

**COMPUGATES®**

**COMPUGATES HOLDINGS BERHAD**

200401030779 (669287-H)

# ANNUAL REPORT 2020



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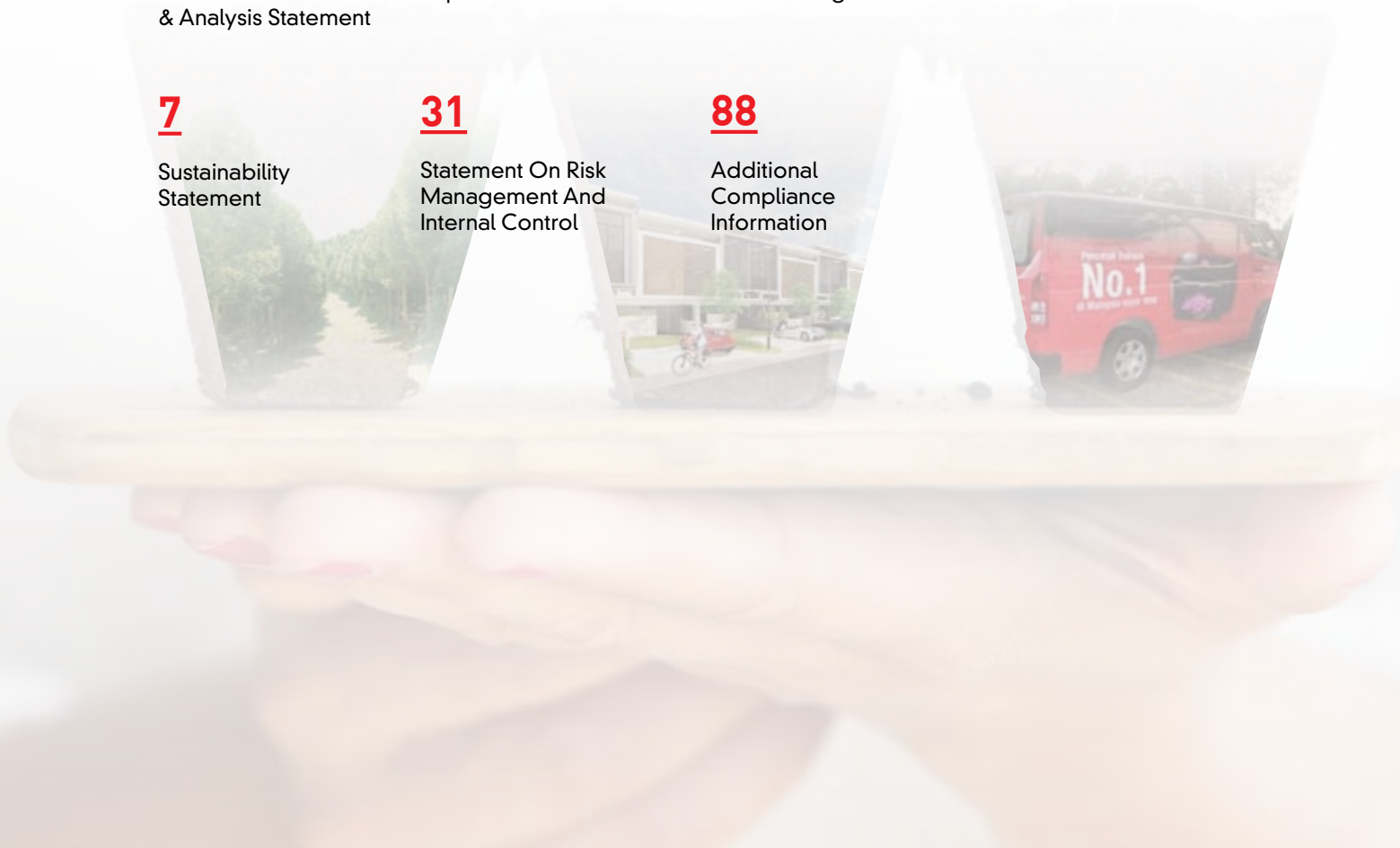
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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Tan Sri Datuk Asmat Bin Kamaludin</b>	<i>Independent Non-Executive Chairman</i>
<b>Mohamed Fauzi Bin Omar</b>	<i>Independent Non-Executive Director</i>
<b>Goh Tai Wai</b>	<i>Non-Independent Non-Executive Director</i>
<b>See Thoo Chan</b>	<i>Executive Director</i>

## AUDIT COMMITTEE

<i>Chairman</i>
<b>Tan Sri Datuk Asmat Bin Kamaludin</b>
<i>Member</i>
<b>Mohamed Fauzi Bin Omar</b>
<i>Member</i>
<b>Goh Tai Wai</b>

## NOMINATION COMMITTEE

<i>Chairman</i>
<b>Tan Sri Datuk Asmat Bin Kamaludin</b>
<i>Member</i>
<b>Mohamed Fauzi Bin Omar</b>
<i>Member</i>
<b>Goh Tai Wai</b>

## REMUNERATION COMMITTEE

<i>Chairman</i>
<b>Tan Sri Datuk Asmat Bin Kamaludin</b>
<i>Member</i>
<b>Mohamed Fauzi Bin Omar</b>
<i>Member</i>
<b>See Thoo Chan</b>

## RISK MANAGEMENT COMMITTEE

<i>Chairman</i>
<b>Tan Sri Datuk Asmat Bin Kamaludin</b>
<i>Member</i>
<b>Mohamed Fauzi Bin Omar</b>
<i>Member</i>
<b>Goh Tai Wai</b>

## COMPANY SECRETARIES

<b>Chen Wee Sam</b> (LS0009709) (SSM PC No. 202008002853)
<b>Hew Chee Hau</b> (MIA 21967) (SSM PC No. 201908001291)

## REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8,  
Sri Hartamas,  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : 03-6201 1120  
Fax : 03-6201 3121

## 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  
Wilayah Persekutuan Kuala Lumpur  
Tel : 03-2783 9299  
Fax : 03-2783 9222

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Public Bank Berhad

## AUDITORS

Grant Thornton Malaysia PLT  
(201906003682 & AF0737)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : 03-2692 4022  
Fax: 03-2691 5229

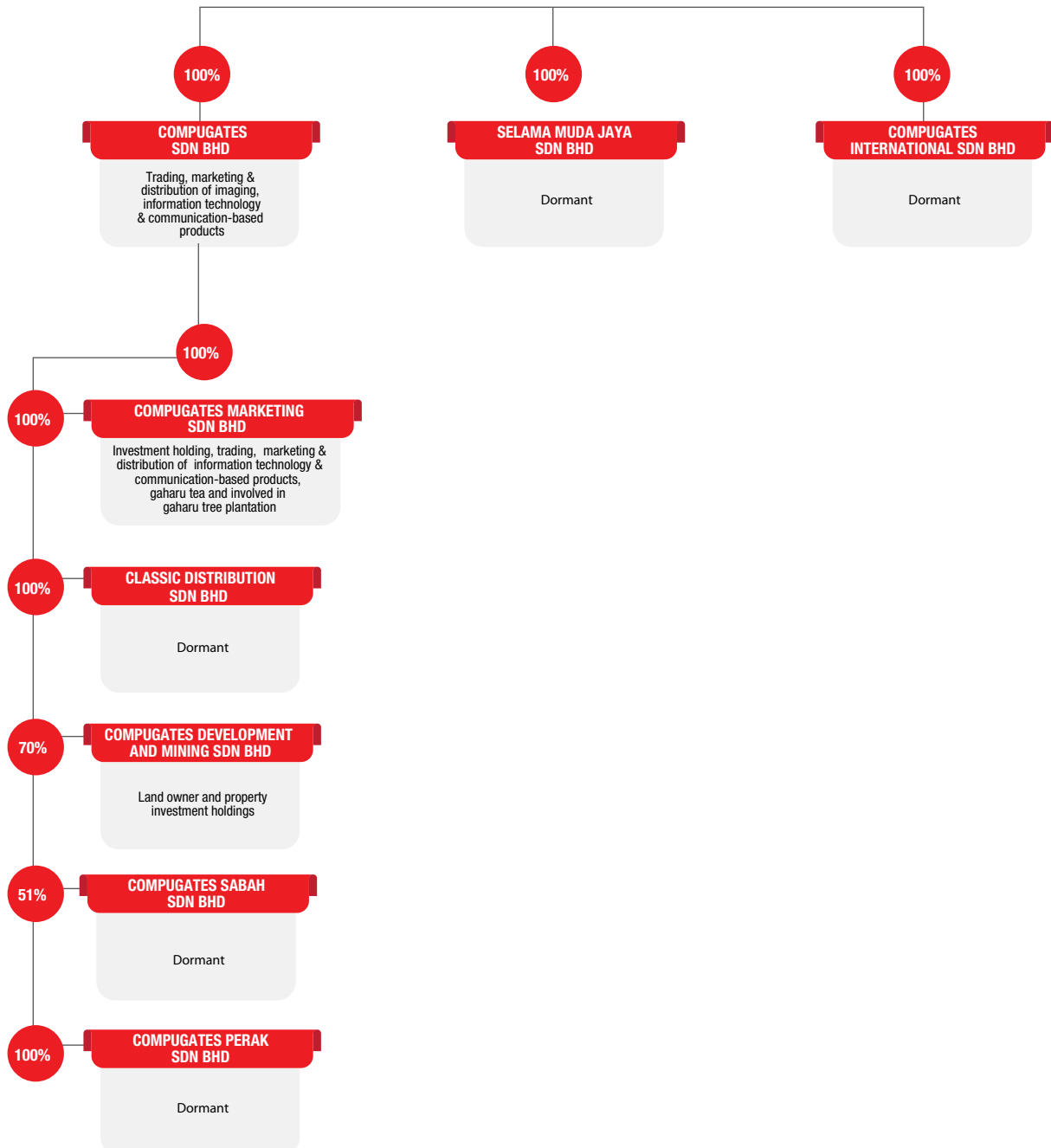
## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock name : COMPUGT  
Stock code : 5037

# CORPORATE STRUCTURE

## COMPUGATES®

**COMPUGATES HOLDINGS BERHAD**  
Investment holding and provision of management services



# CHAIRMAN'S STATEMENT



*On behalf of the Board of Directors of Compugates Holdings Berhad ("Compugates" or "the Company"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2020.*

## ECONOMIC REVIEW

The global economy contracted by 3.5% in 2020, which is the worst peacetime contraction since the Great Depression of the 1930s.

The year has undoubtedly been a difficult one, with the virus disrupting both daily life and the economy for months. Asian countries' levels of resilience to the pandemic varied in line with their respective levels of economic development. Malaysia, with its high-tech industry and strong services sector, has a more diversified base than some of its ASEAN neighbours, and was thus better prepared to absorb the losses associated with the economic downturn. Nevertheless, the economy still contracted by 5.6% in 2020.

The restriction on mobility, especially on inter-district and inter-state travel, weighed on economic activities. However, the continued improvement in external demand provided support to economic growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand.

For retail industry, the COVID-19 waves had dampened the spirit of Malaysian retailers. For the first nine months of 2020, the retail sales growth rate was -18.4%, compared to the same period a year ago.

Digital solution became essential in enabling businesses to adapt to the new normal. Given the restriction on movement and social distancing guidelines, the expansion of online platforms offering payment, food delivery and medical advice were not only key to providing a basis for goods and services to the general public, but also a necessity for companies looking to adapt to rapidly changing consumer demand.



## CHAIRMAN'S STATEMENT (cont'd)

### PERFORMANCE REVIEW

For financial year ended 31 December 2020, the Group registered a revenue of approximately RM4.4 million, decreased by RM0.2 million or 4.8% compared to the preceding financial year ended 31 December 2019 ("FYE 2019") of approximately RM4.6 million. This was mainly due to a market shortage of the information technology hardware products resulting from a spike in demand in view of the Movement Control Order imposed by the Malaysian Government.

The Group recorded a lower loss after taxation of approximately RM7.1 million which was approximately RM1.1 million lower compared to the FYE 2019 of approximately RM8.3 million. This was a result of cost saving in administrative expenses of approximately RM1.3 million and an increase in other income of approximately RM0.7 million arising from a further compensation from land acquisition. This was further offset with a reversal of provision of company tax of approximately RM0.6 million.

### CORPORATE DEVELOPMENT

During the first half of 2020, the Company had completed the fund raising exercise of private placement of up to 25% of the total number of issued shares of Compugates by issuing a total of 98,768,300 new Compugates shares in multiples tranches at an average issue price of RM0.017 each.

On 11 August 2020, Compugates announced that the Company proposed to undertake a private placement exercise of up to 514,852,700 new CHB shares, representing 20% of the total number of issued shares in Compugates. The Company had issued a total number of 254,308,300 new Compugates shares pursuant to this private placement at the issue prices ranging between RM0.0180 to RM0.0245 per share.

The proceeds raised from the above private placements were used in a manner that contributed positively to the Group's earnings potential. It is expected to improve the Group's overall financial position and ameliorate financial performance moving forward.

### OUTLOOK AND PROSPECTS

The Board is of the view that, barring any unforeseen circumstances, the trading and distribution business is expected to remain very challenging given the competitive market environment. In order to bolster the effects, the Company is expanding the market reach to consumers via the e-commerce platform by selling multiple brand products online.

Meanwhile, the Company will continuously develop the markets for other business activities that have been identified namely, the Gaharu plantation and joint development of land.

### APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere thanks to our valued customers, business associates and suppliers for their continuous support, trust and understanding.

I would also like to take this opportunity to extend my gratitude and appreciation to our fellow Board members, management and staff for their hard work, dedication and commitment to the Group.

Last but not least, to our shareholders, I wish to express my heartfelt appreciation for your confidence in Compugates.

# MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

The Management of Compugates Holdings Berhad ("Compugates" or "the Company") is pleased to present the management discussion and analysis of the business, operations and performance of the Company and its subsidiaries (collectively referred to as "Group") during the financial year ended ("FYE") 31 December 2020.

## FINANCIAL RESULTS AND PERFORMANCE STATEMENT

Year 2020 has been the worst year for the distribution industry in Malaysia since 1987 with the lowest growth rate in 33 years. The retail and distribution markets turned into a bloodbath since mid-March 2020 with the Movement Control Order imposed by the government and, in conjunction with the moratorium ended in September 2020, where consumers further tightened their spending.

For the FYE 31 December 2020, the Group recorded a revenue of RM4.4 million, a decrease by RM0.2 million or 4.8% compared to the revenue of RM4.6 million for FYE 31 December 2019. The lower revenue was mainly contributed by a market shortage of the information technology ("IT") hardware products thereby hampering the ability to fulfil the spike in demand in view of the Movement Control Order imposed.

