors' remuneration:				
Fees	**505**	654	**210**	180
Other emoluments	**320**	277	**320**	277
Total non-executive directors' remuneration	**825**	931	**530**	457
Total directors' remuneration (Note 9 and 32(b))	**2,118**	2,080	**1,823**	1,606

8. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit expense on:				
Term loans	**44**	147	**-**	-
Revolving credits	**745**	1,574	**745**	1,570
Project financing	**428**	377	**428**	377
Obligations under finance leases	**266**	118	**249**	72
Obligations under right-of-use (Note 13)	**940**	1,158	**846**	1,010
Bank overdrafts	**1,260**	1,150	**1,260**	1,150
Due to a director of a subsidiary	**26**	99	**-**	-
	3,709	4,623	**3,528**	4,179

9. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amortisation of intangible assets (Note 14)	**1,044**	1,429	**543**	271
Auditors' remuneration				
- Statutory audit	**487**	412	**236**	226
- Other services	**10**	10	**10**	10
Directors' remuneration (Note 7)	**2,118**	2,080	**1,823**	1,606
Operating lease:				
- Office premises	**-**	413	**270**	263
Gain on disposal of a subsidiary and an associate	**(3,085)**	(7,882)	**(3,009)**	(3,201)
Loss on disposal of investment in				
- Associate	**4,300**	-	**4,300**	-
- Other investment	**659**	-	**659**	-
Impairment loss on:				
- Trade receivables (Note 22(a))	**1,423**	1,785	**1,353**	1,386
- Amount due from subsidiaries (trade) (Note 22(a))	**-**	-	**-**	15,675
- Other receivables (Note 22(d))	**-**	559	**1,956**	559
- Amount due from subsidiaries (non-trade) (Note 22(d))	**-**	-	**-**	14,599
- Investments in subsidiaries	**-**	-	**3,879**	10,567
- Investments in associates	**-**	801	**-**	801
Reversal of impairment loss on:				
- Trade receivables (Note 22(a))	**(317)**	(108)	**(94)**	(86)
- Other receivables (Note 22(d))	**(261)**	(1,035)	**(2,728)**	(1,035)
- Investment in subsidiaries	**-**	-	**-**	(2,682)
- Property, plant and equipment (Note 12)	**(99)**	(589)	**-**	-
Depreciation of property, plant and equipment (Note 12)	**10,646**	12,967	**9,460**	11,504
Depreciation of right-of-use assets (Note 13)	**2,900**	3,031	**2,568**	2,595
Written off on:				
- Property, plant and equipment (Note 12)	**131**	625	**-**	-
- Trade receivables (Note 22(a))	**-**	3,500	**-**	3,500
- Contract cost assets	**-**	516	**-**	516
Dividend income (Note 5)	**-**	-	**-**	(32,848)
Unrealised foreign exchange gain	**-**	(18)	**-**	(18)

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**349**	491	**155**	141
Underprovision/(Overprovision) in prior years:				
Malaysian income tax	**1**	(194)	**(14)**	(34)
	350	297	**141**	107
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**-**	22	**-**	-
Overprovision in prior years	**(97)**	(125)	**-**	-
	(97)	(103)	**-**	-
Income tax expense recognised in statement of comprehensive income	**253**	194	**128**	107

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 2021 and 2020 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit before tax	**(16,128)**	13,321	**(19,048)**	3,042
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	**(3,871)**	3,197	**(4,572)**	730
Effect of difference in tax rates	**(11)**	19	**-**	-
Effect of income not subject to tax	**(1,530)**	(9,457)	**(758)**	(9,468)
Effect of expenses not deductible for tax purposes	**5,626**	305	**5,225**	1,764
Utilisation of unabsorbed capital allowances	**909**	-	**909**	-
Deferred tax assets not recognised during the year	**(807)**	6,449	**(662)**	7,115
Share of results of associates	**33**	-	**-**	-
Overprovision of deferred tax in prior years	**(97)**	(125)	**-**	-
Underprovision/(Overprovision) of income tax in prior years	**1**	(194)	**(14)**	(34)
Income tax expense recognised in statement of comprehensive income	**253**	194	**128**	107

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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.

11. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share are calculated by dividing the (loss)/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 (loss)/profit per share is calculated by dividing the (loss)/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 (loss)/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 (loss)/profit and share data used in the computation of basic and diluted (loss)/profit per share for the financial years ended 31 December:

	Group	
	2021 **RM'000**	**2020** **RM'000**
(Loss)/profit attributable to owners of the parent	**(15,778)**	10,976

	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue for basic/diluted (loss)/profit per share computation	**101,225**	101,225

	Group	
	2021 **RM'000**	**2020** **RM'000**
Basic/diluted (loss)/profit per share (sen per share)	**(15.59)**	10.84

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. PROPERTY, PLANT AND EQUIPMENT

	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
Group							
Cost							
At 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 and 1 January 2021	11,459	68,336	1,072	23,373	179,298	20,159	303,697
Additions	-	-	-	393	2,410	1,455	4,258
Written off	-	-	-	(1,512)	(16)	-	(1,528)
Exchange differences	-	22	1	1	-	-	24
At 31 December 2021	**11,459**	**68,358**	**1,073**	**22,255**	**181,692**	**21,614**	**306,451**

12. PROPERTY, PLANT AND EQUIPMENT (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
Group (cont'd)							
Accumulated depreciation							
At 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 and 1 January 2021	-	45,272	754	19,754	158,938	19,644	244,362
Charge for the year (Note 9)	-	726	136	720	8,771	293	10,646
Written off	-	-	-	(1,364)	(33)	-	(1,397)
Reversal of impairment (Note 9)	-	-	-	(92)	(7)	-	(99)
Exchange differences	-	7	1	2	(6)	-	4
At 31 December 2021	**-**	**46,005**	**891**	**19,020**	**167,663**	**19,937**	**253,516**
Net carrying amount							
At 31 December 2020	11,459	23,064	318	3,619	20,360	515	59,335
At 31 December 2021	**11,459**	**22,353**	**182**	**3,235**	**14,029**	**1,677**	**52,935**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings M'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Company							
Cost							
At 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 and 1 January 2021	9,895	64,558	813	11,373	175,551	20,540	282,730
Additions	-	-	-	175	2,280	1,455	3,910
At 31 December 2021	**9,895**	**64,558**	**813**	**11,548**	**177,831**	**21,995**	**286,640**
Accumulated depreciation							
At 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 and 1 January 2021	-	44,383	760	9,433	156,536	20,031	231,143
Charge for the year (Note 9)	-	590	51	362	8,164	293	9,460
At 31 December 2021	**-**	**44,973**	**811**	**9,795**	**164,700**	**20,324**	**240,603**
Net carrying amount							
At 31 December 2020	9,895	20,175	53	1,940	19,015	509	51,587
At 31 December 2021	**9,895**	**19,585**	**2**	**1,753**	**13,131**	**1,671**	**46,037**

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 RM216,000 (2020: RM449,000) and RM Nil (2020: RM51,000) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	**9,895**	9,895	**9,895**	9,895
Building	**2,307**	2,390	**-**	-
	12,202	12,285	**9,895**	9,895

13. RIGHT-OF-USE ASSETS

The Group and the Company have 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	**11,243**	13,640	**9,841**	11,803
Additions	**3**	634	**-**	633
Modifications	**(741)**	-	**(140)**	
Depreciation (Note 9)	**(2,900)**	(3,031)	**(2,568)**	(2,595)
As at 31 December	**7,605**	11,243	**7,133**	9,841

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	**12,427**	14,394	**10,797**	12,332
Additions	**2**	622	**2**	622
Accretion of interest (Note 8)	**940**	1,158	**846**	1,010
Modifications	**(919)**	-	**(144)**	-
Payments	**(3,670)**	(3,747)	**(3,257)**	(3,167)
As at 31 December	**8,780**	12,427	**8,244**	10,797
Current	**2,987**	3,001	**2,723**	2,553
Non-current	**5,793**	9,426	**5,521**	8,244

The maturity analysis of lease liabilities are disclosed in Note 26.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation expense of right- of-use assets	**2,900**	3,031	**2,568**	2,595
Interest expense on lease liabilities	**940**	1,158	**846**	1,010
Total amount recognised in statement of comprehensive income	**3,840**	4,189	**3,414**	3,605

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 excercised.

