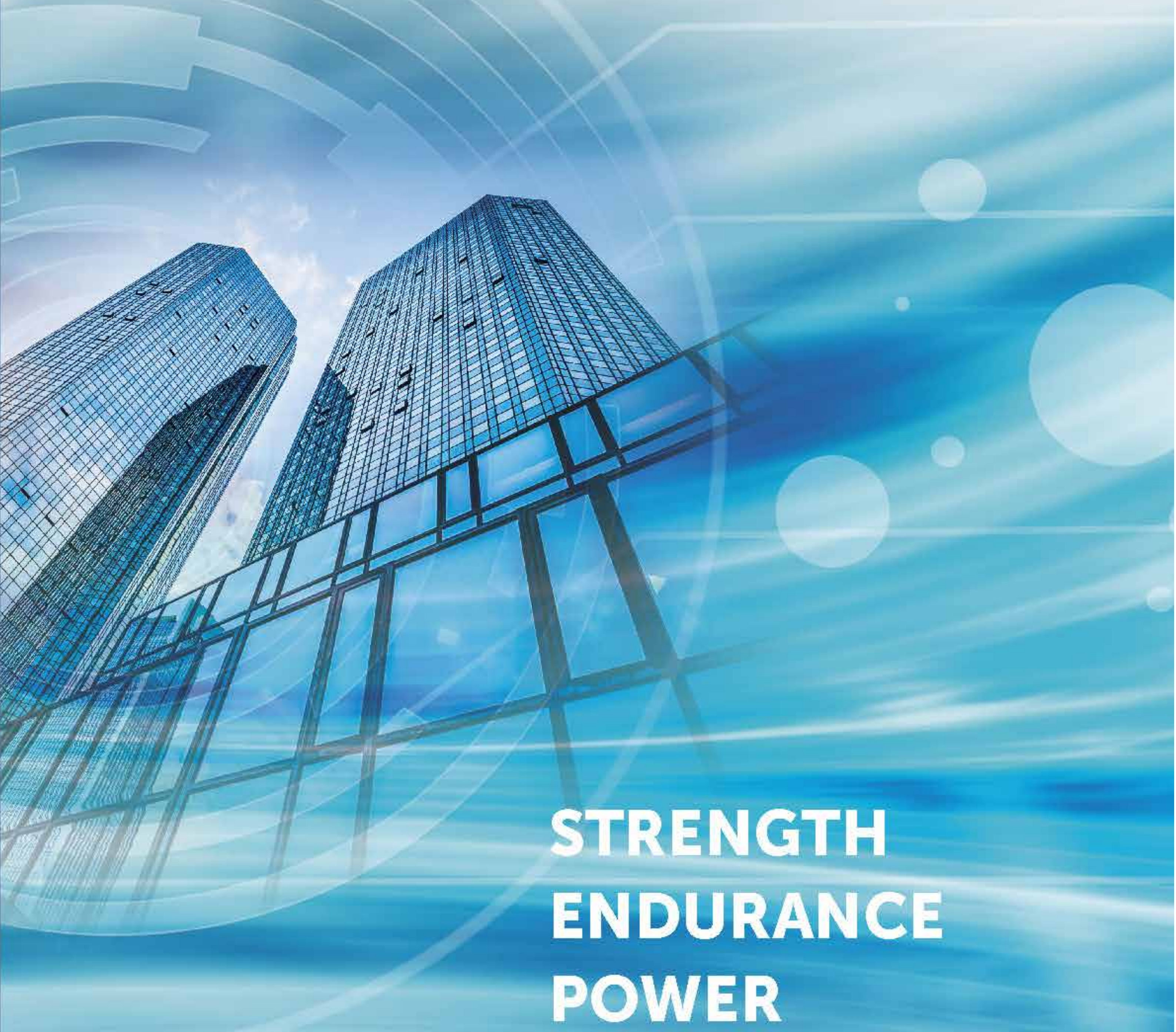
TechnoDex

Annual Report 2020



STRENGTH
ENDURANCE
POWER

CONTENTS

CORPORATE PROFILE

TechnoDex Bhd ("TDex" or "the Company"), a MSC-Status company, is a leading eBusiness Enabler through providing technology, and transforming into eBusiness Service Provider in the region. The Company was established on 10 September 2003 and it then converted into a public limited company on 7 April 2005. TDex was listed on 23 August 2006 on the MESDAQ Market of Bursa Securities Malaysia Berhad, which is now the ACE Market of Bursa Securities Malaysia Berhad (ACE: TDEX 0132).