The Group incurred a lower operating loss of RM6.9 million during the financial year, which was approximately RM1.8 million or 20.5% lower compared to an operating loss of RM8.7 million in the preceding FYE 31 December 2019. The lower operating losses in FYE 31 December 2020 was mainly attributed by a lower provision of director fees and remuneration of approximately RM1.3 million and an increase in other income of approximately RM0.7 million arising from a further compensation from land acquisition.

In FYE 31 December 2020, with the implementation of cost saving strategies, administrative expenses of the Group decreased by approximately RM1.3 million compared to the preceding FYE 31 December 2019.

## FINANCIAL AND OPERATING RISKS

In this challenging operating environment, credit risk remains the potential major financial risk faced by the Group's trading and distribution businesses. Such credit risk is in relation to possible loss arising from unrecoverable receivables. As at 31 December 2020, the Group's trade receivables turnover days remained relatively low at 9 days. The minimum days in trade receivables collection reflected the orderly credit collection and credit screening processes, which are also in line with the Group's strategy to achieve a sustainable business equilibrium via an ironclad credit control and assessment system.

Besides credit risk, the Group was also exposed to liquidity risk whereby as at 31 December 2020 the net current liabilities position of the Group amounted to approximately RM11.9 million. Therefore, the Group undertook a fundraising exercise such as private placement of up to 25% of the total number of issued shares in the Company for the first half of 2020 and private placement of up to 20% of the total number of issued shares in the second half of 2020, and revamping its business model to fill up the gap between current assets and current liabilities. Additionally, the Group has also enlarged its revenue stream by diversifying the Group's business to joint development of land, Gaharu plantation as well as other online businesses.

## FUTURE PROSPECTS

Apart from IT distribution which is the Group's core business, the Group has meanwhile diversified into land development. The Group is also seeking potential business projects/venture opportunities as a long term measure to create additional revenue and earnings stream to diversify into other areas of growth.

Moving forward, due to the impact of the COVID-19 outbreak, the overall business impact in the core business of the trading & services segment will largely be dependent on the severity and duration of the pandemic. Nevertheless, the Management, remains committed to mitigate the exposure in the vulnerable business segment by diversifying and unlocking the value of its landbank and agriculture related businesses.

By having considered the Group's performance as well the Group's needs for future growth, the Board of Directors is not recommending any dividend for FYE 31 December 2020. However, the Group is committed to ensure shareholders have fair and equitable return of investment in the future.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

The Board of Directors ("Board") of Compugates Holdings Berhad ("Compugates" or "the Company") is pleased to present its Sustainability Statement for the financial year ended 31 December 2020. Compugates recognises that its responsibility to its stakeholders is to deliver profitable results and uphold good corporate governance. Sustainability is one of the key component for companies to promote value creation, and demand for increased transparency on listed companies' economic, environmental, social ("EES") and corporate governance practices.

Our strategies are focused not only at maximising shareholders returns but at the same time, contribute to the communities, preserving environment as well as protecting the wellbeing, safety and health of our employees and to the communities where we conduct our business operation.

## SCOPE AND REPORTING BOUNDARY

This Sustainability Statement covers the business operations of Compugates and its subsidiaries (collectively referred to as "Group") in Malaysia and has been prepared in accordance with the guidelines set out in the Main Market Listing Requirements in relation to the Sustainability Statement in Annual Report of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad.

## ABOUT US

Compugates was established in 1997 as a private limited company and has been involved with distribution of digital cameras, telecommunication-based and IT related products. Compugates was listed on the Main Board of Bursa Malaysia Securities Berhad on 30 December 2005.

The Group has since listing diversified into distribution of Green Energy Products, agriculture, timber concession, property investment and moving towards joint property development as well.

## GOVERNANCE STRUCTURE

The Board is accountable for the oversight of management of sustainability matters, and responsible for setting and embedding sustainability-related strategies into the Group's business operations. The Board is supported by the Management in overseeing the implementation of sustainability strategy and considers input of all business divisions in sustainability processes.

Going forward, the Group aims to enhance the governance structure to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies of the Group.



## SUSTAINABILITY STATEMENT (cont'd)

### STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

Regular engagement with our stakeholders allows us to understand their needs and expectations, identify gaps and enable us to make informed assessments and formulate strategies for execution to bridge such gaps. We define our stakeholders as those impacted by our business activities, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our business activities.

Stakeholder Group	Engagement Method
Customers/Dealers	<ul style="list-style-type: none"> <li>• Meetings and Networkings</li> <li>• Emails</li> <li>• Company Website</li> </ul>
Government/ Regulators	<ul style="list-style-type: none"> <li>• Events and Seminars</li> <li>• Briefings and Trainings</li> <li>• Regular Consultation and Meetings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Annual Performance Review</li> <li>• Staff Annual Dinner</li> <li>• Employee Events</li> <li>• Knowledge Sharing Sessions</li> <li>• Management Meetings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier Reviews</li> <li>• Regular Meetings and Correspondence</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>• General Meetings</li> <li>• Company Website</li> <li>• Annual Report</li> <li>• Quarterly Reports</li> <li>• Company Announcements</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community Outreach Programmes</li> <li>• Participation in Local Community Activities</li> <li>• Sponsorship</li> </ul>

We have identified material topics for reporting based on the significance of our EES and economic impacts and the degree of influence where we see the most potential for creating maximum value for our stakeholders. The identified topics are then discussed and prioritised.

Pillar	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Managing Our Customers/Dealers</li> <li>• Business Conduct</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Sustainable Business</li> <li>• Environmental Laws and Regulations</li> <li>• Energy Management</li> <li>• Recycled Materials</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Employee Training and Development</li> <li>• Diversity and Equal Opportunity</li> <li>• Employee Welfare</li> </ul>

# SUSTAINABILITY STATEMENT (cont'd)

## SUSTAINABILITY MATTERS

### ECONOMIC

#### Economic Performance

We are committed to achieving economic sustainability growth for our shareholders. Economic performance is the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Compugates firmly believes that focusing on financial sustainability and positive economic performance is critical to the Group's business continuity.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

#### Managing Our Customers/Dealers

We aim to provide products and services which meet our customers/dealers satisfaction and exceed their expectations. Knowing exactly what customers/dealers expect from us improves our bottom line and strengthens our reputation in the long term. Engaging with our customers/dealers regularly enable us to understand their needs and expectations, identify gaps and enable us to make informed decisions. We encourage our customers/dealers to provide their feedback. The feedback obtained is reviewed and relevant follow-up actions are performed to improve their satisfaction.

In this challenging operating environment, the Group is mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers/dealers, the Group have implemented policies to ensure that credit sales of products and services are made to dealers/customers with an appropriate credit standing or with an appropriate credit history.

#### Business Conduct

- **Corporate Governance**

The Board are committed to the best practices in corporate governance to ensure sustainability of the Group's operations.

Compugates are guided by the Malaysian Code on Corporate Governance 2017. The Board believes that good corporate governance is an indication of the commitment by the Board to achieve the highest standards of professionalism and business ethics across the Group's activities. The details of our corporate governance practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

- **Personal Data Protection Act**

We are committed to ensuring the confidentiality, protection, security and accuracy of Personal Data made available to us. To this end, we have established a PDPA 2010 Notice and Choice, available for viewing at our corporate website.

## SUSTAINABILITY STATEMENT (cont'd)

### SUSTAINABILITY MATTERS (CONT'D)

#### ENVIRONMENT

##### Sustainable Business

Businesses that embrace sustainability are able to thrive in the long-term, together with society as a whole. As part of our commitment to build a sustainable future for all, we ensure that the approach adopted across our diversified business supports the protection of the environment while at the same time providing us with positive financial impact.

Our Group, via our subsidiary, is involved in the business of agarwood (gaharu), a rare resinous heartwood traditionally sourced from the wild in the Southeast Asian countries. It is mainly traded in the form of wood chips, or distilled into oil form and can be used in fragrance products. Due to its strong demand in the global market, agarwood has been indiscriminately harvested in the past to meet market demand. As a result, agarwood resources are depleting. It is listed on the International Union for Conservation of Nature as endangered species, and the global trading of agarwood and its by-products are required to obtain permit from the Convention on International Trade in Endangered Species of Wild Fauna and Flora. To this end, by having our own plantation in Kuala Kangsar with the size of 54 acres, we aim to soften the impact of this depleting endangered species, whilst bolstering the supply and growth of agarwood market.

The Group practices organic farming and has obtained the "MYOrganic" status as a commitment to environmental sustainability and good practices. The products sold meets the Malaysian organic scheme requirements for crops under Ministry of Agriculture and Agro-Based Industry Malaysia, and also complied with Malaysian Halal standard.

With these efforts, Compugates hopes to make a difference and have a positive impact on the environment and at the same time educate the community on the advantages of contributing to green environment.

##### Environmental Laws and Regulations

In 2020, there was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavor to maintain this track record.

##### Energy Management

Compugates is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our workplace and the environment where we operate.

We are committed to preserving the environment by implementing environmental-friendly practices in our operations. We have implemented switching-off centralised air-conditioning during lunch hour for our office for energy savings. We also encourage our employees to adopt an energy-savvy behaviour such as switching off the lights and other electrical equipment during lunch time and when they are not in the office. Besides the above initiatives, we further encourage our employees to suggest energy and resource-saving initiatives.

##### Recycled Materials

In our office, recycled paper is used for photocopying, while papers, envelope, letterheads, soft and hard cover files are reused and recycled. The usage of emails and electronic communications minimises the use of paper, thus reducing the amount of waste generated. Employees are encouraged to re-use envelopes, papers and boxes, as much as possible.

## SUSTAINABILITY STATEMENT (cont'd)

### SUSTAINABILITY MATTERS (CONT'D)

#### SOCIAL

##### Occupational Health and Safety

As a responsible and caring employer, Compugates has always given priority towards maintaining a safe and healthy working condition for its employees. Compugates also emphasises on staff welfare and development. Employees are provided with personal accident and insurance coverage as part of their employment benefits.

There have been no work place incidents for 2020.

##### Employee Training and Development

We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. We provide continuous support by way of employee training and development and encourage them to take ownership of their personal growth. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training. Besides the training and development programmes provided to the employees, the Directors of the Company also took initiative to participate in trainings during the financial year 2020 to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties as disclosed in the Corporate Governance Overview Statement of this Annual Report.

Apart from the above, Compugates had also designed relevant programs aimed at grooming new talents to speed up the mastery of management techniques and real-world skills in a specific area of expertise and across functions. This fast-track program will swiftly propel high-performing young talents to key positions and impactful roles in future.

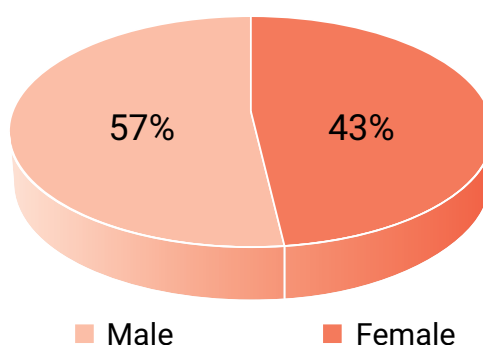
##### Diversity and Equal Opportunity

The Group places importance on hiring the right candidate for the right job. As the Group moves forward, it will continue to focus on attracting quality talent who best fit its job requirements and complement its work culture. The Group firmly believes that by aligning its recruitment strategies, the Group will continue to attract the best talent to further enhance Compugates values and achievements.

Compugates is committed to recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees as a means of enhancing the Group's performance.

The Board is actively managing its workforce diversity to ensure equal employment opportunity between male and female. Diversity may result from wide range of factors which include age, gender, ethnicity or cultural background. Currently, the workforce of the Group comprising of 57% of male and 43% of female. The Group fosters an environment where the ability to contribute and access to employment opportunities is based on performance, skills and merits. These will include equal opportunity in respect to employment and employment conditions such as hiring, training for professional development and promotion for career advancement.

Employee by Gender



## SUSTAINABILITY STATEMENT (cont'd)

### SUSTAINABILITY MATTERS (CONT'D)

#### SOCIAL (CONT'D)

##### Employee Welfare

Our work environment are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career. We have structured attractive remuneration packages to ensure employees are justly rewarded and to ensure that we remain competitive to attract strong talent.

Compugates endeavors to the best of its ability to encourage long term career for its employees. As a token of appreciation for long serving employees, service awards for 5 years and 10 years' service are presented annually.

Employee wellbeing has important implications for productivity and work relationships. Compugates has established a Recreation Club managed by representatives voted annually to organise team building, sports activities, trips, events celebration, gatherings and dinners to promote warm working relationships and interactions among the employees.

##### Sustainability Endeavour

The journey towards sustainability is an on-going effort. We recognise that we still have room for improvement, both in terms of initiatives undertaken and our reporting structure. We will continue to keep abreast of developments in our industry, actively and regularly engage our stakeholders, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

## DIRECTORS' PROFILE

### TAN SRI DATUK ASMAT BIN KAMALUDIN

Malaysian | Aged 77 | Male | Independent Non-Executive Chairman

**Tan Sri Datuk Asmat Bin Kamaludin** is the Independent Non-Executive Chairman of the Company. He was appointed to our Board on 8 November 2005. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

Tan Sri Datuk Asmat holds a Bachelor of Arts Degree in Economics from the University of Malaya and a Diploma in European Economic Integration from the University of Amsterdam. He has vast experience acting in various capacities in public services sector. His last position being Secretary General of the Ministry of International Trade and Industry (MITI), a position he held from 1992 to 2001. He has served as Senior Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiations and agreements.

Whilst in the service of the Malaysian government, Tan Sri Datuk Asmat was also actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE). In 2008, Tan Sri Datuk Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia, a position he held for 6 years. On 11 November 2014, Tan Sri Datuk Asmat was conferred the prestigious "Order of the Rising Sun, Gold and Silver Star" by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

Tan Sri Datuk Asmat's is a Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad and Independent Non-Executive Director of both Air Asia X Berhad and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), all of which are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of the JACTIM Foundation.

### GOH TAI WAI

Malaysian | Aged 48 | Male | Non-Independent and Non-Executive Director

**Mr. Goh Tai Wai** was appointed a Non-Independent Non-Executive Director on 8 November 2005. He was re-designated as Executive Director on 21 April 2006 and assumed his present position as a Non-Independent and Non-Executive Director on 18 August 2008. He is also a member of Audit Committee, Nomination Committee and Risk Management Committee of the Company.

He holds a Bachelor of Commerce in Accounting and Information Systems from Curtin University of Technology, Perth, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia as well as a Certified Financial Planner.

He has more than thirty (30) years' experience ranging from general management, corporate advisory services and risk management to financial management and information technology.

He does not hold any directorship in any other public companies and listed issuers.