14. INTANGIBLE ASSETS

	Goodwill RM'000	Secured contract RM'000	Software development costs RM'000	Total RM'000
Group				
Cost				
At 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 and 1 January 2021	21,101	1,153	10,428	32,682
Addition	-	-	1,663	1,663
Written off	-	-	(1,054)	(1,054)
At 31 December 2021	**21,101**	**1,153**	**11,037**	**33,291**
Accumulated amortisation				
At 1 January 2020	16,518	1,153	3,851	21,522
Amortisation (Note 9)	-	-	1,429	1,429
Disposal of a subsidiary	-	-	(870)	(870)
At 31 December 2020 and 1 January 2021	16,518	1,153	4,410	22,081
Amortisation (Note 9)	-	-	1,044	1,044
Written off	-	-	(1,054)	(1,054)
At 31 December 2021	**16,518**	**1,153**	**4,400**	**22,071**
Net carrying amount				
At 31 December 2020	4,583	-	6,018	10,601
At 31 December 2021	**4,583**	**-**	**6,637**	**11,220**

14. INTANGIBLE ASSETS (CONT'D)

Company	Software development costs RM'000
Cost	
At 1 January 2020	-
Addition	5,428
At 31 December 2020 and 1 January 2021	5,428
Addition	-
At 31 December 2021	**5,428**
Accumulated amortisation	
At 1 January 2020	-
Amortisation (Note 9)	271
At 31 December 2020 and 1 January 2021	271
Amortisation (Note 9)	543
At 31 December 2021	**814**
Net carrying amount	
At 31 December 2020	5,157
At 31 December 2021	**4,614**

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to one (2020 : one) individual cash-generating units ("CGUs") for impairment testing as follows:

	Group	
	2021 RM'000	2020 RM'000
Mailing and document processing services	**4,583**	4,583

No impairment charge is recognised in the consolidated statement of comprehensive income.

The recoverable amount of the CGU are based on fair value less costs of disposal for the financial year ended 31 December 2021.

(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 2021 RM'000	Company 2020 RM'000
Unquoted ordinary shares, at cost	**56,318**	57,318
Less: Accumulated impairment losses	**(30,075)**	(26,196)
	26,243	31,122

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2021	Effective equity interest (%) 2020
Held by the Company:				
Motordata Research Consortium Sdn. Bhd.	Malaysia	Development and provision of a centralised parts pricing database for Malaysia insurance industry	**60**	60
Educational Trend Sdn. Bhd.	Malaysia	Development and marketing of computer aided educational software	**100**	77
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

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2021	2020
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 Enterprise Technology Services Sdn. Bhd.	Malaysia	Information and communication technology system security	**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
Synergy Grid Sdn. Bhd.	Malaysia	Financial technology	**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
Held through a subsidiary, Synergy Grid Sdn. Bhd.				
Tekkis Sdn. Bhd.	Malaysia	Software developer	**70**	-

^ Audited by firms other than AlJafree Salihin Kuzaimi PLT.

(a) Acquisition of shares in Educational Trend Sdn. Bhd.

On 5 May 2021, the Company acquired 23% shares in Educational Trend Sdn Bhd, for a total consideration of RM1 paid via share swap against 40% shares in one of the Group's associate, E-Komoditi Sdn Bhd.

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:

	2021		2020	
	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
NCI percentage of ownership interest and voting interest	**40%**	**49%**	40%	49%
Carrying amount of NCI	**1,614**	**(7,013)**	1,707	(6,663)
(Loss)/profit allocated to NCI	**(93)**	**(350)**	120	2,220

The summarised financial information before inter-company eliminations are as follows:

	2021		2020	
	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
Assets and liabilities				
Current assets	**6,091**	**3,276**	5,634	9,630
Non-current assets	**2,268**	**2**	3,342	600
Current liabilities	**(2,006)**	**(12,585)**	(1,875)	(18,052)
Non-current liability	**(434)**	**-**	(951)	(775)
Equity	**5,919**	**(9,307)**	6,150	(8,597)
Revenue	**5,622**	**1,581**	5,627	10,574
(Loss)/profit for the year, representing total comprehensive income	**(232)**	**(714)**	300	4,531
Cashflows from/(used in):				
Operating activities	**648**	**(406)**	(88)	736
Investing activities	**(100)**	**-**	(602)	(2)
Financing activities	**(601)**	**(29)**	(555)	(285)
Net (decrease)/increase in cash and cash equivalents	**(53)**	**(435)**	(1,245)	449

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16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	**13,063**	5,400	**11,372**	5,225
Addition of investments	**-**	801	**-**	801
Disposal of shares	**(7,216)**	(37)	**(7,216)**	-
Reclassification from investment in subsidiaries, at cost	**-**	5,346	**-**	5,346
Gain on remeasurement	**-**	2,422	**-**	-
Reclassified to other investments at cost	**(2,430)**	(869)	**(2,430)**	-
Elimination of share of profit of asssociates	**(233)**			
Post-acquisition reserves brought forward	**(758)**	729	**-**	-
Share of results of the associates	**194**	(1,487)	**-**	-
	2,620	12,305	**1,726**	11,372
Less: Accumulated impairment losses	**(1,256)**	(8,834)	**(1,256)**	(8,834)
	1,364	3,471	**470**	2,538

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2021	2020
Held by the Company:				
PT Desa Tech Nusantara. ^	Indonesia	Provision of cooperative system	**49**	49
East Coast Multimedia Academy Sdn. Bhd. ^	Malaysia	Provision of multimedia services	**40**	40
Silvertech Global Ltd. ^	Bermuda	Investment holding	**49**	49
E-Komoditi Sdn. Bhd. ^	Malaysia	Business to business e-commerce solution provider	**-**	40
Dapat Vista (M) Sdn. Bhd. ^	Malaysia	Provision of mobile value added services	**-**	44

^ Audited by firms other than Al Jafree Salihin Kuzaimi PLT.

(a) Reclassification into other investments

On 3 August 2021, Company disposed off 24% shares out of the 44% shares owned in DVSB, for a total consideration of RM5,925,000 paid in cash. DVSB is now reclassified under other investments based on remaining 20% shares in DVSB held by the Group.

(b) Disposal of shares

On 5 May 2021, Company disposed off 40% shares out of the 40% shares owned in E-Komoditi Sdn Bhd, for a total consideration of RM1 paid via share swap against 23% shares in one of the subsidiaries, Educational Trend Sdn Bhd.

16. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2021		2020	
	PT Desa Tech Nusantara RM'000	Dapat Vista (M) Sdn. Bhd. RM'000	PT Desa Tech Nusantara RM'000	E-Komoditi Sdn. Bhd. RM'000
Assets and liabilities				
Current assets	**350**	**4,456**	633	3,392
Non-current assets	**13**	**1,806**	17	105
Current liabilities	**-**	**(4,523)**	-	(14,763)
Equity	**363**	**1,739**	650	(11,266)
Group's carrying amount of the investment	**223**	**5,163**	364	(2,671)
Revenue	**1**	**6,372**	-	2,408
Other income	**4**	**53**	13	116
Administrative expenses	**(290)**	**(6,836)**	(229)	(4,507)
Finance costs	**(3)**	**(6)**	-	-
Loss before tax	**(288)**	**(417)**	(216)	(1,983)
Income tax expense	**-**	**-**	-	-
Loss for the year, representing total comprehensive loss for the year	**(288)**	**(417)**	(216)	(1,983)
Group's share of loss for the year	**(141)**	**(183)**	(106)	(793)

17. INVESTMENT IN JOINT VENTURE

The Group and the Company 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 and the Company's interest in the jointly-controlled entity are as follows:

	Group and Company	
	2021 RM'000	2020 RM'000
Assets and liabilities:		
Total assets	**539**	545
Total liabilities	**(3)**	(3)
Income and expenses:		
Income	**-**	-
Expenses	**(6)**	(4)

18. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Redeemable convertible preference shares in subsidiaries	**-**	-	**360**	360
Unquoted equity instruments	**3,080**	2,065	**2,110**	1,170
	3,080	2,065	**2,470**	1,530

19. CONTRACT BALANCES

Information about contract assets and contract liabilities from contracts with customers are disclosed as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Contract assets	**32,731**	55,275	**32,709**	54,251
Contract liabilities	**(9,341)**	(2,430)	**(8,900)**	(2,430)

Contract assets primarily relate to the Group's and the Company'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 and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received advances from customers. Contract liabilities are recognised as revenue as the Group and the Company perform its obligation under the contract.