Traditional business models have changed over time, and they require injection of new technological capabilities into innovative business delivery. With the ICT foundation of the Company and its subsidiaries ("the Group"), the Group is determined to incubate and transform bricks-and-mortar businesses into eBusiness in order to create synergistic values and profits.

The Group is led by a group of professionals and businessmen from cross industries, and instilling vast knowledge and values to evolve and transform the Group into eBusiness service provider. The Group's business expanded from traditional ICT solutions and services to recruitment & outsourcing services, eCommerce, IT hardware solution and content businesses across government and private sector to consumer marketspace.

OUR VALUES

For Our Clients:

Our mission is to create values through our eBusiness solutions and services. We strive to excel excellence over and beyond the normal standards. We constantly challenge ourselves if the solutions and/or services can be taken to the next level. By doing so, we bring synergistic values and profits to both the Clients and the Group.

For Shareholders and Employees:

We believe the people makes up the key element of a successful corporation. We believe true relationship is nurtured through sharing and growing together. Our mission is to become established among the Malaysian business community for our innovative eBusiness services and our rich knowledge to match the business. Through our innovation, we will create values and growth for our shareholders and employees.

CORPORATE PROFILE (cont'd)

OUR BUSINESSES

The Group offers vast selection of value-added services through technological capabilities. Amongst them are: -

1) Hardware, Software and Professional Services

   i) ICT Professional Services that comprises of Application Development Service, Application Support and Maintenance Service, and vertical solutions and consultation.

   ii) Data Solutions & Services that comprises of Data Security, Data Cleansing and Migration Services, Data Warehouse and BI Solutions, Data Science Strategy Services and ISO Consulting.

   iii) Cyber Security Solutions & Services that comprises of services for Cyber Security, Penetration Testing, and PCI DSS Scanning and Certification.

   iv) IT Hardware Solution Development and Support and Maintenance that comprises of trading of desktop and laptop for consumer and commercial use, point of sales ("POS") computers and related peripherals. It also comprises the design and development of hardware components and circuits for the POS solution segment.

2) Manpower Outsourcing and Recruitment Services

   ICT Recruitment and Outsourcing Services that focuses on sourcing, selecting, and outsourcing to fill for human resource needs.

3) E-Commerce and Specified Application Services

   i) Property Data Sales & Consulting Services that aspires to provide value-added services and property information to the financial, real estate, and consumer industry.

   ii) SurfsTek rSupport Intelligent Solution (SrIS)
   SrIS is a cloud based remote support solution based on IoT architecture. It facilitates support or helpdesk team to fix, solve and pre-empt issues and failures from intelligent data gathered from Cloud connected devices in their customers' premises, without the need for phone or on-site support.

CORPORATE STRUCTURE

AS AT 30 SEPTEMBER 2020

TechnoDex Bhd (MSC)

- **100%** — **TechnoDex Solutions Sdn Bhd**
  (Incorporated in Malaysia)
  - Application Development
  - IT Solutions & Services
  - Research & Development

- **100%** — **Idealseed Consultancy Services Sdn Bhd**
  (Formerly known as EvoDex Solutions Sdn Bhd)
  (Incorporated in Malaysia)
  - Provision of recruitment services and executive search

- **97%** — **Idealseed Resources Sdn Bhd**
  (Incorporated in Malaysia)
  - Information Technology Professionals Outsourcing Services
  - Information Communication Technology Consultancy
  - Information Technology Project Management Services

  - **51%** — **Idealseed Arrowhead Sdn Bhd**
    (Incorporated in Malaysia)
    - In the process of striking-off

- **50%** — **Myproperty Data Sdn Bhd**
  (Incorporated in Malaysia)
  - Property Data Analytics

- **100%** — **SurfsTeK Resources (R&D) Sdn Bhd**
  (Incorporated in Malaysia)
  - Providing Information and Technology Products and related services
  - Carrying out relavant research and development activities

  - **100%** — **SurfsTeK Innovation Sdn Bhd**
    (Incorporated in Malaysia)
    - Supplying computer hardware, components and all kind of computer related products.