## DIRECTOR PROFILE (cont'd)

### MOHAMED FAUZI BIN OMAR

Malaysian | Aged 62 | Male | Independent Non-Executive Director

**En. Mohamed Fauzi Bin Omar** is the Independent Non-Executive Director of the Company. He was appointed to the Board on 8 November 2005 and is a member of the Nomination Committee, Audit Committee, Remuneration Committee and Risk Management Committee of the Company.

He holds a Master of Business Administration from Northland Open University Canada and International Management Center of Buckingham from the United Kingdom ("UK"). He is also an Associate of the Chartered Institute of Marketing-UK and holds a Diploma in Science (Biology) with Education from Universiti Pertanian Malaysia.

Prior to joining Compugates, he held numerous senior management positions in the telecommunications industry, particularly the cellular mobile operations both locally and abroad. A co-founder of Celcom (Malaysia) Berhad, he served the company from 1988 to 1996 as the Chief Operating Officer of Celcom Technology Sdn Bhd (Celcom's Value added arm) cum Senior Vice President of Celcom, overseeing a number of new projects including the fixed network services. In 2000, he was engaged by Across Asia Multimedia (a company listed on The Stock Exchange of Hong Kong Limited) as the Director of Marketing & Customer Services as part of a team of Malaysians to establish Lippotel's Cellular service in Indonesia.

In 2002, he joined Time dotCom Berhad as a Director of its mobile operations, namely TimeCel. Upon the disposal of TimeCel, he was later made the Chief Operating Officer of Time dotCom Berhad and its subsidiary, namely Time dotNet Berhad where he served until 2005. With over twenty (20) years in the industry, he has vast experience particularly in the development and marketing of cellular, public switched telephone network, broadband, value-added, satellite, computer-telephony and internet related services.

Prior to joining the telecommunications industry, he started his career with British Petroleum (M) Sdn Bhd, where he served for almost five (5) years since 1983. Today he is actively involved in a number of business activities through his privately owned companies as well as in freelance business consultancy and training. MDEC, BioTech Corp., MardiTech, IRDA, UNIMAP, MTIB and TERAJU are some of the clients in the areas of consultancy and business coaching that he has worked on. He is also a member of the board of trustees of Yayasan Pak Rashid, University Putra Malaysia.

He does not hold any directorship in any other listed issuers.

### SEE THOO CHAN

Malaysian | Aged 59 | Female | Executive Director

**Mdm. See Thoo Chan** was appointed a Non-Independent Non-Executive Director of the Company on 21 March 2007. She was re-designated as Executive Director on 3 January 2014.

She obtained her Higher School Certificate in 1980. She is a successful businesswoman having numerous years of experience in trading of telecommunication products. She is also a director of Southall Sdn Bhd and Beausoft Sdn Bhd, which are principally involved in the trading of cellular phones and accessories, mobile phone prepaid cards, telecommunication products and skin care products.

She is also Non-Independent Non-Executive Chairman in Nakamichi Corporation Berhad since 19 March 2013.

She does not hold any directorship in other listed issuers.

## DIRECTOR PROFILE (cont'd)

Notes:

### **Family Relationship with any Director and/or Major Shareholder**

Mdm. See Thoo Chan is the spouse of Mr. Goh Kheng Peow, who is the Chief Executive Officer and major shareholder of the Company.

Save as disclosed herein, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.

### **Conflict of Interest**

None of the Directors has any conflict of interest with the Company.

### **Conviction for Offences**

Other than traffic offences, if any, the Directors have not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020 except for Mdm. See Thoo Chan and Mr. Goh Tai Wai.

Bursa Securities had on 4 August 2017 publicly reprimanded Mdm. See Thoo Chan and Mr. Goh Tai Wai, who are Directors of Nakamichi Corporation Berhad for breaches of Bursa Securities Main Market Listing Requirements. In addition, they were fined a total of RM347,200.

### **Attendance of Board Meetings**

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 26 of this Annual Report.

# KEY MANAGEMENT PROFILE

## GOH KHENG PEOW

Malaysian | Aged 61 | Male | Chief Executive Officer

### Date of appointment to present position

16 June 2017

### Working experience

Mr. Goh Kheng Peow ("Mr. Goh") has over thirty (30) years of experience in sales and marketing specialising in fast moving consumer products, office equipment, consumer electronics, medical equipment and telecommunication products.

In 1999, he decided to venture into the field of entrepreneurship and established Compugates Marketing Sdn Bhd. He is responsible for the strategic planning aspects of the Compugates Group. He also sits on the boards of several private limited companies.

### Qualification

Bachelor's Degree with Honours in Economics (Business Administration) from University of Malaya.

### Details of interest in the securities of the Company as at 31 March 2021

Direct interest: 56,050,010 Ordinary Shares

Indirect interest: 102,884,400 Ordinary Shares

### Any directorship in public companies and listed issuers

Mr. Goh does not hold any directorship in any other public companies and listed issuers.

### Any family relationship with any director and/or major shareholder of the Company

Mr. Goh is the spouse of Mdm. See Thoo Chan, who is the Executive Director and a major shareholder of the Company

### Any conflict of interests with the Company

Mr. Goh does not have any conflict of interest with the Company.

### Conviction for Offences

Other than traffic offences, if any, Mr. Goh has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

## SEE THOO CHAN

Malaysian | Aged 59 | Female | Executive Director

The details of Mdm. See Thoo Chan are disclosed in the Directors' Profile of this Annual Report.

## KEANE GOH YAN HAN

Malaysian | Aged 33 | Male | Group General Manager – Compugates Group of Companies

### Date of appointment to present position

1 December 2017

### Working experience

Mr. Keane Goh Yan Han ("Mr. Keane Goh") joined Compugates Marketing Sdn Bhd as a Consultant in 2012 and oversees the plantation and land development projects. Prior to that, he was attached to Southall Sdn Bhd, a company dealing in information technology and consumer technology products as a Sales Manager.

### Qualification

Bachelor's Degree in Commerce with Double Majors in Marketing and Finance from Curtin University of Technology.

### Any directorship in public companies and listed issuers

Mr. Keane Goh does not hold any directorship in any other public companies and listed issuers.

### Any family relationship with any director and/or major shareholder of the Company

Mr. Keane Goh is the son of Mdm. See Thoo Chan and Mr. Goh Kheng Peow, the Executive Director and Chief Executive Officer respectively and major shareholders of the Company.

### Any conflict of interest with the Company

Mr. Keane Goh does not have any conflict of interest with the Company.

### Conviction for Offences

Other than traffic offences, if any, Mr. Keane Goh has not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

## KEY MANAGEMENT PROFILE (cont'd)

### **YAU POW JACK**

Malaysian | Aged 32 | Male | General Manager – Head of Finance and Strategic Planning

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#### **Date of appointment to present position**

1 June 2016

#### **Working experience**

Mr. Yau Pow Jack ("Mr. Yau") was appointed Finance Manager and thereafter, promoted to the current position. Prior to that, he was a finance analyst for one of the world's largest pharmaceutical firms and subsequently moved on to work for Deloitte Malaysia for several years gaining experience in audit and transaction advisory services.

#### **Qualification**

Certified Public Accountant (Australia), Malaysia Institute of Accountants (MIA), Master's Degree in Accounting & Finance (Help University) and Bachelor's Degree (Hons) in Accounting & Finance (University of East London).

#### **Any directorship in public companies and listed issuers**

Mr. Yau does not hold any directorship in any other public companies and listed issuers.

#### **Any family relationship with any director and/or major shareholder of the Company**

Mr. Yau does not have any family relationship with any directors and/or major shareholders of the Company.

#### **Any conflict of interest with the Company**

Mr. Yau does not have any conflict of interest with the Company.

#### **Conviction for Offences**

Other than traffic offences, if any, Mr. Yau has not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Compugates Holdings Berhad ("Compugates" or "the Company") presents this statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Company under the leadership of the Board during the financial year 2020. This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board is therefore pleased to provide the following statement in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the CG Report 2020 of the Company ("CG Report") which is available on the Company's website: [www.compugates.com](http://www.compugates.com)

The CG Report provides the details on how the Company has applied the principles laid down in the MCCG during the financial year 2020.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board Responsibilities

The Board is responsible for the overall corporate governance of the Company and its subsidiaries (collectively referred to as the "Group"), including its strategic directions, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall management of the Group.

The roles of the Chairman, the Executive Director, the Independent Non-Executive Director and the Non-Independent Non-Executive Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority.

The Senior Management is primarily responsible to implement strategic directions set by the Board and to monitor the operations of the Group.

The Board's roles and responsibilities are as follows:-

- a. promote good corporate governance culture within the Company and its subsidiaries;
- b. reviewing and approving the overall strategies, policies and directions including sustainability of the Group's businesses;
- c. overseeing and evaluating the conduct of the Group's businesses to ensure the businesses are properly managed and conform with ethical values, integrity, fairness, trust and high performance;
- d. identifying the business risks and establish an appropriate system to reduce and minimise the risks that may affect the performance of the Group and the interest of the stakeholders;
- e. ensuring the appropriate succession plan is in place including the appointment, training and fixing compensation of the Board, Executive Director and the Management of the Group;
- f. developing and implementing an investor relations programme that creates better communication between the Group and shareholders as well as other stakeholders; and
- g. reviewing the adequacy and the integrity of the Group's internal control systems and management information systems including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board also assumes various functions and responsibilities that are required by regulatory authorities as specified in the guidelines and directives issued from time to time.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0. Composition of the Board

The Board as at the date of this statement comprises four (4) members:-

- a) One (1) Independent Non-Executive Chairman;
- b) One (1) Executive Director;
- c) One (1) Non-Independent Non-Executive Director; and
- d) One (1) Independent Non-Executive Director.

This composition ensures that at least half (1/2) of the Board comprises of Independent Non-Executive Directors which is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities and Practice 4.1 of MCCG.

The Board is of the view that the current size of the Board is appropriate and views that the Board composition has the right mix of skills, experiences and strengths relevant to the Group's business to enable them to carry out their responsibilities in an effective and competent manner.

The Board delegates specific responsibilities to the following four (4) Board Committees in discharging its fiduciary duties:

- a. The Nomination Committee ("NC");
- b. The Audit Committee ("AC");
- c. The Remuneration Committee ("RC"); and
- d. The Risk Management Committee ("RMC").

The Board Committees are guided and operate within clearly defined Terms of Reference ("TOR"). All these Committees are mainly led by Independent Non-Executive Chairman of the Board.

The written TOR of NC, AC and RC are made available on the Group's website at [www.compugates.com.my](http://www.compugates.com.my).

#### 2.1. Board Charter

The Board is guided by its Board Charter which provides reference in relation to the roles and responsibilities of the Board and Management. The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's website at <http://www.compugates.com>.

#### 2.2. Code of Ethics for Directors

The Group has in place a Code of Ethics for Directors and employees based on four elements which are sincerity, integrity, corporate and fiduciary responsibilities. In discharging their duties, the Board has at all times observe the codes as defined in the Code of Ethics.

The Code of Ethics is available on the Company's website at <http://www.compugates.com>.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.3. Whistleblowing Policy

The Board is committed to promote and maintain high standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

Compugates provides avenue for all employees and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy to provide protection for employees and members of the public who report such allegation. This is also to provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality. To this end, the Board has established a Whistleblowing Policy, available for viewing on the Company's website at <http://www.compugates.com>.

#### 2.4. Succession Plan

The Board, through the NC, ensures that there is an effective and orderly succession plan within the Group. The NC is responsible for formulating the nomination, selection and succession policies for the members of the Board, members of the Board Committees and the Group's key management personnel from time to time. In this regard, the NC will review and assess the profile, professional achievements, personality, experience, competency, skills and knowledge of each candidate for key management position to ensure the right candidate is appointed for the relevant position. The Company has a succession plan in place if the Company is facing with an untimely vacancy to facilitate the transition to both interim and longer term leadership.

The Succession Plan is available on the Company's website at <http://www.compugates.com>.

#### 2.5. Anti-Bribery and Corruption Policy

The Group has adopted an Anti-Bribery & Corruption Policy to prevent the occurrence of bribery and corruption practices in relation to the businesses of the Group. The Group strictly prohibits all forms of bribery and corruption and will take all necessary steps to ensure that it complies with and conducts its business with transparency.

#### 2.6. Strategies Promoting Sustainability

The Board recognises the importance of sustainability and its increasing impact to the Group's businesses. The Board annually reviews the sustainability of the Company's strategic directions, with due consideration over the progress of the long term and short term plans, changes in business and political environment, levels of competition, updates in risk factors and any other factors which could affect the sustainability of the Group.

#### 2.7. Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's development and business strategies to ensure effective functioning of the Board.

Notice of meetings setting out the agenda and the relevant meeting papers are given to the Directors prior to the meetings to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense to provide additional insights and professional views, advice and explanations. The Directors also have direct access to the advice and the services of qualified and competent Company Secretaries of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.8. Company Secretaries

The Company Secretaries are responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretaries are also advising the Board of their obligations and adherence to matters including disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, requirements on dealing in securities and restrictions on disclosure of price-sensitive information.

During the financial year, the Company Secretaries have:-

- attended all Board, Board Committees and general meeting and ensured that the proceedings of the meetings and decisions made thereof are accurately and sufficiently recorded and properly kept;
- advised the Board and Board Committees on the corporate disclosures and compliance with the Companies Act 2016, MMLR and Capital Markets and Services Act 2007;
- advised the Board on the amendments to MMLR and new circulars/directives/guidelines issued by Bursa Securities, Securities Commission Malaysia and Companies Commission of Malaysia respectively;
- ensured all statutory submissions to the relevant authorities were completed within the prescribed timeline; and
- monitored corporate governance developments and practices.

#### 2.9. Nomination Committee

The NC comprises exclusively of three (3) Non-Executive Directors, a majority of whom are Independent Directors.

The main responsibilities of the NC are as follows:-

- Nominate new nominees for appointment to the Board and Board Committees for the Board's consideration.
- Annually review the structure, size and composition of the Board including the Board's required mix of skills, experience, core competency and other qualities, which the Directors should bring to the Board.
- Annually review and assess the effectiveness of the Board and Board Committees and performance of the Directors of the Company, both individually and collectively.
- Annually review and assess the independence of the Independent Non-Executive Directors.
- Annually review the term of office and performance of the AC and each of its members to determine whether such AC and its members have carried out their duties in accordance with their terms of reference.
- Recommend suitable orientation/induction, educational and training programmes to the existing and new Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.9. Nomination Committee (Cont'd)

- Make recommendation on the re-appointment and re-election of Directors to the Board for consideration and approval.
- Review and oversee a succession planning framework for the Board and Board Committee members, Group Chief Executive Officer, Board of subsidiary companies and Key Management.