(i) Significant changes in contract assets are explained as follows:

	2021	
	Group RM'000	**Company RM'000**
Contract asset reclassified to receivables	**55,275**	**54,251**

(ii) Significant change in contract liabilities is explained as follows:

	2021	
	Group RM'000	**Company RM'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**2,430**	**2,430**

19. CONTRACT BALANCES (CONT'D)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 are, as follows:

	2021	
	Group RM'000	**Company RM'000**
Within one year	**112,990**	**112,990**
More than one year	**51,957**	**51,957**
	164,947	**164,947**

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.

Set out below is the movement in the allowance for expected credit losses of contract assets:

	Group RM'000	**Company RM'000**
At 1 January 2021	**-**	**-**
Provision for expected credit losses	**13,186**	**13,186**
At 31 December 2021	**13,186**	**13,186**

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 temporary differences RM'000	Total RM'000
At 1 January 2020	1,034	2,498	(3,791)	17	(241)
Recognised in profit or loss (Note 10)	-	-	103	-	103
At 31 December 2020 and 1 January 2021	1,034	2,498	(3,688)	17	(138)
Recognised in profit or loss (Note 10)	-	-	97	-	97
At 31 December 2021	**1,034**	**2,498**	**(3,591)**	**42**	**41**

Deferred tax (assets)/liabilities of the Company:

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Capital allowance and depreciation differences RM'000	Other deductible temporary differences RM'000	Total RM'000
At 1 January 2020	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2020 and 1 January 2021	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2021	**987**	**2,498**	**(3,485)**	**-**	**-**

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20. DEFERRED TAXATION (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	**(393)**	(417)	**-**	-
Deferred tax assets	**352**	279	**-**	-
	(41)	(138)	**-**	-

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unabsorbed capital allowances	**9,855**	6,069	**9,855**	6,069
Unutilised tax losses	**3,286**	16,037	**3,286**	3,286
Other temporary differences	**96,777**	87,385	**99,499**	102,255
	109,918	109,491	**112,640**	111,610

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	
	2021 RM'000	2020 RM'000
Cost		
Consumables	**294**	387

During the financial year, the amounts of inventories recognised as expense in bulk mailing processing charges of the Group were RM2,679,000 (2020: RM3,007,000).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Trade receivables				
Third parties	**63,028**	92,602	**53,559**	78,848
Amounts due from subsidiaries	**-**	-	**31,916**	28,898
Amount due from an associate	**-**	241	**-**	241
	63,028	92,843	**85,475**	107,987
Less: Allowance for expected credit losses				
- Third parties	**(23,792)**	(22,445)	**(22,146)**	(20,646)
- Amounts due from subsidiaries	**-**	-	**(21,131)**	(21,131)
- Amount due from an associate	**-**	(241)	**-**	(241)
	39,236	70,157	**42,198**	65,969
Other receivables				
Amounts due from subsidiaries	**-**	-	**20,698**	23,321
Amount due from an associate	**-**	41	**-**	41
Deposits	**1,394**	1,633	**1,050**	1,276
Sundry receivables	**24,538**	23,922	**23,635**	23,047
	25,932	25,596	**45,383**	47,685
Less: Allowance for expected credit losses				
- Sundry receivables	**(22,964)**	(23,184)	**(22,508)**	(22,723)
- Amounts due from subsidiaries	**-**	-	**(19,869)**	(20,385)
- Amount due from an associate	**-**	(41)	**-**	(41)
	2,968	2,371	**3,006**	4,536
Total trade and other receivables	**42,204**	72,528	**45,204**	70,505

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 - 60 days (2020: 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.

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**22,686**	24,509	**42,018**	28,543
Provision for expected credit losses (Note 9)	**1,423**	1,785	**1,353**	17,061
Reversal of impairment loss (Note 9)	**(317)**	(108)	**(94)**	(86)
Written-off (Note 9)	**-**	(3,500)	**-**	(3,500)
At 31 December	**23,792**	22,686	**43,277**	42,018

(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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**23,225**	23,701	**43,149**	29,026
Provision for expected credit losses (Note 9)	**-**	559	**1,956**	15,158
Reversal of impairment loss (Note 9)	**(261)**	(1,035)	**(2,728)**	(1,035)
At 31 December	**22,964**	23,225	**42,377**	43,149

23. CONTRACT COSTS ASSETS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capitalised fulfilment costs				
At 1 January	**98,577**	38,909	**98,003**	38,909
Capitalised during the year	**55,679**	170,857	**55,679**	170,282
	154,256	209,766	**153,682**	209,191
Recognised in profit or loss	**(70,852)**	(111,189)	**(70,278)**	(111,188)
At 31 December	**83,404**	98,577	**83,404**	98,003
Non-current	**33,557**	-	**33,557**	-
Current	**49,847**	98,577	**49,847**	98,003

24. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	**17,651**	18,967	**14,438**	14,888
Deposits with licensed banks	**43,641**	40,632	**38,775**	34,580
Cash and bank balances	**61,292**	59,599	**53,213**	49,468

Deposits with licensed banks of the Group and of the Company amounting to RM43,641,000 (2020: RM40,632,000) and RM38,775,000 (2020: RM34,580,000) 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 2021 for the Group and for the Company was 1.64% (2020: 1.66%) per annum. The average days to maturity period as at 31 December 2021 for the Group and for the Company were 36 days (2020: 36 days).

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	**61,292**	59,599	**53,213**	49,468
Less: Bank overdrafts (Note 25)	**(18,257)**	(12,576)	**(17,304)**	(11,705)
	43,035	47,023	**35,909**	37,763
Deposits pledged as securities for bank borrowings	**(43,641)**	(40,632)	**(38,775)**	(34,580)
Cash and cash equivalents	**(606)**	6,391	**(2,866)**	3,183

25. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Secured:					
Term loan	2022	**554**	922	**-**	-
Bank overdrafts	On demand	**18,257**	12,576	**17,304**	11,705
Revolving credits	2022	**28,725**	29,182	**28,725**	29,182
Contract financing	2022	**39,451**	85,546	**39,450**	85,546
Obligations under finance leases (Note 30(b))	2022	**32**	404	**-**	39
		87,019	128,630	**85,479**	126,472
Non-current					
Secured:					
Term loan	2023 - 2026	**2,192**	2,382	**-**	-
Contract financing	2022 - 2025	**22,294**	-	**22,294**	
Obligations under finance lease (Note 30(b))	2021	**-**	32	**-**	-
		24,486	2,414	**22,294**	-
Total loans and borrowings		**111,505**	131,044	**107,773**	126,472

25. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturity of loans and borrowings:				
Within one year	**87,019**	128,630	**85,479**	126,472
More than 1 year and less than 2 years	**8,666**	987	**8,040**	-
More than 2 years and less than 5 years	**15,820**	1,427	**14,254**	-
	111,505	131,044	**107,773**	126,472

Term loan

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Term loan	**2,746**	3,304	**-**	-
	2,746	3,304	**-**	-

Term loan is drawndown 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 3.4% (2020: 4.65%) per annum. The repayment of the Group's term loan is due from 2022 to 2026.

Bank overdrafts

Bank overdrafts are secured by negative pledge on all present and future unencumbered assets of the Group and the Company. The weighted average effective interest rate of bank overdrafts was 6.29% (2020: 6.91% 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 4.34% (2020: 4.10%) per annum.

25. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Group's financing activities excluding bank overdrafts is as follows:

Group	1 January 2021 RM'000	Cash changes: Cash flows RM'000	Cash changes: Profit paid RM'000	Non-cash changes: Accretion of profit RM'000	Non-cash changes: New leases RM'000	Non-cash changes: Others* RM'000	31 December 2021 RM'000
Term loan							
- non-current	**2,382**	**-**	**-**	**-**	**-**	**(190)**	**2,192**
- current	**922**	**(557)**	**(44)**	**44**	**-**	**189**	**554**
Revolving credits	**29,182**	**(457)**	**(870)**	**870**	**-**	**-**	**28,725**
Contract financing							
- non-current	**-**	**-**	**-**	**-**	**-**	**22,294**	**22,294**
- current	**85,546**	**(23,802)**	**(428)**	**428**	**-**	**(22,293)**	**39,451**
Obligations under finance leases							
- non-current	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- current	**436**	**(404)**	**(266)**	**266**	**-**	**-**	**32**
Total	**118,468**	**(25,220)**	**(1,608)**	**1,608**	**-**	**-**	**93,248**

	1 January 2020 RM'000	Cash changes: Cash flows RM'000	Cash changes: Profit paid RM'000	Non-cash changes: Accretion of profit RM'000	Non-cash changes: New leases RM'000	Non-cash changes: Others* RM'000	31 December 2020 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
Contract financing	11,610	73,936	(631)	631	-	-	85,546
Obligations under finance leases							
- non-current	437	-	-	-	-	(437)	-
- current	453	(454)	(118)	118	-	437	436
Total	98,411	20,057	(2,466)	2,466	-	-	118,468

25. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Company's financing activities excluding bank overdrafts is as follows:

Company	1 January 2021 RM'000	Cash changes: Cash flows RM'000	Cash changes: Profit paid RM'000	Non-cash changes: Accretion of profit RM'000	Non-cash changes: New leases RM'000	Non-cash changes: Others* RM'000	31 December 2021 RM'000
Revolving credits	**29,182**	**(457)**	**(870)**	**870**	**-**	**-**	**28,725**
Project financing							
- non-current	**-**	**-**	**-**	**-**	**-**	**22,294**	**22,294**
- current	**85,546**	**(23,802)**	**(428)**	**428**	**-**	**(22,294)**	**39,450**
Obligations under finance leases							
- non-current	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- current	**39**	**(39)**	**(249)**	**249**	**-**	**-**	**-**
Total	**114,767**	**(24,298)**	**(1,547)**	**1,547**	**-**	**-**	**90,469**

	1 January 2020 RM'000	Cash changes: Cash flows RM'000	Cash changes: Profit paid RM'000	Non-cash changes: Accretion of profit RM'000	Non-cash changes: New leases RM'000	Non-cash changes: Others* RM'000	31 December 2020 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

* The 'others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

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26. LEASE LIABILITIES

		Group		Company	
		2021	2020	2021	2020
	Maturity	RM'000	RM'000	RM'000	RM'000
Current					
Obligations under right-of-use asset (Note 30(c))	2022	**2,987**	3,001	**2,723**	2,553
		2,987	3,001	**2,723**	2,553
Non-current					
Obligations under right-of-use asset (Note 30(c))	2023 - 2026	**5,793**	9,426	**5,521**	8,244
		5,793	9,426	**5,521**	8,244
Total lease liabilities		**8,780**	12,427	**8,244**	10,797

The remaining maturities of lease liabilities as at 31 December are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturity of lease liabilities:				
Within one year	**2,987**	3,001	**2,723**	2,553
More than 1 year and less than 2 years	**3,099**	3,588	**2,817**	2,727
More than 2 years and less than 5 years	**2,694**	5,838	**2,704**	5,517
	8,780	12,427	**8,244**	10,797

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	**36,868**	32,735	**32,309**	27,757
Amounts due to subsidiaries	**-**	-	**33,126**	33,010
	36,868	32,735	**64,435**	60,767
Other payables				
Amount due to directors of a subsidiary	**1,411**	6,068	**-**	-
Amount due to a related party	**141**	141	**-**	-
Deposits	**60**	110	**60**	110
Accruals	**11,466**	53,527	**10,447**	52,622
Sundry payables	**14,988**	16,062	**12,728**	12,610
	28,066	75,908	**23,235**	65,342
Total trade and other payables	**64,934**	108,643	**87,670**	126,109

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2020: 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	
	2021 '000	2020 '000	2021 RM'000	2020 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.

29. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2021 RM'000	2020 RM'000
At 1 January	**(1,422)**	(865)
Other comprehensive income:		
Foreign currency translation	**183**	(557)
At 31 December	**(1,239)**	(1,422)

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. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group and Company	
	2021 RM'000	2020 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**889**	943
Approved but not contracted for:		
Property, plant and equipment	**-**	390

30. COMMITMENTS (CONT'D)

(b) Finance lease commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Minimum lease payments:				
Not later than 1 year	**32**	421	**9**	39
Later than 1 year but not later than 2 years	**-**	32	**-**	-
Total minimum lease payments	**32**	452	**9**	39
Less: Future finance charges	**-**	(16)	**-**	-
Present value of minimum lease payments	**32**	436	**9**	39

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	**32**	404	**9**	39
Later than 1 year but not later than 2 years	**-**	32	**-**	-
	32	436	**9**	39
Less: Amount due within 12 months	**(32)**	(404)	**(9)**	(39)
Amount due after 12 months	**-**	32	**-**	-

The Group and the Company have 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% (2020: 4.07% - 5.12%) per annum and 4.75% (2020: 4.75%) per annum respectively.

30. COMMITMENTS (CONT'D)

(c) Lease liability commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Minimum lease payments:				
Not later than 1 year	**4,105**	4,119	**3,692**	3,522
Later than 1 year but not later than 2 years	**4,002**	4,491	**3,604**	3,514
Later than 2 years but not later than 5 years	**4,034**	7,178	**3,888**	6,701
Total minimum lease payments	**12,141**	15,788	**11,184**	13,737
Less: Future finance charges	**(3,361)**	(3,361)	**(2,940)**	(2,940)
Present value of minimum lease payments	**8,780**	12,427	**8,244**	10,797

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	**2,987**	3,001	**2,723**	2,553
Later than 1 year but not later than 2 years	**3,099**	3,588	**2,817**	2,727
Later than 2 years but not later than 5 years	**2,694**	5,838	**2,704**	5,517
	8,780	12,427	**8,244**	10,797
Less: Amount due within 12 months	**(2,987)**	(3.001)	**(2,723)**	(2,553)
Amount due after 12 months	**5,793**	9,426	**5,521**	8,244

The Group and the Company have 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% (2020: 8.07%).

(d) Financial guarantee

	Company	
	2021 RM'000	2020 RM'000
Unsecured:		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	**8,000**	8,000

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.

31. CONTINGENT LIABILITY

On 8 October 2018, the Group received a legal 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.

Subsequently, a new trial date has been set on 8 August 2022 till 10 August 2022.

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.

32. 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:

Group	2021 RM'000	2020 RM'000
Services provided to Permodalan Nasional Berhad (PNB), (a former corporate shareholder of the Company):		
- Network related services	**-**	(8,505)
Services provided to Amanah Saham Nasional Berhad, a fund manager of PNB	**-**	(15,558)
Rental expenses of building payable to PNB	**-**	2,783

Company	2021 RM'000	2020 RM'000
Rental expenses of building payable to PNB	**-**	2,783
Dividend income from subsidiaries	**-**	32,840

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	**3,947**	3,585	**3,652**	3,111
Defined contribution plan	**184**	122	**184**	122
	4,131	3,706	**3,836**	3,232

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel (cont'd)

Included in the total key management personnel is:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remuneration (Note 7)	**2,118**	2,080	**1,823**	1,606

33. 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 exchange 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.

(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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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 (2020: RM8,000,000) relating to corporate guarantees provided by the Company on one (2020: one) subsidiaries' bank loan.

Credit risk concentration

At the reporting date, approximately 71% (2020: 73%) of the Group's and the Company'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.