  - **100%** — **HotelSurfs Sdn Bhd**
    (Incorporated in Malaysia)
    - Online Hotel Booking

CORPORATE INFORMATION

BOARD OF DIRECTORS

YTM DATO' SERI DIRAJA TAN SRI TENGKU ABDUL HAMID THANI IBNI ALMARHUM SULTAN BADLISHAH
Independent Non-Executive Chairman
(Appointed on 26 October 2020)

PEH LIAN HWA
Non-Independent Non-Executive Deputy Chairman
(Appointed on 26 October 2020)

TAN SZE CHONG
Executive Director, Corporate Planning and Strategy
(Re-designated on 26 October 2020)

TAN BOON WOOI
Executive Director

HENG LING JY (F)
Executive Director, Operations
(Re-designated on 26 October 2020)

STEVEN WONG CHIN FUNG
Independent Non-Executive Director
(Re-designated on 26 October 2020)

DATUK ABD HAMID BIN ABU BAKAR
Independent Non-Executive Director

SAIFULRIZAM BIN ZAINAL
Independent Non-Executive Director

AUDIT COMMITTEE

Saifulrizam Bin Zainal, Chairman
Steven Wong Chin Fung, Member
Datuk Abd Hamid Bin Abu Bakar, Member

NOMINATION AND REMUNERATION COMMITTEE

Datuk Abd Hamid Bin Abu Bakar, Chairman
Steven Wong Chin Fung, Member
Saifulrizam Bin Zainal, Member

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : TDEX
Stock Code : 0132

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7725 1777
Fax : 603-7722 3668

HEAD OFFICE

Unit E-07-03, Menara Suezcap 2, KL Gateway
No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari
59200 Kuala Lumpur
Tel : 603-7932 0111
Fax : 603-7932 0222
E-mail : info@technodex.com
Website : www.technodex.com

AUDITORS

CAS MALAYSIA PLT
LLP0009918-LCA & AF 1476
Chartered Accountants
B-5-1, IOI Boulevard
Jalan Kenari 5, Bandar Puchong Jaya
47170 Puchong, Selangor Darul Ehsan
Tel: 603-8075 2300
Fax: 603-8600 5463

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7890 4700
Fax : 603 -7890 4670

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)
(SSM PC NO. 201908001272)

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS

Technodex Bhd ("TDEX" or "the Company") is a MSC-status company. Through our subsidiaries, we offer a wide range of Information Communication Technology ("ICT") solutions and services to Government and private sectors, as well as to consumers. Our solutions and services are as listed below:-

1.1 Application Support & Services and Hardwares

i) **ICT Professional Services** that comprises of Application Development Service, Application Support and Maintenance Service, and vertical solutions and consultation.

ii) **Data Solutions & Services** that comprises of Data Security, Data Cleansing and Migration Services, Data Warehouse and BI Solutions, Data Science Strategy Services and ISO Consulting.

iii) **Cyber Security Solutions & Services** that comprises of Services for cybersecurity, Penetration Testing, and PCI DSS Scanning and Certification.

iv) **IT Hardware Solution Development and Support and Maintenance** that comprises of trading of desktop and laptop for consumer and commercial use, point of sales ("POS") computers and related peripherals. It also comprises the design and development of hardware components and circuits for the POS solution segment.

1.2 Manpower Outsourcing and Recruitment Services

i) **ICT Recruitment and Outsourcing Services** that focuses on sourcing, selecting, and outsourcing to fill for human resource needs.

1.3 E-Commerce and Specified Application Services

i) **Property Data Sales & Consulting Services** that aspires to provide value-added services and property information to the financial, real estate, and consumer industry.

ii) **SurfsTek rSupport Intelligent Solution (Srls)**
SrIS is a cloud based remote support solution based on IoT architecture. It facilitates support or helpdesk team to fix, solve and pre-empt issues and failures from intelligent data gathered from Cloud connected devices in their customers' premises, without the need for phone or on-site support.