During the financial year ended 31 December 2020, the NC met twice and the activities undertaken by the NC are listed below:-

- Assessed and evaluated the independence of the Independent Non-Executive Directors.
- Conducted an annual assessment and rating of the performance of each Independent Non-Executive Director against diverse key performance indicators.
- Conducted an annual assessment and rating of the performance of the Executive/Non-Executive Director(s) against the criteria as set out in the evaluation forms.
- Conducted an annual assessment and rating of the performance of the Board and Board Committees against the criteria as set out in the evaluation form.
- Reviewed the structure, size and composition of the Board.
- Reviewed and recommended to the Board the re-election of Encik Mohamed Fauzi Bin Omar as Director at the Fifteenth Annual General Meeting ("15th AGM") held on 6 July 2020.
- Reviewed, assessed and recommended to the Board the retention of Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors at the 15th AGM held on 6 July 2020.
- The NC through the Company Secretaries informed the Directors on the seminars/workshops/conference/webinars with the relevant website links or brochures to facilitate their participation.

The meeting attendance records of the NC members are as follows:-

Name of NC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	2/2
Mohamed Fauzi Bin Omar	2/2
Goh Tai Wai	2/2

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.10. Recruitment Process and Annual Assessment

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity.

NC periodically reviews and makes recommendations to the Board on the Board composition inclusive of identifying and selecting high calibre candidates who will be able to meet the present and future needs of the Group.

The NC is currently headed by Tan Sri Datuk Asmat Bin Kamaludin, Independent Non-Executive Chairman and the said committee members are Encik Mohamed Fauzi Bin Omar, Independent Non-Executive Director and Mr Goh Tai Wai, Non-Independent Non-Executive Director.

For the year under review, the Board is satisfied with its current mix of qualifications, skills, experiences, expertise and strengths in discharging its duties effectively.

The NC is also responsible in undertaking an annual evaluation of Directors, Board Committees as well as the Board performances as a whole. This evaluation is used as a tool to evaluate the strength, identify the gaps or areas for improvement which necessitate the retention of the existing Board members and recruitment of new Board members.

The Board's annual evaluation process is conducted through cross evaluation among the Board members whereby the criteria of evaluation is predetermined as follows:-

- a) Attendance at Board and Board Committees meetings;
- b) Contribution to the Company;
- c) Personal input to the role and other contributions to the Board and Board Committees;
- d) Understanding of fiduciary duties and business including risks, access to information, access to advice, compliance with applicable laws, rules and regulations, corporate governance and others;
- e) Mix of skills and knowledge; and
- f) Commitment of members.

The Board has not set a gender diversity target but, it is moving towards improving gender equality. The Board will focus on getting the participation of more women and those of different ethnicity on its Board and within Senior Management and the person selected must be able to contribute positively to the development of the Group.

Currently, the Board has one (1) female director which constitutes 25% of the Board. With the current composition, the Board members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.

#### 2.11. Separation of positions of Chairman and Chief Executive Officer

To ensure the balance of authority, increased accountability and a greater capacity for independent decision making, the roles of the Chairman and the Chief Executive Officer are distinct and separate with a clear division of responsibilities between them.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He is not involved in the day-to-day operations of the Group.

The CEO leads the Management of the Company and has overall responsibility for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3.0 REMUNERATION

The Company has adopted a remuneration framework in attracting, retaining and motivating the Directors and Senior Management of the Company for the successful performance of the Group. The remuneration of the Executive Director consists of basic salary, other emoluments and benefits customary to the Group. Any salary and bonus review takes into account the performance of the individual and the financial performance of the Group.

The Non-Executive Directors' remuneration comprises annual fees based on their roles and responsibilities in the Board and Board Committees, their attendance at meetings and/or special skills and expertise they bring to the Board.

The RC met twice during the year under review and the attendance records of the RC Members are as follows:-

Name of RC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	2/2
Mohamed Fauzi Bin Omar	2/2
See Thoo Chan	2/2

The details of the remuneration of Directors of the Company during the financial year ended 31 December 2020 are shown below:-

Name	Directors' remuneration received from:										
	COMPANY					SUBSIDIARIES					GROUP
	Fees	Salary	Bonus	Others	Total	Fees	Salary	Bonus	Others	Total	
	RM'000					RM'000					RM'000
<u>Executive Director:</u>											
See Thoo Chan	-	-	-	-	-	-	355	56	48	459	459
<b>Total Executive Director's Remuneration</b>	-	-	-	-	-	-	<b>355</b>	<b>56</b>	<b>48</b>	<b>459</b>	<b>459</b>
<u>Non-Executive Directors:</u>											
Tan Sri Datuk Asmat Bin Kamaludin	180	-	-	-	180	-	-	-	-	-	180
Goh Tai Wai	48	-	-	-	48	-	-	-	-	-	48
Mohamed Fauzi Bin Omar	48	-	-	-	48	-	-	-	-	-	48
<b>Total Non-Executive Directors' Remuneration</b>	<b>276</b>	-	-	-	<b>276</b>	-	-	-	-	-	<b>276</b>
<b>Total Directors' Remuneration</b>	<b>276</b>	-	-	-	<b>276</b>	-	<b>355</b>	<b>56</b>	<b>48</b>	<b>459</b>	<b>735</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3.1 Assessment of Independence Annually

The Board strives on the independency of the Non-Executive Directors who shall have the ability to exercise their duties and make decisions in the best interests of the shareholders, unfettered by any business or other relationships with the Executive Director, ownership and any other interest in the operations of the Company. The Board conducts annual reviews of the independence of each and every Director, their responsibilities in making immediate declarations over their interests and independency to the Board at any time during their tenure of service.

The Company currently has two (2) Independent Non-Executive Directors, who fulfill the criteria of "Independence" as prescribed under Paragraph 1.01 of Bursa Securities MMLR.

#### 3.2. Tenure of Independent Directors

Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar have served more than nine (9) years as Independent Directors. The Board through its NC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending the retention of both Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Directors at the forthcoming Sixteenth Annual General Meeting notwithstanding that their tenure as Independent Directors have exceeded the nine (9) years limit as recommended under the MCGG. The Board's and NC's justifications to retain Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are premised on the following:-

- They continue to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Bursa Securities' MMLR;
- During their tenure in office, they have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties. Tan Sri Datuk Asmat Bin Kamaludin is the Chairman of the Board, AC, NC RC and RMC whilst Encik Mohamed Fauzi Bin Omar is a member of the Board, AC, NC, RC and RMC;
- During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;
- During their tenure in office as Independent Non-Executive Directors of the Company, they have not been offered or granted any options by the Company. Other than directors' fees paid which have been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature have been paid to them by the Company;
- During their tenure in office, they have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and
- During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3.3. Commitment of the Board Members

During the financial year ended 31 December 2020, despite the disruption arising from the COVID-19 pandemic and unforeseen circumstances, the Board met three (3) times to deliberate and consider matters pertaining to, amongst others, the Group's financial performance, corporate development, statutory compliance, strategic issues and business plan. The attendance records of the Directors who held office during the year are as follows:-

Name of Directors	No. of Meetings Attended	% of Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	3/3	100
Goh Tai Wai	3/3	100
Mohamed Fauzi Bin Omar	3/3	100
See Thoo Chan	3/3	100

The Board also deliberated and voted on the written resolutions circulated to the Board together with detailed explanation. Ample time was given to all Directors in order for them to make informed and constructive decisions.

The Board is satisfied that all directors have been devoting sufficient time to discharge their responsibilities adequately.

#### 3.4. Training

The Directors acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to equip themselves with the necessary skills and knowledge to effectively discharge their duties.

During the financial year 2020, all the Directors were periodically updated on new regulations and statutory requirements, particularly on the changes or amendments made to the MMLR and the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Directors have attended the following training programs through seminars/workshops/conference/webinars as part of their continuing education to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties:-

- Property Management Induction;
- Navigating guidelines from KPKT during Conditional Movement Control Order (CMCO);
- Strata Management Seminar 2020 (Series 2);
- Bursa Malaysia Thematic Workshop on Corporate Liability Provision - Session 4;
- Section 17A, MACC (Amendment) Act 2018 & Adequate Procedures;
- Breach of fiduciary duty in a downturn; and
- The Coming Global Recession and the Impact on Malaysia by Maybank Premier

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1.0. Audit Committee

The Board has established the AC to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of the financial reporting and overseeing the suitability, objectivity and independence of External Auditors.

The AC of the Company comprises two (2) Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The AC is chaired by an Tan Sri Datuk Asmat Bin Kamaludin, Independent Non-Executive Chairman of the Company.

The details of the key activities carried out by the AC during the financial year 2020 are set out in the AC Report of this Annual Report.

#### 2.0 Risk Management Committee

The RMC comprises three (3) members, all of whom are Non-Executive Directors, with a majority of them being independent. The purpose of the RMC is to assist the Board in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks, in line with the MCCG issued by Securities Commission Malaysia and Bursa Securities MMLR.

#### 3.0. Risk Management and Internal Control Framework

The Board is committed to ensuring that the Group has a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Group has an ongoing framework for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and are guided by operational manuals, policies and procedures and are regularly reviewed by the Board.

The risk management framework and internal audit functions are disclosed under the Statement of Risk Management & Internal Control on pages 31 to 32 of this Annual Report.

#### 4.0. Compliance with Applicable Financial Reporting Standards

The Board is accountable to ensure that the financial statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards in Malaysia so as to present a balanced and fair assessment of the Group's financial position and prospects. Quarterly financial results and annual financial statements are reviewed and deliberated upon by the AC to ensure the quality of financial reporting before presenting to the Board for its approval. The AC also reviews the appropriateness of the Company's accounting policies and the changes to these policies.

#### 5.0. Assessment of Suitability, Objectivity and Independence of External Auditors

The AC undertakes an annual assessment of the suitability, objectivity and independence of the External Auditors. Upon assessment of their performance, the AC will recommend their decision on whether to retain or discontinue their services to the Board after which shareholders' approval will be sought at the annual general meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### 1.0 Communication with Stakeholders

The Board values the importance of dissemination of information on major developments of the Group to its shareholders, potential investors and the general public in a timely and equitable manner.

Quarterly results, announcements, annual reports, audited financial statements, corporate updates and circulars serve as the primary means of dissemination of information so that shareholders are constantly kept abreast of the Group's progress and development.

The Group also encourages all shareholders and investors to access the Company's information and announcements online, which are made available at the Bursa Securities' website as well as on its corporate website at [www.compugates.com.my](http://www.compugates.com.my). There are continuous efforts to ensure that the information on the website remains current, updated and relevant to investors.

#### 2.0 Conduct of General Meetings

The annual general meeting is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and therefore, encourages shareholders to attend and participate in the annual general meeting to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at the annual general meeting.

At the 15th AGM of the Company held on 6 July 2020, a presentation was given by the Chief Executive Officer on corporate development to shareholders to provide a better understanding of the Group's operation and development status to maintain their confidence.

The Directors, Management and External Auditors were present in person to respond to the shareholders' queries and feedback. The resolutions put forth for shareholders' approval at the 15th AGM were payment of Directors' fees for the financial year ended 31 December 2020, re-election of retiring Director, re-appointment of External Auditors, retention of Independent Directors and authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. All the resolutions were put to vote by way of poll.

This CG Overview Statement was approved by the Board on 20 April 2021.

# AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2020 ("FYE 2020").

## 1. COMPOSITION OF AUDIT COMMITTEE AND MEETINGS

The Audit Committee ("AC") met three (3) times during FYE 2020 amidst the Movement Control Order imposed by the Malaysian Government for curbing the spread of COVID-19 and unforeseen circumstances.

The composition of the AC and details of the attendance of the members at the meetings are set out as follows

Name	Attendance
<b>Chairman</b>	
Tan Sri Datuk Asmat Bin Kamaludin (Independent Non-Executive Chairman)	3/3
<b>Members</b>	
Goh Tai Wai (Non-Independent Non-Executive Director)	3/3
Mohamed Fauzi Bin Omar (Independent Non-Executive Director)	3/3

The External Auditors attended two (2) AC meetings in 2020 to present their reports and findings in relation to the audited financial statements for FYE 2020.

The AC also deliberated and voted on the written resolutions circulated to the AC together with detailed explanation. Ample time was given to all AC members in order for them to make informed and constructive decisions.

## 2. SUMMARY OF ACTIVITIES

The AC carried out the following activities during the FYE 2020:-

### 2.1 Financial Reporting

- Reviewed the unaudited quarterly results of the Company and its subsidiaries (collectively referred as "Group") before recommending the same to the Board of Directors ("Board") for approval.
- Reviewed the annual audited financial statements of the Group for FYE 2020 with the External Auditors prior to submission to the Board for approval.

The AC reviewed and scrutinised the information of the Group's quarterly results and annual audited financial statements to ensure accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders.

### 2.2 External Audit

- Reviewed the audit planning memorandum of the Group for FYE 2020 with the External Auditors.
- Reviewed the results of the annual audit and audit report, including all the key audit matters raised by the External Auditors.
- The AC met once with the External Auditors without the presence of the Executive Director and Management to discuss any issues of concern with the External Auditors arising from the annual statutory audit.
- Assessed the suitability, objectivity, independence and performance of the External Auditors and made recommendations to the Board on their re-appointment and remuneration, subject to the approval of the Company's shareholders at an annual general meeting.

## AUDIT COMMITTEE REPORT (cont'd)

### 2. SUMMARY OF ACTIVITIES (CONT'D)

The AC carried out the following activities during the FYE 2020 (Cont'd):-

#### 2.3 Internal Audit

- (a) Reviewed with the outsourced Internal Auditors, the internal audit report, the audit recommendations made and the Management's response and actions to these recommendations.
- (b) Reviewed with the Internal Auditors, the internal audit plan to ensure the adequacy of the scope, functions and resources to carry out its work.
- (c) Assessed the suitability, objectivity, independence and performance of the outsourced Internal Auditors.

#### 2.4 Related Party Transactions

Reviewed the related party transactions entered into by the Group, if any.

#### 2.5 Annual Reporting

Reviewed the Corporate Governance Overview Statement, AC Report, Additional Compliance Information and Statement on Risk Management and Internal Control and subsequently recommending the same to the Board for its consideration and approval for inclusion in the Annual Report for the financial year ended 31 December 2019.

### 3. INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional services firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal control are adequate and effective. The outsourced internal audit function reports directly to the AC.

The activities of the internal audit function for FYE 2020 include:

- (a) Conducting internal audit reviews on Plantation and Property, Plant and Equipment in accordance with the internal audit plan approved by the AC;
- (b) Reporting the results of internal audits and making recommendations for improvements to the AC on a periodic basis; and
- (c) Following-up on the implementation of audit recommendations and agreed upon Management action plans.

All internal auditors' reports are deliberated by the AC and reporting are made to the Board at the Board of Directors' meetings.

The AC had evaluated the performance of the Internal Auditors for FYE 2020 upon such evaluation criteria as set out in its annual assessment form. Upon the assessment, the AC was satisfied that the Internal Auditors have sufficient experience and resources to adequately deliver the quality services to the Group.