33. 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 2021			
Financial liabilities:			
Trade and other payables	**64,934**	**-**	**64,934**
Loans and borrowings	**88,328**	**26,108**	**114,436**
Total undiscounted financial liabilities	**153,262**	**26,108**	**179,370**
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
Company			
31 December 2021			
Financial liabilities:			
Trade and other payables	**87,701**	**-**	**87,701**
Loans and borrowings	**86,710**	**23,749**	**110,459**
Total undiscounted financial liabilities	**174,411**	**23,749**	**198,160**
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

33. 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/(loss) net of tax would have been RM68,000 (2020: RM83,000) higher/lower and RM63,000 (2020: RM74,000) lower/higher respectively, arising mainly as a result of lower/higher interest 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 and the Company operate mainly in Malaysia and transacts predominantly in RM. The Group and the Company have minimal transactional currency exposure arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group and the Company entities.

34. 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

		Group		Company	
	Note	Carrying amount RM'000	Fair value Level 2 RM'000	Carrying amount RM'000	Fair value Level 2 RM'000
2021					
Financial liabilities					
Loans and borrowings (non-current)	25	**36,389**	**29,999**	**33,397**	**27,292**
Obligations under finance leases	25	**32**	**28**	**-**	**-**
2020					
Financial liabilities					
Loans and borrowings (non-current)					
- Term loan	25	3,332	2,739	-	-
- Obligations under finance leases	25	452	403	39	36

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.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

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 hear 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.

35. 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 2021 and 31 December 2020.

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.

35. CAPITAL MANAGEMENT (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	25	**111.505**	131,044	**107,773**	126,472
Trade and other payables	27	**64,934**	108,643	**87,670**	126,109
Less: Cash and bank balances	24	**(61,292)**	(59,599)	**(53,213)**	(49,468)
Net debt		**115,147**	180,088	**142,230**	203,113
Equity attributable to owners of the parent, representing total capital		**97,291**	123,634	**92,378**	111,554
Capital and net debt		**212,438**	303,722	**243,638**	314,667
Gearing ratio		**54%**	59%	**61%**	65%

36. 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 business offerings are mainly system integration and application development focusing on business acquisition for largely the Public Sector market namely, Health sector, Internal Security sector, government-linked companies and agencies, and developing smart solutions and smart city specifically for local councils. It also focuses on ancillary products surrounding financial solutions serving all market segments.

36. SEGMENT INFORMATION (CONT'D)

(ii) Core 2

Core 2 offerings ranges from various sectors focusing on products other than system integration. It represents various offerings in different sectors by the Group's subsidiaries. The offerings range from engineering works for energy sector, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile application, cooperative and smart council systems, simulation and training for various customers.

(iii) Core 3

Core 3 carries the offerings for business acquisition mainly for the transport sector, financial services sector and concession business segment.

Except as indicated above, no operating segments have 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.

36. SEGMENT INFORMATION (CONT'D)

	Core 1		Core 2		Core 3		Adjustments and eliminations			Consolidated financial statements	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000 Restated	Note	2021 RM'000	2020 RM'000
Revenue:											
External sales	**167,876**	204,800	**25,801**	45,883	**75,825**	74,685	**-**	-		**269,502**	325,368
Inter-segment	**-**	-	**2,316**	447	**-**	-	**(2,316)**	(447)		**-**	-
Total	**167,876**	204,800	**28,117**	46,330	**75,825**	74,685	**(2,316)**	(447)		**269,502**	325,368
Results:											
Finance costs	**(2,431)**	(3,062)	**(270)**	(444)	**(1,098)**	(1,117)	**-**	-		**(3,799)**	(4,623)
Hibah income	**484**	530	**79**	230	**-**	-	**-**	-		**563**	760
Depreciation and amortisation	**(8,829)**	(10,603)	**(2,013)**	(3,100)	**(3,742)**	(3,768)	**-**	44		**(14,584)**	(17,427)
Other non-cash items	**589**	(1)	**(28)**	999	**415**	811	**-**	-	A	**976**	1,809
Share of results of associates	**-**	(1,625)	**194**	138	**-**	-	**-**	-		**194**	(1,487)
(Loss)/profit before tax	**(12,016)**	3,922	**2,022**	7,603	**(2,344)**	7,839	**(3,791)**	(6,237)	B	**(16,129)**	13,127
Assets:											
Investments in associates	**470**	2,538	**-**	-	**-**	-	**894**	933		**1,364**	3,471
Additions to non-current assets	**3,910**	21,626	**2,011**	692	**-**	-	**-**	-	C	**5,921**	22,318
Segment assets	**222,179**	276,522	**44,656**	48,201	**103,573**	125,954	**(69,444)**	(73,366)	D	**300,964**	377,311
Liabilities:											
Segment liabilities	**157,263**	194,778	**49,766**	57,301	**71,507**	87,254	**(83,746)**	(84,628)	E	**194,790**	254,705

36. 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	2021 RM'000	2020 RM'000
Impairment loss on intangible assets	9	**-**	-
Impairment loss on trade and other receivables	9	**1,423**	2,344
Reversal of impairment loss on trade and other receivables	9	**(578)**	(1,143)
Property, plant and equipment written off	9	**131**	625
Unrealised foreign exchange gain	9	**-**	(18)
		976	1,808

B The following items are deducted from segment (loss)/profit to arrive at "(loss)/profit before tax" presented in the consolidated statement of comprehensive income:

	2021 RM'000	2020 RM'000
Expenses from inter-segment	**(186)**	(127)
Share of results of associates	**194**	(1,487)
Finance costs	**(3,799)**	(4,623)
	(3,791)	(6,237)

C Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment	**4,258**	15,907
Intangible assets	**1,663**	5,610
Investment in an associate	**-**	801
	5,921	22,318

36. 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:

	2021 RM'000	2020 RM'000
Inter-segment assets	**(67,939)**	(71,861)
Property, plant and equipment	**(1,201)**	(1,201)
Right-of-use assets	**(304)**	(304)
	(69,444)	(73,366)

E The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Inter-segment liabilities	**(83,426)**	(84,309)
Lease liabilities	**(319)**	(319)
	(83,745)	(84,628)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
By country:				
Malaysia	**268,791**	321,812	**70,193**	79,496
Australia	**106**	2,996	**-**	36
Indonesia	**605**	560	**1,567**	1,647
	269,502	325,368	**71,760**	81,179

36. 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:

	2021 RM'000	2020 RM'000
Property, plant and equipment	**52,935**	59,335
Right-of-use assets	**7,605**	11,243
Intangible assets	**11,220**	10,601
	71,760	81,179

Information about major customers

Revenue from major customers from the public sector represents 30% of total sales of the Group arising from sales by the Core 1 segment.

37. SIGNIFICANT EVENT

The COVID-19 pandemic has impacted significantly on the global and domestic economies and it is expected to have an adverse impact on the results of the Group and the Company for the financial year ended 31 December 2021. However, at this juncture, management is unable to reliably estimate the financial impact arising from this unprecedented circumstances. The Group and the Company are implementing timely and appropriate measures to minimise the impact.

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.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 13 April 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Chairman/
Non-Independent Non-Executive Director

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/ Executive Deputy Chairman

Dato' Mohd Fadzli Bin Yusof
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

Hamzah Bin Mahmood
Independent Non-Executive Director

Razalee Bin Amin
(Appointed w.e.f 1st January 2022)
Independent Non-Executive Director

Nik Mustapha Bin Nik Mohamed
(Appointed w.e.f 1st January 2022)
Independent Non-Executive Director

Chong Seep Hon
(Appointed w.e.f 1st January 2022)
Independent Non-Executive Director

AUDIT COMMITTEE

Wan Ainol Zilan Binti Abdul Rahim
Chairman
Independent Non-Executive Director

Hamzah Bin Mahmood
Independent Non-Executive Director

Razalee Bin Amin
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

Sulaiman Hew Bin Abdullah
Chairman
Independent Non-Executive Director

Datuk Mohd Radzif Bin Mohd Yunus
Independent Non-Executive Director

Nik Mustapha Bin Nik Mohamed
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

Salmi Nadia Binti Mohd Hilmey
Group Chief Operating Officer,
Executive Vice President

Ahmad Nasrul Hakim Bin Mohd Zaini
Group Chief Financial Officer,
Executive Vice President

Abdul Halim Bin Md Lassim
Chief Executive Officer of Core 1,
Executive Vice President

Ahmad Jefri Bin Abdul Rashid
Head of Core 2,
Senior Vice President

Abdullah Bin Ahmad
Head of Core 3,
Senior Vice President

Ts. Wan Zailani Bin Wan Ismail
Senior Vice President, Technology & Product,
Managed Infrastructure Services (HMS)

Nor Azlina Binti Abdul Latiff
Chief Information Officer,
Vice President

Ts. Dr. Nor Hazilawati Binti Awang
Vice President

REGISTERED OFFICE

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INCORPORATED

5 August 1994

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AUDITOR

Messrs. AlJafree Salihin Kuzaimi PLT
555, Jalan Samudera Utara 1,
Taman Samudra, 68100, Batu Caves,
Selangor Darul Ehsan.