We aim to enhance profitability and strengthen our market presence in order to support our long-term sustainability and growth. Thus, we will remain committed in providing quality solutions and services, as well as continuously improve our solution and services in order to expand our customer base and grow our business locally.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

2. FINANCIAL PERFORMANCE

Certain key financial and non-financial indicators pertaining to our financial performance for the financial year ended ("FYE") 30 June 2020 ("FYE2020") vis-à-vis the financial period ended ("FPE") 30 June 2019 ("FPE2019") are as follows:-

	FYE2020	FPE2019	Adjusted* Preceeding FPE2019	Variance 2020 vs Adjusted* 2019	
	RM'000	RM'000	RM'000	RM'000	%
Our financial performance					
Revenue	54,782	63,053	54,045	737	1.4
Employment benefits and key management personnel's remuneration	(5,446)	(6,717)	(5,757)	311	-5.4
Depreciation & amortisation	(4,722)	(4,458)	(3,821)	(901)	23.6
Other expenses	(6,558)	(11,646)	(9,982)	3,424	-34.3
(Loss) before tax ("LBT")	(10,261)	(12,593)	(10,794)	533	-4.9
(Loss) after tax ("LAT")	(10,323)	(12,637)	(10,832)	509	-4.7
(Loss) after tax and minority interest	(9,974)	(11,779)	(10,096)	122	-1.2
Basic Loss per share attributable to owners of the Company (sen)	(1.60)	(2.05)	(1.76)	0.16	-9

* *This is an illustrative figures using the average of 12 months performance from the preceding FPE2019 numbers*

On 25 October 2018, our Group changed our financial year end from 30 April to 30 June. Thus, the financial results for the period subsequent to the FYE 30 April 2018 comprised of 14 months from 1 May 2018 to 30 June 2019. Thus, an annualised figures of FPE 30 June 2019 financial performance with average of 12 months numbers will be used for comparative purpose.

For the FYE 30 June 2020, our Group recorded a revenue of RM54.7 million as compared to RM54.0 million recorded in the FPE 30 June 2019, representing a marginal increase of RM0.7 million or 1.2%. We were faced with a challenging start in 2020, the group revenue growth slowed significantly arising from the worldwide COVID-19 pandemic resulted in economic and business uncertainties causing disruption to global supply chains, manpower restrictions, sales collections and order process delays, customers cash flow tightening and business slowdown.

These negative impacts resulting a lower revenue of RM9.2 million generated from the manpower outsourcing and recruitment services segment due to softening outsourcing orders from certain key customers (FPE 30 June 2019: RM11.5 million).

Despite in challenging times, with Group's management endurance, solid resellers channel in nationwide and track records, we managed to deliver a positive results in the following segments: -

(i) Improved revenue to RM43.6 million generated from the application support & services and hardware segment as a result of increased IT hardware sales orders and new IT contracts revenue awarded from government agencies. (FPE 30 June 2019: RM41.5 million).

(ii) Increase revenue to RM1.9 million from the E-Commerce and Specified Application Services contributed by better revenue generated from the Property Data Sales & Consulting Services as a result of better market presence.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

For the year under review, the Group recorded a lower LBT of RM10.2 million compared to the RM10.7 million registered in FPE 30 June 2019 mainly due to lower research and development cost for the enhancement of the e-commerce and specified application services segment. (FPE 30 June 2019: RM1.1 million).

Total Employment benefits and key management personnel's remuneration reduced to RM5.4 million as compared to RM5.8 million for preceding financial period as a result of cost streamlining initiatives on non-core human resources.

The Group reported higher depreciation & amortisation of RM4.7 million (FPE 30 June 2019: RM3.8 million) was mainly attributable to the adoption of MFRS 16 -Leases, expenses which were previously reported under operating leases rental of computer equipment, premises and warehouse will be replaced by depreciation of right-of-use assets.

The group reported significant lower other expenses of RM6.5 million against the preceding financial period of RM10 million was mainly due to the reduction in headcount for outsourcing contractors cost which is in line with the decrease revenue registered from the manpower outsourcing and recruitment services segment. In addition, the lower research and development cost also contributed to the lower expenses.

3. ECONOMY OUTLOOK, STRATEGIES AND PROSPECTS

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

The outbreak of the Covid-19 pandemic in the first quarter of 2020 continues to bring much uncertainty and more challenges to most economic sectors amid the imposition of the Movement Control Order ("MCO"), followed by the Conditional and Recovery MCO, during 2Q 2020.