The cost incurred for the outsourced internal audit function of the Group for FYE 2020 amounted to RM6,000.00.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 31 to 32 of the Annual Report 2020.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors ("Board") of Compugates Holdings Berhad ("Compugates" or "the Company") is pleased to include a statement on the state of the system of risk management and internal control of the Company and its subsidiaries (collectively referred to as "Group") in this annual report.

## BOARD'S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its responsibility in maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Board has received assurance from the Chief Executive Officer ("CEO") and Head of Finance that the Group's limited risk management and the internal control system are operating adequately and effectively, in all material aspects. However, as there are inherent limitations in any risk management and internal control system, such systems put into effect by Management is only to reduce but not eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

## KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

### 1. RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process for identifying, minimizing and managing the significant risks faced by the Group and this process is regularly reviewed by the Board. The Management is responsible for initiating risk awareness and in developing necessary environment for effective risk management.

The Board relies mostly on the close involvement of the Key Management staff, Head of Division and CEO of the Group on their daily operations. There are periodic reviews of operational and financial performance at the meetings of the Management, Audit Committee ("AC") and Board. The Board and Management ensure that appropriate measures are taken to address any significant risks, if any. It has in place an organisational structure and a defined line of their scope of duties and responsibilities.

### 2. INTERNAL CONTROL SYSTEM

#### ▪ Organisation Structure & Authorisation Procedures

The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

#### ▪ Periodical and/or Annual Budget

An annual budget is prepared by the Management and tabled to the Board for approval. Periodic monitoring is being carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below (Cont'd):-

#### 2. INTERNAL CONTROL SYSTEM (CONT'D)

- Group Policies and Procedures

Policies and procedures will be documented for regular review and update so as to ensure that they are effective and will continue to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

Comprehensive guidelines on employment of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the Management team for monitoring and review. The quarterly financial statements are presented to the AC and Board for their review, consideration and approval.

#### 3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the AC and Board in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit firm prepares internal audit plans for presentation to the AC for approval wherein the scope of works encompasses management and operational audit of functions in the Group.

During the financial year ended 31 December 2020, two (2) internal audits were conducted and the findings of the internal audit, including the recommended corrective actions, were presented directly to the AC and adopted by the Management.

In addition, follow-up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

### CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices once established must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This statement was approved by the Board of Directors on 20 April 2021.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to ensure that the financial statements for each financial year are prepared in accordance with the applicable approved accounting standards and the requirements of the Companies Act 2016, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors ensured that the Management has:

- a. adopted appropriate accounting policies and applied them consistently;
- b. made judgments and estimates that are reasonable and prudent; and
- c. prepared the financial statements on an ongoing basis.

The Directors have an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	7,140	6,093
Loss attributable to:-		
Owners of the Company	7,148	–
Non-controlling interests	(8)	–
	7,140	–

## DIVIDENDS

No dividend was proposed, declared or paid by the Company since the end of the previous financial year.

## RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## DIRECTORS' REPORT (cont'd)

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

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

- (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 liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. 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.

## DIRECTORS' REPORT (cont'd)

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued the following ordinary shares pursuant to the private placement:

- (a) 34,482,700 ordinary shares at an issue price of RM0.0145 each;
- (b) 64,285,600 ordinary shares at an issue price of RM0.014 each;
- (c) 26,530,600 ordinary shares at an issue price of RM0.0245 each; and
- (d) 227,777,700 ordinary shares at an issue price of RM0.018 each.

There were no debentures issued by the Company during the financial year.

### DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

Tan Sri Datuk Asmat Bin Kamaludin  
See Thoo Chan  
Mohamed Fauzi Bin Omar  
Goh Tai Wai

The name of the Directors of the subsidiaries in office during the financial year and up to the date of this report are as follows:-

Datin Sabariah Binti Dahlan  
Goh Kheng Peow  
See Thoo Chan

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the shares of the Company and its related corporations during the financial year ended 31 December 2020 are as follows:-

	At 1.1.2020	Number of ordinary shares		At 31.12.2020
		Bought	Sold	
<b>Direct interests</b>				
See Thoo Chan	63,833,300	39,051,100	–	102,884,400
<b>Deemed interests</b>				
See Thoo Chan*	256,050,010	–	–	256,050,010

\* Deemed interests through spouse's shareholdings by virtue of Section 221(9) of the Companies Act, 2016 in Malaysia

By virtue of her interests (direct and deemed) in the Company, See Thoo Chan is also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

Other than as stated above, the other Directors in office at the end of the financial year did not have any interest in the shares of the Company and its related corporations during the financial year.

## **DIRECTORS' REPORT (cont'd)**

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 21 and 24 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company or any of its related corporations is a party, with the object or objects of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

### **INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

There was no indemnity given to or insurance effected for the Directors and Officers of the Company during the financial year.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE**

Significant events during the financial year and subsequent to the reporting date are disclosed in Note 28 to the Financial Statements.

### **AUDITORS**

The details of Auditors' remuneration are set out in Note 21 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act, 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

**TAN SRI DATUK ASMAT BIN KAMALUDIN**

**SEE THOO CHAN**

Kuala Lumpur  
20 April 2021

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 44 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

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**TAN SRI DATUK ASMAT BIN KAMALUDIN**

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**SEE THOO CHAN**

Kuala Lumpur  
20 April 2021

## STATUTORY DECLARATION

I, Yau Pow Jack, being the Officer primarily responsible for the financial management of Compugates Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 83 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory on )  
20 April 2021 )

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**YAU POW JACK**  
(MIA NO: 42038)  
CHARTERED ACCOUNTANT

Before me,

**NO: W671**  
**RAMATHILAGAM A/P T RAMASAMY**  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Compugates Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 44 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### *Basis for Opinion*

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

### *Emphasis of Matter*

We draw attention to Note 28.1 to the Financial Statements which describes the uncertainty related to the outcome of the originating summons filed by the Company against a third party. Our opinion is not modified in respect of this matter.

### *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 (including International Independence Standard ("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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Group**

### *Valuation of inventories-land held for property development*

Inventories-land held for property development ("land") is measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of the land based on an assessment of the Group's entitlement as the landowner from future development activities that will be carried out on the land ("landowner's entitlement") and/or valuation based on the latest valuation reports. Changes in the landowner's entitlement and the assumptions used in the valuation reports could result in a material change in the carrying values of the land and the financial performance of the Group. The Group's disclosures regarding inventories which include the land are in Note 6.1 to the Financial Statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD  
(cont'd)

## Report on the Audit of the Financial Statements (Cont'd)

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

#### **Group (Cont'd)**

##### *Valuation of inventories-land held for property development (Cont'd)*

##### *Our response*

We have performed various procedures to ascertain that the land is stated at the lower of cost and NRV. Amongst other procedures, we have obtained an understanding and reviewed management's assessment of the landowner's entitlement. We have also assessed the status of the development of the land by interviewing various management personnel and by obtaining relevant correspondences related to the development of the land. In addition, we have also obtained valuation reports prepared by independent professional valuers and compared the value in the reports against the book value of the land by assessed the reasonableness of the key assumptions used by the valuers with reference to comparable peer.

#### **Company**

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

##### *Information other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

##### *Responsibilities of the Directors for the Financial Statements*

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD  
(cont'd)

### Report on the Audit of the Financial Statements (Cont'd)

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

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

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

**INDEPENDENT  
AUDITORS' REPORT**  
TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD  
**(cont'd)**

**Other Matter**

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.

**GRANT THORNTON MALAYSIA PLT**  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

**KHO KIM ENG**  
(NO: 03137/10/2022 J)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
20 April 2021

# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	14,830	15,119	1	1
Inventories	6	142,049	142,049	–	–
Plantation expenditure	7	2,107	2,008	–	–
Investment in subsidiaries	8	–	–	6,606	6,606
Total non-current assets		158,986	159,176	6,607	6,607
<b>Current assets</b>					
Inventories	6	180	126	–	–
Trade receivables	9	161	62	–	–
Other receivables	10	10,286	9,661	66	66
Amount due from subsidiaries	11	–	–	632	592
Tax recoverable		24	143	1	1
Fixed deposit with a licensed bank	12	1,200	–	–	–
Cash and bank balances		476	487	11	2
Total current assets		12,327	10,479	710	661
<b>Total assets</b>		<b>171,313</b>	<b>169,655</b>	<b>7,317</b>	<b>7,268</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Equity attributable to owners of the company:					
Share capital	13	56,245	50,095	56,245	50,095
Revaluation reserve	14	31,176	31,354	–	–
Other reserve	15	(2,100)	(2,100)	–	–
Retained earnings/(accumulated losses)		15,379	22,349	(53,614)	(47,521)
		100,700	101,698	2,631	2,574
Non-controlling interests	8	29,530	29,522	–	–
<b>Total equity</b>		<b>130,230</b>	<b>131,220</b>	<b>2,631</b>	<b>2,574</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	13,396	13,447	–	–
Other payables	17	3,457	3,239	3,457	3,239
Total non-current liabilities		16,853	16,686	3,457	3,239
<b>Current liabilities</b>					
Trade payables	18	320	181	–	–
Other payables	17	23,910	21,568	1,229	1,455
Total current liabilities		24,230	21,749	1,229	1,455
<b>Total liabilities</b>		<b>41,083</b>	<b>38,435</b>	<b>4,686</b>	<b>4,694</b>
<b>Total equity and liabilities</b>		<b>171,313</b>	<b>169,655</b>	<b>7,317</b>	<b>7,268</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Revenue	19	4,371	4,590	–	–
Cost of sales		(4,238)	(4,081)	–	–
Gross profit		133	509	–	–
Other income		974	215	17	–
Administrative expenses		(7,710)	(9,042)	(642)	(836)
Sales and marketing expenses		(36)	(47)	–	–
Written-back of impairment loss/ (impairment loss) on financial assets		9	(43)	(5,468)	(3,376)
Other expenses		(295)	(298)	–	–
Finance income		13	3	279	195
Finance costs	20	(279)	(195)	(279)	(195)
Loss before tax	21	(7,191)	(8,898)	(6,093)	(4,212)
Tax income	22	51	614	–	–
Net loss total comprehensive loss for the financial year		(7,140)	(8,284)	(6,093)	(4,212)
Net (loss)/profit attributable to:					
- Owners of the Company		(7,148)	(8,221)		
- Non-controlling interests		8	(63)		
		(7,140)	(8,284)		
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		(7,148)	(8,221)		
- Non-controlling interests		8	(63)		
		(7,140)	(8,284)		
<b>Loss per share (sen)</b>	23				
Basic loss per share (sen)		(0.28)	(0.34)		
Diluted loss per share (sen)		*	*		

\* no dilutive effect

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	← Attributable to owners of the Company →						
	← Non-distributable →			Distributable			
	Share capital RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity RM'000	Non-controlling interests RM'000	Total RM'000
<b>Group</b>							
At 1 January 2019	47,595	31,531	(2,100)	30,393	107,419	29,585	137,004
<b>Transaction with owners:</b>							
Issuance of new shares	2,500	–	–	–	2,500	–	2,500
Total comprehensive loss for the financial year	–	–	–	(8,221)	(8,221)	(63)	(8,284)
Crystallisation of revaluation surplus	–	(177)	–	177	–	–	–
At 31 December 2019	50,095	31,354	(2,100)	22,349	101,698	29,522	131,220
<b>Transaction with owners:</b>							
Issuance of new shares	6,150	–	–	–	6,150	–	6,150
Total comprehensive loss for the financial year	–	–	–	(7,148)	(7,148)	8	(7,140)
Crystallisation of revaluation surplus	–	(178)	–	178	–	–	–
At 31 December 2020	56,245	31,176	(2,100)	15,379	100,700	29,530	130,230
				Share capital RM'000	Accumulated losses RM'000		Total RM'000
<b>Company</b>							
At 1 January 2019				47,595	(43,309)		4,286
<b>Transaction with owners:</b>							
Issuance of new shares				2,500	–		2,500
Total comprehensive loss for the financial year				–	(4,212)		(4,212)
At 31 December 2019				50,095	(47,521)		2,574
<b>Transaction with owners:</b>							
Issuance of new shares				6,150	–		6,150
Total comprehensive loss for the financial year				–	(6,093)		(6,093)
At 31 December 2020				56,245	(53,614)		2,631

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
<b>OPERATING ACTIVITIES</b>					
Loss before tax		(7,191)	(8,898)	(6,093)	(4,212)
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment		295	298	–	–
Gain from disposal of property, plant and equipment		(14)	–	–	–
Gain from disposal of land held for property development	A	(692)	–	–	–
Impairment loss on trade receivables		–	43	–	–
Impairment loss on amount due from subsidiaries		–	–	5,468	3,876
Write back of impairment loss on amount due from subsidiaries		–	–	–	(500)
Interest expenses		279	195	279	195
Interest income		(13)	(3)	(279)	(195)
Operating loss before working capital changes		(7,336)	(8,365)	(625)	(836)
Changes in working capital:					
Inventories		(54)	1,256	–	–
Receivables		(32)	1,494	–	–
Payables		2,699	3,041	(8)	2,283
Cash (used in)/generated from operations		(4,723)	(2,574)	(633)	1,447
Interest paid		(279)	(195)	(279)	(195)
Tax paid		(34)	(158)	–	–
Tax refunded		153	400	–	–
Net cash (used in)/from operating activities		(4,883)	(2,527)	(912)	1,252
<b>INVESTING ACTIVITIES</b>					
Advances to subsidiaries		–	–	(5,508)	(3,947)
Interest received		13	3	279	195
Purchase of property, plant and equipment		(6)	(9)	–	–
Plantation expenditure paid		(99)	(105)	–	–
Proceeds from disposal of property, plant and equipment		14	–	–	–
Net cash used in investing activities		(78)	(111)	(5,229)	(3,752)
<b>FINANCING ACTIVITY</b>					
Proceeds from issuance of new shares		6,150	2,500	6,150	2,500
Net cash from financing activity		6,150	2,500	6,150	2,500



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes in cash and cash equivalents		1,189	(138)	9	–
At beginning of financial year		487	625	2	2
At end of financial year	B	1,676	487	11	2

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A GAIN FROM DISPOSAL OF LAND HELD FOR PROPERTY DEVELOPMENT

On 4 August 2020, the High Court had awarded further compensation in a sum of RM692,440 as additional compensation for land held for property development which disposed by a subsidiary in the previous financial year.

#### B CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Group's statements of cash flows comprise the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposit with a licensed bank (Note 12)	1,200	–	–	–
Cash and bank balances	476	487	11	2
	1,676	487	11	2

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2020

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur. The principal place of business of the Company is located at No. 3, Jalan PJU 1/41, Block C1 Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 April 2021.

### 2. GOING CONCERN

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern which contemplates the continuity of normal business activity and the realisation of assets and discharge their liabilities in the normal course of business.