PRINCIPAL BANKERS

- Affin Bank Berhad & Affin Islamic Bank Berhad
- RHB Islamic Bank Berhad & RHB Bank Berhad
- Bank Muamalat Malaysia Berhad
- CIMB Bank Berhad
- AmIslamic Bank Berhad
- Public Bank Berhad
- Bank Islam Malaysia Berhad

GROUP STRUCTURE

- Emirates Islamic Bank
- Malayan Banking Berhad & Maybank Islamic Berhad

PRINCIPAL SOLICITORS

Messrs. Rajes Hisham Rahim & Gopal
6th Floor, Yee Seng Building,
15, Jalan Raja Chulan,
50200 Kuala Lumpur.

Messrs. Chooi & Company + Cheang & Ariff
39 Court @ Loke Mansion
Np. 273A, Jalan Medan Tuanku,
50300 Kuala Lumpur.

Messrs. Ming & Partners
A1-13-16, Arcoris,
No. 10, Jalan Kiara, Mont Kiara,
50480 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
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.
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Fax : +603-2710 2308

AGM HELPDESK

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Nur'Atiqah Binti Mohd Bakri
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Fax : +603-8024 7997

SUBSIDIARIES

100%	HeiTech Managed Services Sdn Bhd	100%	HeiTech Eco Energy Sdn Bhd
100%	HeiTech Next Sdn Bhd	100%	Synergy Grid Sdn Bhd
100%	HeiTech *i*-Solutions Sdn Bhd	70%	Tekkis Sdn Bhd
100%	PSG Data Sdn Bhd	70%	P.T Intercity Kerlipan
100%	HeiTech Defence System Sdn Bhd	60%	Motordata Research Consortium Sdn Bhd
100%	Inter-City MPC (M) Sdn Bhd	51%	Duta Technic Sdn Bhd
100%	Pro-Office Solutions Sdn Bhd	51%	Uji Bestari Sdn Bhd

ASSOCIATE AND INVESTMENT

49%	PT Desa Tech Nusantara	39%	Peladang HeiTech Sdn Bhd
49%	InTech Solutions Pvt. Ltd	20%	DAPAT Vista (M) Sdn Bhd

Notes:
- The companies reflected above are active operating subsidiaries, associates and investment companies.
- Information is accurate as at 28th February 2022.

LIST OF PROPERTIES

AS AT 31ST DECEMBER 2021

Location	Land/ Built-up Area	Description	Land/Tenure	Net Book Value as at 31.12.2021	Valuation Amount	Date of Revaluation
No. 1 Jalan U8/81, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.	211,091 Sq. Ft.	HeiTech Village 2 World Class Data Center and business premise	Freehold	RM26.96 Million	RM76.4 Million	25th November 2021
Cyberjaya, (Locality : Fronting onto Jalan Teknokat 6 and sited adjoining to Wisma Suria, Cyberjaya, 63000 Selangor Darul Ehsan)	51,817 Sq. Ft.	Vacant Land	Freehold	RM2.52 Million	RM7.25 Million	23rd November 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 21ST MARCH 2022

DIRECTORS' SHAREHOLDING

No.	Name	No. of Shares		% of Shareholdings	
		Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
1	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-	-	-	-
2	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,841,384	13,899,828	3.794	13.731
3	Dato' Mohd Fadzli Bin Yusof	-	-	-	-
4	Datuk Mohd Radzif Bin Mohd Yunus	-	-	-	-
5	Sulaiman Hew Bin Abdullah	-	-	-	-
6	Wan Ainol Zilan Binti Abdul Rahim	-	-	-	-
7	Hamzah Bin Mahmood	-	292,000	-	0.288
8	Razalee Bin Amin	-	-	-	-
9	Nik Mustapha Bin Nik Mohamed	-	-	-	-
10	Chong Seep Hon	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares		% of Shareholdings	
		Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
1	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,841,384	13,899,828	3.794	13.731
2	Padujade Corporation Sdn Bhd	13,899,828	-	13.731	-

ANALYSIS BY SIZE OF HOLDINGS

Size Of Shareholdings	No. Of Shareholders/ Depositors	Holder Percentage	No. Of Shares/ Securities	Holding Percentage
1 - 99	408	12.024	12,773	0.012
100 - 1,000	589	17.359	361,682	0.356
1,001 - 10,000	1674	49.336	6,939,819	6.854
10,001 - 100,000	592	17.447	19,244,432	19.01
100,001 and above	130	3.831	74,666,594	73.762
Total	**3,393**	**100**	**101,225,300**	**100**

ANALYSIS OF SHAREHOLDINGS

AS AT 21ST MARCH 2022

TOP THIRTY (30) SHAREHOLDERS

No.	Name	Shares	Percentage
1	Padujade Corporation Sdn Bhd	13,899,828	13.731
2	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	4,795,000	4.736
3	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,841,384	3.794
4	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	2,795,500	2.761
5	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Chiau Haw Choon (SMART)	2,500,000	2.469
6	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik (MY2975)	2,500,000	2.469
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	2,000,000	1.975
8	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	1,565,000	1.546
9	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Hock (7009898)	1,500,000	1.481
10	Ong Chui Li	1,250,000	1.234
11	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,100,000	1.086
12	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Raymond Cheah Sin Beng (7005439)	1,098,500	1.085
13	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	1,092,000	1.078
14	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Chee Siang	1,024,000	1.011
15	Tan Yan Ching	1,000,000	0.987
16	Yap Wai Leong	994,000	0.981
17	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Chee Siang	970,000	0.958
18	U Yong Doong @ U Sung Kwi	920,000	0.908
19	Yamato Toshihiro	910,100	0.899
20	Ngooi Chiu Sein	800,000	0.790
21	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Wai Leong	790,000	0.780
22	Soo Ai Lin	772,200	0.762

ANALYSIS OF SHAREHOLDINGS
AS AT 21ST MARCH 2022

No.	Name	Shares	Percentage
23	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Palany Andavar A/L Pitchamuthu	752,500	0.743
24	Siah Wang Choon	725,000	0.716
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wan Fun (6000627)	710,000	0.701
26	Hau Mun Meng	704,100	0.695
27	Ngooi Chiu Ing	614,000	0.606
28	Liew Fook Meng	593,000	0.585
29	Lizalina Chew Sin Wei	504,000	0.497
30	KWTAN Business Sdn Bhd	500,000	0.493
Total		**53,220,112**	**52.557**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (27th) Annual General Meeting ("AGM") of HeiTech Padu Berhad ("the Company") will be conducted as a fully virtual meeting via our Share Registrar's website at https://tiih.Online/ in Malaysia on Thursday, 23 June 2022 at 10:30 a.m. For the following purposes:

AGENDA

AS ORDINARY BUSINESS

1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of Directors and Auditors thereon.	**Please refer to Explanatory Notes to the Agenda No. 1**
2.	To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company's Constitution: (Please refer to Explanatory Notes to the Agenda No. 2)	
	(i) Dato' Sri Mohd Hilmey Bin Mohd Taib	**Resolution 1**
	(ii) Puan Wan Ainol Zilan Binti Abdul Rahim	**Resolution 2**
	(iii) Encik Hamzah Bin Mahmood	**Resolution 3**
3.	To re-elect the following Directors, who are retiring in accordance with Article 85 of the Company's Constitution:	
	(i) Encik Razalee Bin Amin	**Resolution 4**
	(ii) Mr. Chong Seep Hon	**Resolution 5**
	(iii) Encik Nik Mustapha Bin Nik Mohamed	**Resolution 6**
4.	To approve the payment of Directors' Fees, amounting to RM 240,000 for the financial year ended 31 December 2021.	**Resolution 7**
5.	To approve the payment of Directors' benefits for the period 24 June 2022 until the next AGM. (Please refer to Explanatory Notes to the Agenda No. 3)	**Resolution 8**
6.	To approve the provision of Chairman's Allowances of RM3,000 per month for the Chairman of HeiTech Padu Berhad.	**Resolution 9**
7.	To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT (Salihin) as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.	**Resolution 10**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary Resolution with or without modifications:

8. **Proposed Authority to Issue Shares.** — **Resolution 11**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised to issue shares of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued capital of the Company for the time being AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

By Order of the Board
HEITECH PADU BERHAD

SITI SHAHWANA BINTI ABDUL HAMID (MAICSA 7018383)
AMIR ZAHINI BIN SAHRIM (MAICSA 7034464)

Company Secretaries

Subang Jaya
29 April 2022

Notes:

1. IMPORTANT NOTICE

   An online meeting platform used to conduct the meeting can be recognised as the meeting venue as required under Section 327 (2) of the Companies Act 2016, provided that the online platform is located in Malaysia.