With nationwide restrictive MCO, only essential services allowed to operate with very limited capacity. The lockdown had substantially affected market players to reconsider their product positioning and marketing strategies including leveraging on the technologies and partnering with e-commerce platforms to improve their sales moving forward.

Whilst the Malaysia economic has remained challenge, the information, communication and technology ("ICT") sector was relatively sustained by the continued high demand for data communication hardware and services especially during the period of remote working arrangements. There also appears to be signs of improvement in ICT sector as we observed active orders of rightly positioned ICT hardware and services.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

On the positive note of market overview and outlook, expectation has been on the growth in the ICT solutions market in Asia Pacific, including Malaysia, ICT solutions comprise hardware, software and services is expected to be driven by the following factors:

(i) The digitalisation of the economy will drive and increase adoption and utilisation of ICT solutions in carrying out day-to-day operational tasks across various economic sectors in order to improve efficiency and facilitate globalisation. The Covid-19 pandemic has also played a part in driving the Digital Economy, amid the imposition of the MCO has forced corporations and organisations to adapt to work-from-home arrangements. Thus, ICT solutions such as file sharing, messaging platforms, video conferencing and project management tools became a necessity in facilitating collaboration. ICT solutions will become increasingly essential in carrying out daily operational tasks.

(ii) Managed ICT services allow ICT hardware, software and services to be procured on a pay-per-use basis. This allows businesses to enjoy benefits such as lower initial investment, as well as access to advanced technology and experienced technical personnel on a pay-per-use basis. These benefits are attractive to SMEs as it increases the affordability of ICT hardware. As affordability increases, this would give rise to greater demand from SMEs.

(iii) Further, the Government of Malaysia has also announced several initiatives in an effort to cushion the headwinds arising from the Covid-19 pandemic, including providing grants and loans to eligible enterprises under the SME Digitalisation Matching Grant totalling RM100 million, SME Technology Transformation Fund totalling RM500 million and Smart Automation Grant totalling RM100 million (capped at up to RM1 million per company). The Government of Malaysia also announced tax reliefs and exemptions to sustain work-from-home policies. These initiatives by the Government of Malaysia are expected to drive businesses to adopt digitalisation, resulting in increased demand for ICT solutions.

(iv) The positive outlook in the recruitment and outsourcing industry in Malaysia is expected to be driven by the foreign investments relocation of businesses into Malaysia and growing trend of outsourcing, particularly amongst small to medium enterprises.

Malaysia strives to position itself as an ideal destination for investments into value-added, advanced technology, and knowledge intensive based sectors such as the ICT sector. This has led to multinational companies relocating their operations to Malaysia to benefit from better cost-effectiveness and the availability of talent in the country. These foreign investments into the ICT sector in Malaysia is expected to have a positive effect on job creation, which will support recruitment and outsourcing for the local ICT industry.

Outsourcing of supporting functions in a company, such as ICT services, allows companies to focus on their core functions or core business activities. As a result, companies can reduce their operational costs as outsourcing eliminates the time and resources dedicated to these functions. In light of these benefits, the trend of outsourcing is expected to drive industry growth as more companies understand and realise these benefits.

Against the backdrop of a softening global and local economic, the past one year was not favourable to many businesses. The Covid-19 outbreak had resulted in travel restrictions, lockdown and other precautionary measures which has then brought significant economic uncertainties in Malaysia and markets in which the Group operates as well as may cause impact to the Group's revenue, earnings, cash flow and financial condition.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Despite the challenging environment, our Group will continue to focus on the development and future growth of our existing businesses and we aim to capture the opportunities in the local and regional markets, including new IT contracts/orders. Our Group has taken various initiatives to improve our financial performance and we expect growth to stem from the following key areas:-

(i) Tender for More IT Contracts

For the year under review, the Group has secured 2 IT contracts to government agencies amounting to approximately RM18.7 million entails provision of computer hardware such as laptops, desktop, scanners, printers, projectors leasing services and provision of fixed schedule maintenance services. The existing 2 IT Contracts have been ongoing on track.

As at 24 September 2020, the Group has tendered for 14 new IT Contracts totalling approximately RM111.16 million. Of the 14 tendered IT Contracts, the Group has been ranked as one of the top 5 tenderers for 4 of the tendered IT Contracts with an aggregate contract value of approximately RM58.4 million. Through tendering and securing more IT contracts, our Group's financial performance is expected to be improved by the positive return to be generated from these IT contracts.