During the financial year, the Group and the Company incurred a net loss of RM7,139,513 and RM6,093,367 respectively and the Group and the Company are having a negative operating cash flow of RM4,882,419 and RM912,234 respectively. As at 31 December 2020, the Group's and the Company's total current liabilities exceeded its total current assets by RM11,902,149 and RM519,826 respectively which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern will be dependent on:

- the continuous support from a Director and CEO of the Company to provide adequate funds for the Group and the Company to meet their liabilities as and when they fall due;
- the outcome of the legal suits adjudged in favour of the Group as disclosed in Note 28.1 to the Financial Statements;
- the completion of Proposed Debt Settlement as details in Note 28.4 to the Financial Statements; and
- the continued successful operation of the property development activities in line with management expectation.

If these are not forthcoming, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Director and CEO have agreed to provide continuing financial support for the Group and the Company to meet its liabilities as and when they fall due and the Directors are of the opinion that the outcome of the legal suits will adjudge in favour of the Group the property development activities will continue to operate in line with expectation.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis and accordingly the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of the liabilities that may be necessary should the Group and the Company be unable to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

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

### 3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain land and buildings that are measured at fair value at the end of each reporting year as disclosed in the summary of significant accounting policies.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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 in the principal market for the asset or liability, or 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.

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.

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 their fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements 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 their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### 3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000), except when otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 3. BASIS OF PREPARATION (CONT'D)

### 3.4 Adoption of the amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted the amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2020.

The initial application of the amendments/improvement to standards did not have a material impact on the financial statements of the Group and of the Company.

### 3.5 Standards issued but not yet effective

The Group and the Company have not applied early the following MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

#### Amendment to MFRS effective 1 June 2020:

Amendments to MFRS 16*#	COVID - 19 Related Rent Concession
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#### Amendment to MFRS effective 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4*# and MFRS 16*#	Interest Rate Benchmark Reform – Phase 2
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#### Amendments to MFRS effective 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020 (MFRS 1, 9, 16*# and 141*)	

#### MFRS and amendments to MFRS effective 1 January 2023:

Amendments to MFRS 4*	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17* and amendments to MFRS 17*	Insurance Contracts and Amendments to MFRS 17 Insurance Contract
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimated

#### Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and 128*#	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Company's operation

# Not applicable to the Group's operations

The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective. The initial application of the above standards and amendments are not expected to have any material financial impact to the financial statements of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 3. BASIS OF PREPARATION (CONT'D)

### 3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

#### 3.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting year, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 3 to 91 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 December 2020, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are analysed in Note 5 to the Financial Statements. Actual results, however, may vary due to change in the expected levels of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

##### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

##### Provision for expected credit losses (ECL) of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, 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 ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 3. BASIS OF PREPARATION (CONT'D)

### 3.6 Significant accounting estimates and judgements (Cont'd)

#### 3.6.1 Estimation uncertainty (Cont'd)

##### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the time the estimates are made.

The Group's businesses are subject to economical, technological and social preference changes which may cause selling prices to change rapidly and the Group's results to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 6 to the Financial Statements.

##### Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair values. The carrying amounts of the land and buildings at the reporting date and the relevant revaluation bases are disclosed in Note 5 to the Financial Statements.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies as summarised below consistently throughout all years presented in the financial statements.

### 4.1 Consolidation

#### 4.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 Consolidation (Cont'd)

#### 4.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' 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.

#### 4.1.3 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, 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 it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed 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. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through 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 over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that 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 values of the operation disposed of and the portion of the cash-generating unit retained.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 Consolidation (Cont'd)

#### 4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 4.1.5 Non-controlling interests

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

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

### 4.2 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and impairment loss, if any. 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 to the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Freehold land is measured at fair value and impairment loss recognised after the date of the revaluation. Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 Property, plant and equipment (Cont'd)

The Group adopts a policy to make an annual transfer of the revaluation surplus to accumulated losses as the asset is used. In such case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Any revaluation surplus remaining in equity on disposal of the asset is transferred directly to retained earnings.

Freehold land is not depreciated. Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold land	Over 81 to 91 years
Buildings	2%
Office equipment, furniture and fittings	15% to 33 1/3%
Motor vehicles	20%
Renovation	10%
Site cabin and tools	10%
Signboard	20%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of property, plant and equipment is determined as difference between the disposal proceeds and the carrying amounts of the assets and is recognised in the profit or loss in the financial year in which the asset is derecognised.

### 4.3 Inventories

#### 4.3.1 Land held for property development

Land held for property development consists of the deemed cost of land held for property development and other related development costs common to the whole project. Land held for property development consist of land on which no development work has been undertaken. Such land is classified as non-current asset and is stated at cost less any accumulated impairment loss.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### 4.3.2 Trading goods

Inventories comprise goods held for trading and are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 Plantation expenditure

The Group's biological asset comprises plantation expenditure. The Group recognises a biological asset in its financial statements when, and only when the Group gains control over the asset as a result of past events, it is possible that the future economic benefits associated with the asset will flow to the Group and when the fair value or cost of the asset can be measured reliably.

If the fair value less costs to sell of a biological asset could not be measured reliably, plantation expenditure recognised at its cost less any accumulated impairment losses. Inability to measure fair value reliably is presumed only on the initial recognition of a biological asset for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less costs to sell.

Plantation expenditure incurred on land clearing, upkeep of immature trees, direct administrative expenses incurred during the pre-maturity period (precropping costs) are capitalised as plantation expenditure.

Biological asset is derecognised when either it is disposed of or subsequent to the point of harvest, in which MFRS 102 Inventories or another applicable standard is applied thereafter.

### 4.5 Financial instruments

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.

#### 4.5.1 Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("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 and the Company initially measure 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.

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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 and the Company commits to purchase or sell the asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 Financial instruments (Cont'd)

#### 4.5.1 Financial assets (Cont'd)

##### Subsequent measurement

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

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

At the reporting date, the Group and the Company carry only financial assets at amortised cost on its statements of financial position.

##### Financial assets at amortised cost

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 and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiaries, fixed deposit with a licensed bank and cash and bank balances.

##### 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 when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or have 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 have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 Financial instruments (Cont'd)

#### 4.5.1 Financial assets (Cont'd)

##### Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

#### 4.5.2 Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 Financial instruments (Cont'd)

##### 4.5.2 Financial liabilities (Cont'd)

##### Subsequent measurement (Cont'd)

##### Financial liabilities at amortised cost

After initial recognition, carrying amounts 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.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost which include trade and other payables.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 the profit or loss.

##### 4.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 4.6 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing their carrying amount with its recoverable amount. 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). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group 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.

An impairment loss is recognised as an expense in profit or loss immediately except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

### 4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 4.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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. Where the effect of the time 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.

### 4.9 Leases

The Group assesses 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.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). 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 the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land - over 81 to 91 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as detailed in Note 4.6 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

The revaluation reserve comprises surplus arising from the revaluation of property, plant and equipment.

Retained earnings/(accumulated losses) include all current year's loss and prior years' retained earnings/(accumulated losses).

All transactions with the owners of the Company are recorded separately within equity.

#### 4.11 Revenue

##### 4.11.1 Revenue from contract with customers - sale of goods

Revenue from sale of goods are recognised at a point in time when control of the goods are transferred to the customer, generally on delivery of the goods. The normal credit terms are 1 to 60 days upon delivery.

##### 4.11.2 Revenue from other source - interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### 4.12 Employees benefits

##### 4.12.1 Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. 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, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

##### 4.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 Tax expenses

#### 4.13.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year and are measured using the tax rates that have been enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

#### 4.13.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate that have been enacted or substantively enacted by the reporting date in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unabsorbed business losses and unutilised capital allowances.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or that entire deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

### 4.14 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

### 4.15 Borrowing costs

Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds. All borrowing costs are expensed in the year in which they are incurred.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation			At cost				
	Freehold land and buildings RM'000	Long term leasehold land RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Site cabin and tools RM'000	Signboard RM'000	Total RM'000
<b>Cost or valuation</b>								
At 1 January 2019	7,000	8,500	1,575	686	830	62	60	18,713
Additions	-	-	9	-	-	-	-	9
Disposals	-	-	(4)	-	-	(1)	-	(5)
At 31 December 2019	7,000	8,500	1,580	686	830	61	60	18,717
Additions	-	-	6	-	-	-	-	6
Disposals	-	-	(2)	(64)	-	-	-	(66)
At 31 December 2020	7,000	8,500	1,584	622	830	61	60	18,657
<b>Accumulated depreciation</b>								
At 1 January 2019	-	112	1,556	686	830	61	60	3,305
Depreciation for the year	174	112	11	-	-	1	-	298
Disposals	-	-	(4)	-	-	(1)	-	(5)
At 31 December 2019	174	224	1,563	686	830	61	60	3,598
Depreciation for the year	174	112	9	-	-	-	-	295
Disposals	-	-	(2)	(64)	-	-	-	(66)
At 31 December 2020	348	336	1,570	622	830	61	60	3,827
<b>Net carrying amount</b>								
At 31 December 2020	6,652	8,164	14	-	-	-	-	14,830
At 31 December 2019	6,826	8,276	17	-	-	-	-	15,119

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicles RM'000
<b>Cost</b>	
At 1 January 2019/ 31 December 2019/ 31 December 2020	174
<b>Accumulated depreciation</b>	
At 1 January 2019/ 31 December 2019/ 31 December 2020	(173)
<b>Net carrying amount</b>	
At 1 January 2019/ 31 December 2019/ 31 December 2020	1

The freehold and leasehold land and buildings of the Group were revalued in 2017 by an independent professional valuer. The valuations were based on the comparison method by reference to recent market transactions.

Had the revalued land and buildings been carried under the cost model, the net carrying amounts of land and buildings would have been included in the financial statements of the Group as at the end of the reporting year as follows:-

	Group 2020 RM'000	2019 RM'000
Freehold land and buildings	2,384	2,421
Leasehold land	1,261	1,279
	<b>3,645</b>	<b>3,700</b>

### Fair value information

Fair value of property, plant and equipment are categorised as follows:-

	Group 2020 RM'000	2019 RM'000
<b>Level 2</b>		
Freehold land and buildings	6,652	6,826
Leasehold land	8,164	8,276
	<b>14,816</b>	<b>15,102</b>

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There was no transfer between the fair value hierarchy during the financial year.

Included in the net carrying amount of property, plant and equipment is right-of-use asset as follows:-

	Group 2020 RM'000	2019 RM'000
Leasehold land	8,164	8,276

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 6. INVENTORIES

### 6.1 Land held for property development

	Group RM'000
<u>Leasehold land, at deemed cost</u>	
At 1 January 2019/31 December 2019/31 December 2020	142,049

### 6.2 Trading goods

	2020 RM'000	Group 2019 RM'000
Trading goods, at carrying amount	180	126
<b>Recognised in profit or loss:</b>		
- Inventories recognised as cost of sales	4,238	4,081

## 7. PLANTATION EXPENDITURE

	2020 RM'000	Group 2019 RM'000
At 1 January	2,008	1,903
Additions	99	105
At 31 December	2,107	2,008

Included in plantation expenditure incurred during the financial year are:-

	2020 RM'000	Group 2019 RM'000
Staff salaries	77	76
Defined contribution plan	10	10
Other related staff costs	1	1

## 8. INVESTMENT IN SUBSIDIARIES

	2020 RM'000	Company 2019 RM'000
Unquoted shares – at cost	178,100	178,100
Less: Accumulated impairment loss	(171,494)	(171,494)
	6,606	6,606

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Investment in subsidiaries that are impaired at reporting date related to those subsidiaries that are having net assets lower than costs of investment.

The following information relates to the subsidiaries which principal places of business are in Malaysia:-

Name of company	Equity interest		Principal activities
	2020 %	2019 %	
<b>Held directly:-</b>			
Compugates Sdn. Bhd.	100	100	Trading, marketing and distribution of imaging, information technology and communication-based products
Selama Muda Jaya Sdn. Bhd.	100	100	Dormant
Compugates International Sdn. Bhd.	100	100	Dormant
<b>Held under Compugates Sdn. Bhd.:-</b>			
Compugates Marketing Sdn. Bhd.	100	100	Investment holding, trading, marketing & distribution of information technology & communication-based products, gaharu tea and involved in gaharu tree plantation
<b>Held under Compugates Marketing Sdn. Bhd.:-</b>			
Classic Distribution Sdn. Bhd.	100	100	Dormant
Compugates Development and Mining Sdn. Bhd. ("CDMSB")	70	70	Land owner and property investment holdings
Compugates Perak Sdn. Bhd.	100	100	Dormant
Compugates Sabah Sdn. Bhd. ("CSSB")	51	51	Dormant

### Non-controlling interests in subsidiaries

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

	CDMSB RM'000	CSSB RM'000	Total RM'000
<b>Percentage of ownership interest and voting interest</b>	30%	49%	–
<u>2020</u>			
Carrying amount of NCI	34,880	(5,350)	29,530
Profit/(loss) allocated to NCI	15	(7)	8
<u>2019</u>			
Carrying amount of NCI	34,865	(5,343)	29,522
Loss allocated to NCI	(58)	(5)	(63)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Non-controlling interests in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below: -

	CDMSB		CSSB	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial position as at 31 December:</b>				
Non-current assets	142,049	142,049	-	-
Current assets	10,097	9,405	-	8
Non-current liabilities	(10,752)	(10,752)	-	-
Current liabilities	(25,129)	(24,486)	(10,920)	(10,912)
	116,265	116,216	(10,920)	(10,904)
<b>Summary of financial performance for the financial year ended 31 December:</b>				
Revenue	-	-	-	-
Net profit/(loss)/total comprehensive income/(loss) for the financial year	49	(195)	(16)	(10)
<b>Summary of cash flows for the financial year ended 31 December:</b>				
Net cash flows used in operating activities	(256)	(371)	(14)	(9)
Net cash flows from financing activities	256	191	12	9
Net changes in cash and cash equivalents-	(180)	(2)	-	-

## 9. TRADE RECEIVABLES

	Group	
	2020	2019
	RM'000	RM'000
Trade receivables	1,606	1,516
Less: Accumulated impairment loss		
At 1 January	(1,454)	(1,411)
Recognised	-	(43)
Write-back	9	-
At 31 December	(1,445)	(1,454)
	161	62

The Group's normal trade credit terms range from 1 to 60 days (2019: 1 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The impairment loss on trade receivable was written-back during the financial year as a result of subsequent receipts of the amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 10. OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables	10,363	9,703	538	538
Less: Accumulated impairment loss				
At 1 January	(245)	(1,262)	(530)	(530)
Written off	–	1,017	–	–
At 31 December	(245)	(245)	(530)	(530)
	10,118	9,458	8	8
Deposits	95	95	55	55
Prepayments	73	84	3	3
GST receivable	–	24	–	–
	10,286	9,661	66	66

Included in the other receivables of the Group of RM10,089,840 (2019: RM9,397,400) is sale proceeds receivable pertaining to the disposal of the partial land held for property development in previous financial year. The proceeds of RM9,397,400 is currently deposited with the Court as detailed in Note 28.1 to the Financial Statements. The remaining proceeds of RM692,440 was awarded by the High Court during the financial year as additional compensation.