   Shareholders are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guideline** and take note of **Notes (2) to (12) below to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as of 16 June 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorised.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak, and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at **https://tiih.online. Please follow the procedures for RPV in the Administrative Guideline.**

8. The appointment of proxy may be made in hard copy & electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   a) **Hard copy form**

      In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   b) **Electronic form**

      The form of proxy can be electronically submitted via Tricor's TIIH Online website at **https://tiih.online**. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.

10. Last date and time for lodging the proxy form is **Monday, 20 June 2022 at 10.30 a.m.**

NOTICE OF ANNUAL GENERAL MEETING

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to the vote by way of a poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

EXPLANATORY NOTES TO THE AGENDA

1. Item 1 of the Agenda
   To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of Directors and Auditors thereon.

   This is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

2. Item 2 of the Agenda
   The Board supported the reappointment of Directors seeking for re-election as the Directors fulfill the criteria as prescribed by Paragraph 2.2A of the Main Market Listing Requirement of Bursa Malaysia.

3. Item 5 of the Agenda
   To approve the payment of Directors' benefits for the period 24 June 2022 until the next Annual General Meeting. Section 230(1) of the Companies Act 2016 provides amongst others, that "fees" of the Directors and "any benefits" payable to Directors of a listed company and its subsidiaries shall be approved at a general meeting.

   Pursuant thereto, shareholders' approval is sought for this payment in Resolution 8 for payment of Directors' benefits to Non-Executive Directors from 24 June 2022 until the next Annual General Meeting of the Company.

   The Directors' benefits payable to the Non-Executive Directors until the next Annual General Meeting of the Company are calculated based on the current composition and/or future appointments of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

   Resolution 8 on the payment of Directors' benefits for the period from 24 June 2022 until the next Annual General Meeting of the Company, sets out in the manner below:

Meeting allowances (Per Meeting)	Chairman	Member
Board of Directors Meeting	RM2,500	RM2,000
Audit Committee Meeting	RM2,500	RM2,000
Risk Management Committee Meeting	RM2,500	RM2,000
Nomination & Remuneration Committee Meeting	RM2,500	RM2,000
ESOS Committee Meeting	RM2,500	RM2,000
Any new Board Committees established by the Board of Directors	RM2,500	RM2,000

4. Item 6 of the Agenda
   To approve the provision of Chairman's Allowances of RM3,000 per month for the Chairman of HeiTech Padu Berhad.

   In view of the retainment of Y.Bhg Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor as Chairman of HeiTech Padu Berhad, the remuneration will commensurate with the Chairman's responsibilities, commitment, and contribution with reference to his statutory duties, the complexity of the Group's businesses and increased expectation of various stakeholders.

5. Item 8 of the Agenda
   Proposed Authority to Issue Shares

   The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to an aggregate amount not exceeding 10% of the issued and paid-up capital of the Company, which was approved at the 26th Annual General Meeting held on 24 June 2021, and which will lapse at the conclusion of the 27th Annual General Meeting to be held on 23 June 2022. A renewal of this mandate is sought at the 27th AGM under proposed Ordinary Resolution 11.

   The proposed Ordinary Resolution 11 if passed, is primarily to give flexibility to the Board of Directors to issue and allot ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, at any time in their absolute discretion in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

   The purpose of the general mandate is for possible fundraising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the profile of the Directors who are standing for re-appointment and re-election are set out on the pages 54 to 63 of the Annual Report and the details of the Directors' shareholdings in the Company, are set out on the pages 187 to 189 of the Annual Report.

ADMINISTRATIVE GUIDE FOR THE 27TH ANNUAL GENERAL MEETING OF HEITECH PADU BERHAD ("HEITECH" OR "THE COMPANY")

Date	:	**Thursday, 23 June 2022**
Time	:	**10.30 a.m.**
Online Meeting Platform	:	**TIIH Online Website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia.**

MODE OF MEETING

1. In support of the Government of Malaysia's ongoing efforts to contain the spread of Coronavirus Disease 2019 ("COVID-19) and as part of the safety measures, the Company's 27th Annual General Meeting ("27th AGM" or "the Meeting") will be conducted on a **FULLY VIRTUAL** basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor").

2. This is in line with the revised Guidance Note and FAQs on the Conduct of General Meeting for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, including any amendments that may be made from time to time.

3. An online meeting platform can be recognised as the meeting venue as required under Section 327 (2) of the Companies Act 2016, provided that the online platform is located in Malaysia.

RPV FACILITIES

1. Shareholder(s) are able to attend virtually, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM using the RPV provided by Tricor via its **TIIH Online** website at **https://tiih.online**. Please refer to the Procedures for RPV contained herein for more information.

2. A shareholder who has appointed a proxy(ies) or authorised representative(s) or attorney(s) to participate at the 27th AGM via the RPV must request his/her proxy(ies) or authorised representative(s) or attorney(s) to register himself/herself for RPV at the TIIH Online website at **https://tiih.online**. Please refer to the Procedure for RPV contained herein for more information.

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in 27th AGM will need to follow the requirements and procedures as summarised below:

Procedure	Action
BEFORE THE AGM DAY	
a. Sign-up as a user with TIIH Online	• If you **have not registered** as a user of TIIH Online, please refer to the tutorial guide posted on Tricor's TIIH Online website for assistance on signing up. Registration as a user will be approved within one working day and you will be notified via email. • If you are **already a registered user** with TIIH Online, you do not need to register again. You will receive an **e-mail from Tricor** notifying that the remote participation for the 27th AGM is available for registration on TIIH Online.
b. Submit your registration for RPV	• Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 27th AGM to ascertain their eligibility to participate at the 27th AGM using the RPV. Registration is open from Friday 29th April 2022 until the day of 27th AGM, Thursday, 23rd June 2022. • To register for RPV, visit the TIIH Online website and login with your user ID (i.e. email address) and password and select the corporate event: "**(REGISTRATION) HEITECH 27TH AGM**" • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • The system will send an email to notify you that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors dated 16th June 2022, the system will send you and email to approve or reject your registration for remote participation and the procedures to use the RPV will be detailed therein. In the event your registration is not approved, you will also be notified via email. ***(Note: Please allow sufficient time for approval as a new user of TIIH Online as well as the registration for RPV in order for you to log into TIIH Online and participate in the 27th AGM)***

ADMINISTRATIVE GUIDE FOR THE 27TH ANNUAL GENERAL MEETING OF HEITECH PADU BERHAD ("HEITECH" OR "THE COMPANY")

Procedure	Action
BEFORE THE AGM DAY	
a. Login to TIIH Online	• To participate in the 27th AGM, visit the TIIH Online website and log in with your user ID (i.e. email address) and password at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 27th AGM on Thursday, 23rd June 2022 at 10.30 a.m.
b. Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAMING MEETING) HEITECH 27TH AGM**" to engage in the proceedings of the 27th AGM. • If you have any questions for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to all questions submitted during the 27th AGM.
c. Online Remote Voting	• The voting session will commence from 10.30 a.m. on Thursday, 23rd June 2022 until a time when the Chairman announces the end of the session. • To submit your vote, on the TIIH Online website, select the corporate event: "**(REMOTE VOTING) HEITECH 27TH AGM**" or if you are in the live stream meeting page, you can select the "**GO TO REMOTE VOTING PAGE**" button, located below the query box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
d. End of remote participation	• Upon the announcement by the Chairman on the closure of the 27th AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for the RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet connection at your location and the device you use.

3. In the event you encounter any issues logging in, connecting to the live streamed meeting or voting online on the day of the meeting, kindly call the Tricor Help Line at 011-40805616/ 011-40803168/ 011-40803169/ 011-40803170 or email to **tiih.online@my.tricorglobal.com** for assistance.

ENTITLEMENT TO PARTICIPATE AND VOTE

1. Only shareholders whose names appear on the Record of Depositors as at 16th June 2022 shall be entitled to attend the 27th AGM or appoint proxy(ies) to attend and/or vote on his/ her behalf. A shareholder will not be allowed to participate at the meeting if his/her proxy(ies) has/have been registered to participate in the meeting.

2. If a shareholder is unable to participate in the 27th AGM, he/she may also appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the form of proxy.

APPOINTMENT OF PROXY OR CORPORATE REPRESENTATIVE OR ATTORNEY

1. The appointment of proxy(ies) may be submitted in hard copy form or electronic form.

   (i) Hard copy form

   The form of proxy must be deposited to Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) Electronic form

   The form of proxy can be electronically submitted via Tricor's TIIH Online website at **https://tiih.online**. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

ADMINISTRATIVE GUIDE FOR THE 27TH ANNUAL GENERAL MEETING OF HEITECH PADU BERHAD ("HEITECH" OR "THE COMPANY")

2. The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited to Tricor not less than 48 hours before the time appointed for the taking of the poll or no later than **Monday, 20th June 2022 at 10.30 a.m.**

3. Shareholders who have appointed proxy(ies) or authorised representative(s) or attorney(s) to participate in the 27th AGM must request his/her proxy(ies) or authorised representative(s) or attorney(s) to register himself/herself/themselves for the RPV at Tricor's TIIH Online website at **https://tiih.online**.

PROCEDURE FOR ELECTRONIC SUBMISSION OF FORM OF PROXY

The procedures to submit your form of proxy electronically via Tricor's TIIH Online website are summarised below

Procedure	Action
STEPS FOR INDIVIDUAL SHAREHOLDERS	
a. Register as a User with TIIH Online	• Using your computer, access the TIIH Online website at **https://tiih.online**. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
b. Proceed with submission of Form of Proxy	• After the release of the Notice of Meeting by the Company, log in with your username (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – **FOR** or **AGAINST**, otherwise your proxy(ies) will decide your vote. • Review and confirm your proxy(ies) appointment. • Print the form of proxy for your record.
STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS	
a. Register as a User with TIIH Online	• Using your computer, please access the TIIH Online website at **https://tiih.online**. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. ***(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)***
b. Proceed with submission of form of proxy	• Login to TIIH Online at **https://tiih.online**. • Select the corporate exercise name: "**HEITECH 27TH AGM "Submission of Proxy Form**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE GUIDE FOR THE 27TH ANNUAL GENERAL MEETING OF HEITECH PADU BERHAD ("HEITECH" OR "THE COMPANY")

POLL VOTING

1. The voting at the 27th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Independent Scrutineers to verify the poll results.

2. Shareholders or proxy(ies) or corporate representative(s) or attorney(s) may proceed to vote on the resolutions at any time from **10.30 a.m. on Thursday, 23rd June 2022** until the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to the Procedures of RPV for guidance on how to vote remotely from Tricor's TIIH Online website at **https://tiih.online**.

3. Upon completion of the voting session for the 27th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration on whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

1. Shareholders may submit questions for the Board in advance of the 27th AGM via Tricor's TIIH Online website at **https://tiih.online** by selecting "e-Services" to log in and submit questions no later than Wednesday, 22nd June 2022 at 10.30 a.m.

2. The Board will endeavour to answer the questions received at the 27th AGM.

BREAKFAST/ LUNCH PACK, DOOR GIFT/ FOOD VOUCHER

There will be no distribution of breakfast or lunch packs, vouchers(s) or door gifts(s) to shareholders/ proxy(ies) who participate in the 27th AGM.

The Board would like to thank all its shareholders for their kind co-operation and understanding on this matter.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 27th AGM of the Company.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar, Tricor or HeiTech Padu Berhad, Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.
General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

HeiTech Padu Berhad
Email : cosec@heitech.com.my
Contact persons : Encik Khyrul Anwaar
+603-8601 3125
: Cik Nur'Atiqah
+603-8601 312

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FORM OF PROXY

No. of shares held	CDS Account No. of Authorised Nominee

HeiTech®

HeiTech Padu Berhad
Company No. 199401024950 (310628-D)

I/We ______________________________ NRIC No. /Company No.______________________
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

being (a) member(s) of HEITECH PADU BERHAD (Company No. 199401024950 (310628-D) hereby appoint(s) [1] ______________

NRIC No. ______________________________ of ______________________________or

failing him/her, [2] ______________________________ NRIC No. ______________________

of ____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Seventh (27th) Annual General Meeting of the Company to be held VIRTUALLY through Online Meeting Platform via our Share Registrar's website at **https://tiih.online** in Malaysia on **Thursday, 23 June 2022 at 10.30 a.m.** or any adjournment thereof.

The proxy is to vote on the resolutions set in the Notice of Meeting as indicated with an 'X' in the appropriate space below. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

RESOLUTIONS		FOR	AGAINST
RESOLUTION 1	Re-election of Dato' Sri Mohd Hilmey Bin Mohd Taib.		
RESOLUTION 2	Re-election of Puan Wan Ainol Zilan Binti Abdul Rahim.		
RESOLUTION 3	Re-election of Encik Hamzah Bin Mahmood.		
RESOLUTION 4	Re-election of Encik Razalee Bin Amin.		
RESOLUTION 5	Re-election of Mr. Chong Seep Hon.		
RESOLUTION 6	Re-election of Encik Nik Mustapha Bin Nik Mohamed.		
RESOLUTION 7	Approval on the payment of Directors' fees, amounting to RM240,000 in respect of the financial year ended 31st December 2021.		
RESOLUTION 8	To approve the Payment of Directors' benefits for the period 24 June 2022 until the next AGM.		
RESOLUTION 9	To approve the provision of Chairman's Allowances of RM3,000 per month for the Chairman of HeiTech Padu Berhad.		
RESOLUTION 10	Re-appointment of Messrs. Al Jafree Salihin Kuzaimi PLT (Salihin) as Auditors for the ensuing year and to authorize the Directors to fix their remuneration.		
RESOLUTION 11	Proposed authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.		

Dated this __________day of ________________ 2022.

____
Signature/Common Seal of Appointor

For the appointment of two (2) proxies, the number of shares and percentages of shareholding to be represented by each proxy:		
	No. of Shares	**% of shareholding**
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. An online meeting platform used to conduct the meeting can be recognized as the meeting venue as required under Section 327 (2) of the Companies Act 2016, provided that the online platform is located in Malaysia.

   Shareholders are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at **https://tiih.online**. **Please follow the Procedures for RPV in the Administrative Guidelines** and take note of **Notes (2) to (12) below in order to participate remotely via RPV**.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 16th June 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/ her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorised.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/ her proxy to register himself/herself for RPV at TIIH Online website at **https://tiih.online**. Please follow the procedures for RPV in the Administrative Guidelines.

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STAMP

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

Please fold here to seal

8. The appointment of proxy may be made in hard copy form and electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   a. Hard copy form

      In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at **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** or alternatively, the **Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.**

   b. Electronic form

      The form of proxy can be electronically submitted via Tricor's TIIH Online website at https://tiih.online. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

10. Last date and time for lodging the proxy form is **Monday, 20 June 2022 at 10.30 a.m**.

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company **at 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** or alternatively, the **Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to the vote by way of a poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

HeiTech®

HEITECH PADU BERHAD
199401024950 (310628-D)

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