The impairment loss on other receivable was written-back in previous financial year as a result of subsequent receipts of the amount.

## 11. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Non-interest bearing	21,106	15,598
Less: Accumulated impairment loss		
At 1 January	(15,006)	(11,630)
Recognised	(5,468)	(3,876)
Write-back	–	500
At 31 December	(20,474)	(15,006)
	632	592

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand, except for the amount of RM4,542,515 (2019: RM4,534,295) due from a subsidiary which bears interest rates ranging from 3.67% to 10.00% (2019: 3.67% to 10.00%) per annum.

The impairment loss on amount due from subsidiaries was written back during the previous financial year due to the subsidiaries had improved their financial performance.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

### 12. FIXED DEPOSIT WITH A LICENSED BANK

The effective interest rate of fixed deposit with a licensed bank is 1.85% (2019: Nil) per annum. The maturity period of the fixed deposit is less than 3 months and no pledge with any financial institution.

### 13. SHARE CAPITAL

	2020 Unit'000	Group and Company 2019 Unit'000	2020 RM'000	2019 RM'000
Issued and fully paid of ordinary shares with no par value:				
At 1 January	2,475,496	2,347,718	50,095	47,595
Issuance of ordinary shares	353,076	127,778	6,150	2,500
At 31 December	2,828,572	2,475,496	56,245	50,095

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

### 14. REVALUATION RESERVE

	Group 2020 RM'000	2019 RM'000
At 1 January	31,354	31,531
Crystallisation of revaluation reserve	(178)	(177)
At 31 December	31,176	31,354

The revaluation reserve represents the revaluation surplus of property, plant and equipment.

### 15. OTHER RESERVE

	Group 2020 RM'000	2019 RM'000
Other reserve	(2,100)	(2,100)

The other reserves arose from additional interest acquired from non-controlling interests of Compugates Development and Mining Sdn. Bhd..

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 16. DEFERRED TAX LIABILITIES

	Group 2020 RM'000	2019 RM'000
At 1 January	13,447	13,498
Recognised in profit or loss (Note 22)	(51)	(51)
At 31 December	13,396	13,447

The deferred tax liabilities arose from the tax impact on revaluation surplus of property, plant and equipment and land held for property development.

## 17. OTHER PAYABLES

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Other payables	11,017	8,670	676	550
Accruals	544	544	136	147
Deposit received	10,100	10,100	–	–
Staff incentives	941	624	–	–
Amount due to a Director	4,765	4,869	3,874	3,997
	27,367	24,807	4,686	4,694
Represented by:				
- Current	23,910	21,568	1,229	1,455
- Non-current	3,457	3,239	3,457	3,239
	27,367	24,807	4,686	4,694

Included in other payables of the Group and of the Company are RM8,453,041 (2019: RM5,782,337) and RM668,376 (2019: RM537,024) respectively owing to CEO of the Company. Such amount owing to CEO of the Company is non-trade in nature, unsecured and interest free except for RM668,376 (2019: RM537,024) which are back-to-back advances comprise various personal loans and credit card facilities, borrowed in his personal capacity from the financial institutions and on-lent to the Group and to the Company, which bear interest rates payable to the financing banks ranging from 3.99% to 10.00% (2019: 3.99% to 10.00%) per annum.

The amount due to a Director of the Group and of the Company is non-trade in nature, unsecured, interest free and repayable on demand, except for the amount of RM3,874,139 (2019: RM3,997,271) which are back-to-back advances comprise various personal loans and credit card facilities, borrowed in her personal capacity from the financial institutions and on-lent to the Group and to the Company, which bear interest rates payable to the financing banks ranging from 3.67% to 8.80% (2019: 3.67% to 8.80%) per annum and repayable over 1 to 110 months (2019: 1 to 60 months).

Deposit represents the deposit received from third parties in relation to the joint venture agreements entered by a subsidiary.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 18. TRADE PAYABLES

The normal trade credit terms granted to the Group are 60 days (2019: 60 days).

## 19. REVENUE

	Group	
Type of revenue	2020 RM'000	2019 RM'000
- Trading income	4,320	4,583
- Agriculture	51	7
	4,371	4,590

All revenue is generated in Malaysia and recognised at a point in time.

## 20. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses				
- other payables	279	195	279	195

## 21. LOSS BEFORE TAX

Loss before tax is determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit	112	108	44	40
- other services	23	14	23	14
Directors' fees	276	276	276	276
Director of the Company:				
- remuneration	412	1,177	-	-
- defined contribution plan	47	112	-	-
Director of the subsidiaries:				
- fee	1,531	2,356	-	-
- remuneration	2,396	2,042	-	-
- defined contribution plan	306	306	-	-
Staff costs				
- salaries, wages, bonuses and allowances	1,135	1,358	-	-
- defined contribution plan	166	190	-	-
- other staff related cost	22	(445)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 22. TAX INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax - Overprovision in prior year	-	(563)	-	-
Crystallisation of deferred tax liabilities (Note 16)	(51)	(51)	-	-
	(51)	(614)	-	-

Malaysia income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

A reconciliation of tax income applicable to loss before tax at the statutory income tax rate to tax income at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(7,191)	(8,898)	(6,093)	(4,212)
Taxation at applicable tax rate of 24% (2019: 24%)	(1,726)	(2,135)	(1,462)	(1,011)
Tax effects arising from				
- non-deductible expenses	380	519	1,462	1,011
- non-taxable income	(170)	(51)	-	-
- crystallisation of deferred tax liabilities	(51)	(51)	-	-
- deferred tax assets not recognised during the year	1,516	1,667	-	-
- overprovision in prior year	-	(563)	-	-
Tax income for the financial year	(51)	(614)	-	-

Deferred tax assets have not been recognised in respect of the following items as it is not probable that whether sufficient future taxable profits will be available against which the Group can utilise the benefit:

	Group	
	2020 RM'000	2019 RM'000
Plant and equipment	(1,172)	(1,269)
Other deductible temporary differences	9,596	7,747
Unabsorbed tax losses	61,801	57,432
Unutilised capital allowances	2,234	2,234
	72,459	66,144

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 22. TAX INCOME (CONT'D)

Effective year of assessment 2019 as announced in the Annual Budget 2019, the unabsorbed tax losses of the Group will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded.

The expiry of the unabsorbed tax losses is as follows:

	Group	
	2020 RM'000	2019 RM'000
Carried forward up to year of assessment 2025	36,394	36,394
Carried forward up to year of assessment 2026	21,038	21,038
Carried forward up to year of assessment 2027	4,369	–
	61,801	57,432

## 23. LOSS PER SHARE

### Basic loss per ordinary share

Basic loss per share are calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020 RM'000	2019 RM'000
Net loss attributable to ordinary equity holders of the Company (RM'000)	(7,148)	(8,221)
Weighted average number of ordinary shares (Unit' 000)	2,575,206	2,405,572
Basic loss per ordinary share (sen)	(0.28)	(0.34)

### Diluted loss per ordinary share

The Company has no dilutive potential ordinary shares. As such, there is no dilutive effect on the loss per ordinary share of the Group for both financial years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 24. RELATED PARTIES

### (a) Related party transactions

Set out below are the related party transactions for the financial year. The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expenses charged by:				
- a person connected to a				
Director of the Company	95	103	95	103
- Director	184	92	184	92
Interest income charged on a subsidiary	–	–	(279)	(195)

### (b) Key management personnel compensation

Key management personnel comprise staff of the Group having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

The Group and the Company have no other members of key management personnel other than the Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Note 21 to the Financial Statements.

## 25. OPERATING SEGMENT

### Business segment

For management purpose, the Group is organised into business units based on their products and services provided. The Group is organised into two main business segments as follows:-

- (i) Trading and services segment – involved in the trading, marketing, distribution of imaging, information technology, communication-based products and general merchants
- (ii) Agriculture segment – involved in trading and cultivation of agricultural products

Management monitors the operating results to its business units separately for the purpose of making decisions about resources 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 25. OPERATING SEGMENT (CONT'D)

### Business segment (cont'd)

Transfer prices between operating segments are on a negotiated basis in a manner similar to transactions with third parties.

Group	Trading and services RM'000	Agriculture RM'000	Consolidated RM'000
<b>2020</b>			
<b>Revenue</b>			
External sales	4,320	51	4,371
<b>Results</b>			
Finance income	13	–	13
Finance costs	(279)	–	(279)
Depreciation	(181)	(114)	(295)
Tax income	28	23	51
Other non-cash income (Note (i))	9	–	9
Segment loss	(4,023)	(3,117)	(7,140)
<b>Assets</b>			
Additions to non-current assets (Note (ii))	2	103	105
Segment assets	159,394	11,919	171,313
<b>Liabilities</b>			
Segment liabilities	37,842	3,241	41,083
<b>2019</b>			
<b>Revenue</b>			
External sales	4,583	7	4,590
<b>Results</b>			
Finance income	3	–	3
Finance costs	(195)	–	(195)
Depreciation	(183)	(115)	(298)
Tax income	590	24	614
Other non-cash expense (Note (i))	(43)	–	(43)
Segment loss	(5,029)	(3,255)	(8,284)
<b>Assets</b>			
Additions to non-current assets (Note (ii))	4	110	114
Segment assets	157,609	12,046	169,655
<b>Liabilities</b>			
Segment liabilities	35,407	3,028	38,435

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 25. OPERATING SEGMENT (CONT'D)

### Business segment (cont'd)

- (i) Other non-cash income/(expense) consist of the following items:-

	2020 RM'000	Group 2019 RM'000
Impairment loss on trade receivables	–	(43)
Write back of impairment loss on trade receivables	9	–
	9	(43)

- (ii) Additions to non-current assets consist of:-

	2020 RM'000	Group 2019 RM'000
Property, plant and equipment	6	9
Plantation expenditure	99	105
	105	114

Non-current assets information presented consist of the following items as presented in the consolidated statements of financial position:-

	2020 RM'000	Group 2019 RM'000
Property, plant and equipment	14,830	15,119
Inventories	142,049	142,049
Plantation expenditure	2,107	2,008
	158,986	159,176

### Geographical segment

The Group's businesses are operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

### Information about major customers

Revenue from one (2019: one) major customer amounted to RM811,590 (2019: RM701,028) is derived from trading and services segment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 26. FINANCIAL INSTRUMENTS

### (a) Financial risk management and objectives

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

#### (i) 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 objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The exposure to credit risk is monitored by the management on an ongoing basis and the management does not expect any counterparty fail to meet its obligations.

The areas where the Group are exposed to credit risk are as follows:-

#### *Receivables*

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that is neither past due nor impaired are stated at the realisable values.

Trade receivables that is neither past due nor impaired is creditworthy debtor with good payment records with the Group. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

#### Group

	Gross carrying amount RM'000	Expected credit loss rate %	Loss allowance RM'000	Net carrying amount RM'000
<b>2020</b>				
Not past due	107	—	—	107
Past due 1-60 days	54	—	—	54
Past due more than 120 days	1,445	100	1,445	—
	<u>1,606</u>		<u>1,445</u>	<u>161</u>
<b>2019</b>				
Not past due	61	—	—	61
Past due 1-60 days	1	—	—	1
Past due more than 120 days	1,454	100	1,454	—
	<u>1,516</u>		<u>1,454</u>	<u>62</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management and objectives (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (i) Credit risk (Cont'd)

The areas where the Group are exposed to credit risk are as follows (Cont'd):-

##### ***Receivables (cont'd)***

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 product type and 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 written off if past due for more than one year or if Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position.

##### ***Other receivables***

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

##### ***Intercompanies balances***

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors their results regularly. As at the end of the reporting year, there was no indication that the loans and advances to the subsidiaries are not recoverable except for those disclosed in Note 11 to the Financial Statements.

##### ***Cash and cash equivalents***

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

##### ***Financial guarantee***

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary and creditors for credit terms granted to a subsidiary. The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounts to RM280,628 (2019: RM104,883) representing the outstanding credit facilities to suppliers of the subsidiary guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view that it is unlikely the subsidiary will default within the guarantee period.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 26. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial risk management and objectives (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favorable interest rate available.

The following table summarises the interest rate profile of the Group and of the Company as at the reporting date:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instrument</b>				
<b>Financial assets</b>				
Amount due from a subsidiary	–	–	4,542	4,534
Fixed deposit with a licensed bank	1,200	–	–	–
<b>Financial liability</b>				
Other payables	4,542	4,534	4,542	4,534

The Group and the Company do not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect the profit or loss.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's liquidity is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debts obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 26. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial risk management and objectives (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

### (iii) Liquidity risk (Cont'd)

At the reporting date, the Group's and the Company's non-derivative financial liabilities which have contractual maturities are summarised below:-

		Maturity	
		Less than 1 year RM'000	Between 1 year to 5 years RM'000
<b>Group</b>	<b>Carrying amount</b>		
<b>2020</b>	<b>RM'000</b>		
<b>Unsecured:</b>			
Trade payables	320	320	—
Other payables	27,367	23,910	3,457
	27,687	24,230	3,457
<b>2019</b>			
<b>Unsecured:</b>			
Trade payables	181	181	—
Other payables	24,807	21,568	3,239
	24,988	21,749	3,239
<b>Company</b>			
<b>2020</b>			
<b>Unsecured:</b>			
Other payables	4,686	1,229	3,457
<b>2019</b>			
<b>Unsecured:</b>			
Other payables	4,694	1,455	3,239

The liquidity risk arises principally from financial guarantee by the Company in respect of payables owing by a subsidiary amounted to RM280,628 (2019: RM104,883).

### (b) Fair values of financial instruments

The fair values of financial assets and financial liabilities of the Group and of the Company are reasonable approximation of their carrying amounts on the statements of financial position.

### (c) Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

### 27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debts on an ongoing basis. To maintain the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

### 28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

**28.1** CDMSB had on 18 August 2015 entered into a Joint Venture Agreement ("JVA") with a third party for the joint development on the parcel of leasehold land located at Sepang, Selangor Darul Ehsan into a mixed development project. The third party failed to comply with the express terms of the JVA which resulted in non-fulfilment of the conditions precedent. In 2018, partial of the land with 0.9892 hectares or 2.44 acres ("Land") had been affected by the construction of Lebuhraya Kuala Lumpur – Putrajaya – KLIA (MEX 2) and CDMSB filed in a claim to Pejabat Tanah dan Galian Selangor ("PTGS") for compensation as land owner.

On 1 October 2018, PTGS concluded the case and ordered a compulsory acquisition of the Land with RM9,397,400 compensated for the Land acquired and deposited such amount into the Shah Alam High Court ("Court") because there is a caveat on the Land filed by the management of the third party which claimed that it is entitled to the compensation by reason of the JVA.

On 26 March 2019, CDMSB filed an originating summons ("OS") against the third party in the Court to obtain an order that the compensation paid to the Court rightfully belongs to CDMSB as the land owner and the third party has no right to the compensation sum paid by reasons of the terms of the JVA.

Based on the legal opinion obtained from solicitors, the compensation is entitled by CDMSB in full because third party has yet to fulfil the conditions precedents of JVA within the stipulated time in accordance with the JVA. Hence, CDMSB had issued a Notice of Termination on 5 May 2019 to terminate the JVA with third party, stated that CDMSB will forfeit the RM3 million from the RM5 millions of deposit paid by the third party earlier upon entering into the JVA.

Subsequent to the reporting date, the third party appealed on the matter mentioned and the case management has been fixed on 21 April 2021 for compliance of full trial. Based on the legal advice, the Directors do not expect the outcome of the case management to have a negative impact on CDMSB's financial position and result.

**28.2** On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government had imposed the Movement Control Order ("MCO") starting from 18 March 2020 and to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak had also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 had brought significant economic uncertainties in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020  
(cont'd)

## 28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE (CONT'D)

### 28.2 (Cont'd)

Subsequently, the Malaysian Government had again imposed the MCO and Conditional Movement Control ("CMCO") for selected states which are severely affected by the COVID 19 on 11 January 2021. Besides, the Malaysian King declared state of emergency for the country until 1 August 2021 to curb the spread of COVID-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's and the Company's financial performance as the Group's main distribution services were allowed to operate throughout the MCO/CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

**28.3** Subsequent to the reporting date, the Company issued the following new ordinary shares pursuant to the private placements:

- (a) 53,055,200 ordinary shares at an issue price of RM0.0180 each on 10 February 2021 for a total consideration of RM954,994;
- (b) 187,389,000 ordinary shares at an issue price of RM0.0185 each on 8 March 2021 for a total consideration of RM3,466,697;

**28.4** On 24 February 2021, the Company announced a proposed settlement of debt owing to See Thoo Chan (Executive Director and major shareholder of the Company) and Goh Kheng Peow (Chief Executive Officer and major shareholder of the Company) via the issuance of up to 763,335,360 new ordinary shares in the Company at an issue price of RM0.0185 per settlement share (collectively known as "Proposed Debt Settlement").

## LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

[illegible]

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

## SHARE CAPITAL

Total Number of Issued Shares	: 3,069,016,320 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

## SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
55	Less than 100	1,828	*
2,049	100 to 1,000	1,380,507	0.04
2,075	1,001 to 10,000	11,777,982	0.38
3,825	10,001 to 100,000	208,362,253	6.79
2,460	100,001 to less than 5% of issued shares	2,145,225,950	69.90
3	5% and above of the issued shares	702,267,800	22.88
<b>10,467</b>	<b>TOTAL</b>	<b>3,069,016,320</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sierra Bonus Sdn Bhd</i>	248,331,300	8.09
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Curate Holdings Sdn Bhd (PB)</i>	242,547,500	7.90
3.	Khor Chong Hai	211,389,000	6.89
4.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For See Thoo Chan</i>	88,693,700	2.89
5.	Kevin Wee Teck Jin	84,794,100	2.76
6.	Gan Siew Liat	70,500,000	2.30
7.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Kheng Peow</i>	55,860,010	1.82
8.	Chin Mong Kong	51,030,600	1.66
9.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Gaik Eng (LIM4779C)</i>	50,000,000	1.63
10.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Thong Weng Kin</i>	44,972,900	1.47
11.	Low Gay Teong	44,222,000	1.44
12.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Siew Li (M08)</i>	39,000,000	1.27

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
13.	Wong Lay Leng	25,500,000	0.83
14.	Ch'ng Teng Teng	20,000,000	0.65
15.	Bagan Pesona Sdn Bhd	17,883,700	0.58
16.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cheong Weng Teong</i>	15,000,000	0.49
17.	Lim Kang Pow	13,406,500	0.44
18.	See Thoo Chan	13,257,600	0.43
19.	Ang Bok Gee	13,100,000	0.43
20.	Teo Yau Kwang @ David	11,830,000	0.39
21.	Ng Chian Tin	11,735,100	0.38
22.	Syed Akmal Bin Syed Yusuf	11,000,000	0.36
23.	SJC Realty Sdn Bhd	10,500,000	0.34
24.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Muralitharan A/L P.Subramaniam (PB)</i>	10,000,000	0.33
25.	Loi Tek Eiu	10,000,000	0.33
26.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Teoh Wei Liang</i>	10,000,000	0.33
27.	Public Invest Nominees (Tempatan) Sdn Bhd <i>Exempt AN For Phillip Securities Pte Ltd (Clients)</i>	9,110,000	0.30
28.	Chan Huan Chai	9,000,000	0.29
29.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yee Eng King</i>	8,950,000	0.29
30.	Thong Chee Hoe	8,936,700	0.29
	<b>TOTAL</b>	<b>1,460,550,710</b>	<b>47.60</b>

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### SUBSTANTIAL SHAREHOLDERS

(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SHAREHOLDERS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Goh Kheng Peow	56,050,010	1.83	102,884,400 #	3.35
2. See Thoo Chan	102,884,400	3.35	56,050,010 ^	1.83
3. Dato' Khor Chong Hai	211,389,000	6.89	—	—
4. Curate Holdings Sdn Bhd	242,547,500	7.90	—	—
5. Soo Yi Xin	200,000	0.01	242,547,500 *	7.90
6. Sierra Bonus Sdn Bhd	248,331,300	8.09	—	—

# Deemed interest by virtue of his relationship with See Thoo Chan, his spouse

^ Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse

\* Deemed interest by virtue of her direct shareholding in Curate Holdings Sdn Bhd

### DIRECTORS' SHAREHOLDINGS

(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Tan Sri Datuk Asmat bin Kamaludin	—	—	—	—
2. See Thoo Chan	102,884,400	3.35	56,050,010 ^	1.83
3. Goh Tai Wai	—	—	—	—
4. Mohamed Fauzi bin Omar	—	—	—	—

^ Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse



## ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

### 1) Utilisation of Proceeds Raised from Private Placement

The status of the utilisation of proceeds from the Company's private placement of up to 25% of the total number of issued shares as at 31 March 2021 is as tabulated below:

Details of utilisation	Approved Limit RM	Actual Utilisation RM	Balance RM
Repayment to Advances	2,199,000.00	2,158,938.72	40,061.28
Repayment to Creditors	2,528,000.00	1,113,234.53	1,414,765.47
Business working capital			
- Inoculation	920,000.00	-	920,000.00
- Advertisement and Promotion	173,000.00	-	173,000.00
Operation expenses			
- Staff related expenses	1,625,000.00	304,667.94	1,320,332.06
- Sundry expenses	553,000.00	93,344.96	459,655.04
Reserved fund for new business	5,081,000.00	-	5,081,000.00
Estimated expenses	420,000.00	229,808.00	190,192.00
<b>Total</b>	<b>13,499,000.00</b>	<b>3,899,994.15</b>	<b>9,599,005.85</b>

### 2) Audit and Non-audit fees

The audit fee and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2020 were as follows:-

Audit Services	2020	
	Group	Company
Statutory audit fees	112,000	44,000
Non-audit fees	23,000	23,000
<b>TOTAL</b>	<b>135,000</b>	<b>67,000</b>

### 3) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Sixteenth Annual General Meeting ("16th AGM" or "Meeting") of **COMPUGATES HOLDINGS BERHAD** ("Compugates" or "the Company") will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Tuesday, 1 June 2021** at **10.00 a.m.** for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Note 9)**
2. To approve the payment of Directors' fees of up to RM276,000 for the financial year ending 31 December 2021. **(Ordinary Resolution 1)**
3. To re-elect Tan Sri Datuk Asmat Bin Kamaludin as Director of the Company, who retires by rotation in accordance with Clause 134 of the Company's Constitution and who being eligible, has offered himself for re-election. **(Ordinary Resolution 2)**
4. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

### AS SPECIAL BUSINESS

**To consider and if thought fit, pass with or without any modifications, the following resolutions:-**

5. **Ordinary Resolution**  
**Proposed Retention of Independent Directors**
  - (i) **"THAT** Tan Sri Datuk Asmat Bin Kamaludin who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company."**(Ordinary Resolution 4)**
  - (ii) **"THAT** Encik Mohamed Fauzi Bin Omar who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company."**(Ordinary Resolution 5)**
6. **Ordinary Resolution**  
**Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 6)**

**"THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting."

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

**COMPUGATES HOLDINGS BERHAD**

**CHEN WEE SAM (LS 0009709) (SSM PC No. 202008002853)**

**HEW CHEE HAU (MIA 21967) (SSM PC No. 201908001291)**

Company Secretaries

Kuala Lumpur

30 April 2021

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan 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, Wilayah Persekutuan Kuala Lumpur, Malaysia. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at <https://tiih.online>. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 May 2021, shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, speak and vote on his/her/its behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### Explanatory Note on Ordinary Business

#### 9. Audited Financial Statements for the financial year ended 31 December 2020

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

### Explanatory Notes on Special Business

#### 10. Proposed Retention of Independent Directors

The proposed Ordinary Resolutions 4 and 5, if passed will allow Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar to be retained and continue to act as Independent Directors to fulfil the requirement of Paragraph 15.02 of Bursa Securities Main Market Listing Requirements. The details of the Board's justification and recommendations for the retention of Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are set out on Page 25 of the Corporate Governance Overview Statement of the Annual Report 2020.

#### 11. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 6 is proposed for the purpose of obtaining a renewed General Mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue new ordinary shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next annual general meeting of the Company after the approval was given, or at the expiry of period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, the Company had allotted and issued 4 tranches of ordinary shares via private placement pursuant to the general mandate granted to the Directors at the Fifteenth Annual General Meeting held on 6 July 2020 as listed below:-

- i. 26,530,600 ordinary shares at an issue price of RM0.0245 per share on 29 September 2020;
- ii. 227,777,700 ordinary shares at an issue price of RM0.018 per share on 16 November 2020;
- iii. 53,055,200 ordinary shares at an issue price of RM0.018 per share on 9 February 2021; and
- iv. 187,389,000 ordinary shares at an issue price of RM0.0185 per share on 5 March 2021.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

The status of utilisation of gross proceeds of RM9,171,688.40 raised from the private placement exercise by the Company is as follows:-

Details of utilisation	Proposed utilisation RM'000	Proceeds Raised RM'000	Actual utilisation RM'000	Deviations/ Variation RM'000	Balance RM'000
1. Repayment to Creditors and Purchases	4,032	4,032	2,835	-	1,197
2. Business working capital					
- Staff and Directors' related expenses	5,722	4,222	2,770	-	1,452
- Sundry expenses	2,145	818	526	-	292
3. Estimated expenses for private placement exercise	200	100	81	-	19
	12,099	9,172	6,212	-	2,960

**IMPORTANT NOTICE:** In view of the COVID-19 pandemic, the Company has in place rules and control for the 16th AGM in order to safeguard the health of attendees at the 16th AGM. Please follow the procedures provided in the Administrative Guide which can be downloaded from the Company's website or announcement via Bursa Securities' website.

## ELECTRONIC SUBMISSION OF PROXY FORM VIA TIIH ONLINE

Dear shareholders,

We are pleased to inform that you as a shareholder can have the option to submit your proxy forms by electronic means through our system, TIIH Online (“e-Proxy”).

TIIH Online is an application that provides an online platform for shareholders (*individuals only*) to submit document/form electronically which includes proxy form in paperless form (“e-Submission”). Once you have successfully submitted your e-proxy form, you are no longer required to complete and submit the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

### 1. Sign up as user of TIIH Online



Using your computer, access our website at <https://tiih.online>



Sign up as a user by completing the registration form, registration is free



Upload a softcopy of your MyKad (front and back) or your passport



Administrator will approve your registration within one working day and notify you via email



Activate your account by re-setting your password

- Notes:**
- (i) *If you are already a user of TIIH Online, you are not required to sign up again*
  - (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*
  - (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

### 2. Proceed with submission of e-Proxy



After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password



Select the corporate event: “**Submission of Proxy Form**”



Read and agree to the Terms & Conditions and confirm the Declaration



Select/insert the CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf



Appoint your proxy(s) or chairman and insert the required details of your proxy(s)



Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote



Review & confirm your proxy(s) appointment



Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

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

Telephone No: 03-27839299  
Fax No: 03-27839222  
E-mail: [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)



# COMPUGATES®

## COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

(Incorporated in Malaysia)

CDS Account No.				-															
No. of Shares Held																			

### FORM OF PROXY

I/We \_\_\_\_\_ (NRIC No./Co. No. \_\_\_\_\_ )  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

\_\_\_\_\_ (Contact No./Email: \_\_\_\_\_ ) being a member/members  
of **COMPUGATES HOLDINGS BERHAD (200401030779 (669287-H))**, ("Compugates" or "the Company"), hereby appoint

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholdings to be Represented (Refer to Note 2)
Address		

and/or failing him/her

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholdings to be Represented (Refer to Note 2)
Address		

or failing him/her, **THE CHAIRMAN OF THE MEETING** as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting ("16th AGM" or "Meeting") of the Company to be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 1 June 2021 at 10.00 a.m. or any adjournment thereof.

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

ORDINARY RESOLUTION		FOR	AGAINST
1.	To approve the payment of Directors' fees for the financial year ending 31 December 2021		
2.	Re-election of Tan Sri Datuk Asmat Bin Kamaludin as Director of the Company		
3.	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
4.	Retention of Tan Sri Datuk Asmat Bin Kamaludin as Independent Director of the Company		
5.	Retention of Encik Mohamed Fauzi Bin Omar as Independent Director of the Company		
6.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

\* Delete if not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021. \_\_\_\_\_  
Signature(s) of member(s)

#### Notes:-

- A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, speak and vote in his stead.
- A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan 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, Wilayah Persekutuan Kuala Lumpur, Malaysia. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at <https://tiah.online>. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 May 2021, shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, speak and vote on his/her/its behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.





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AFFIX  
STAMP

The Company Share Registrar  
**COMPUGATES HOLDINGS BERHAD**  
Registration No. 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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# COMPUGATES®

**COMPUGATES HOLDINGS BERHAD**

200401030779 (669287-H)

No.3, Jalan PJU 1/41, Block C1 Dataran Prima  
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

**Tel :** 03-7880 8133    **Fax :** 03-7880 6133

**[www.compugates.com](http://www.compugates.com)**