(ii) Expand the Offering of Our IT Solutions And Services Within The South East Asia Region

For the year under review, the Group has also secured 2 new IT Orders to supply computer and point of sales hardware valued at approximately RM19.9 million. Our Group has been appointed by 5 international principals, including BIXOLON Co., Ltd, Qingdao Hisense Intelligent Commercial System Co., Ltd, Intermec Technologies (S) Pte Ltd (a wholly-owned subsidiary of Honeywell International Inc.) and Xiamen Maken Tech Co., Ltd to distribute their computer and point of sales hardware as well as related accessories and peripherals within the South East Asia region that is, Malaysia, Thailand, Singapore, Philippines, Vietnam, Indonesia and/or Cambodia. Our Group is also in discussions with other prospective principals to secure additional distributorships to expand our product range to our customers. In view of the Covid-19 outbreak had resulted in travel restrictions and lockdown. Our Group has delayed our plans to expand our presence by setting up regional office(s) in the other countries in the South East Asia region. However, our Group will continue to initiate strategies such as exporting from Malaysia to capture the demand for computer and point of sales hardware in the region by collaborate with business partner(s) in the other countries.

(iii) Expansion of Existing Range of IT Solutions And Services

Our Group has commercialised a new e-commerce platform, that is the Property Platform 2.0, which provides property information such as property transaction listing, proprietary algorithm with statistical model to estimate property prices and research dashboard to facilitate property valuation and property listing management. For the year under review, our Group has secured contracts from customers such as financial institutions, auditors and accountants, estate agencies, property valuers and property research houses for our Property Platform 2.0.

In addition, the Group will continue to expand our existing IT solutions and services and its presence within Malaysia and aboard. Priorities will be given to the following services: -

- Digital services to Government agencies and private sectors
- Remote technical support and diagnosis services for Point of Sales hardware
- Data and Cyber Security solutions and services
- Applications for SME that includes HR & Payroll, Rewards Solutions, and many more that are targeted to reach the small and medium enterprises.

The expansion of IT solutions and services which are expected to further enhance our financial performance when the benefits from the commercialisation of these IT solutions and services are reaped.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Premised on the above and coupled with the positive outlook of the IT industry in the Asia Pacific region and outsourcing and recruitment industry in Malaysia as set out in aforementioned sections of this report, our Board is positive that will allow us to weather oncoming challenges and to continue gaining traction in the local and oversea ICT markets. By continuing to focus on market expansion and product development, our Group is best positioned to enhance our financial performance and shareholders' value.

4. ANTICIPATED OR KNOWN RISKS

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Technological obsolescence

We are subject to inherent risks associated with the rapid changes in customer requirements, constant technological development as well as evolving industry standards. Failure to manage and respond to these changes will render our solutions obsolete. Our existing market position may also be weakened by the introduction of new or enhanced solutions by competitors.

As such, we seek to limit such risks by actively engaging in research and development. Our Group constantly strives to upgrade our existing infrastructure and computing equipment to ensure that we are able to cater for rapid changing market demands.

The Group will place importance to constantly adapt to rapid changing market demands, and develop new business software solutions in a timely and cost effective manner.

(ii) Competition

The ICT solutions industry is highly competitive and fragmented as there are numerous industry players in Malaysia. Competitive pressures are expected to further increase in the future, and this could have an adverse effect on our pricing position and profitability.

Although our Group has established long-term relationships with key customers, there can be no assurance that the emergence of new competitors will not have an adverse impact on our Group's operations. Notwithstanding this, our Board is of the opinion that our new technology framework platform, coupled with our continuous emphasis on research and development, will enable us to remain relevant in the industry.

(iii) Credit and Liquidity Risk

The Group's exposure to credit risk mainly arises from its trade receivables. Credit risk is minimised by constantly monitoring the financial standing of the debtors on an ongoing concern basis to mitigate the risk of long outstanding debts. The Group do not have any major concentration of credit risks related to any individual customer and counterparty. For bank deposits, the Group minimise credit risk by dealing exclusively with reputable financial institution.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

5. DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board of Directors and any final dividend for the year is subject to shareholders' approval. No dividends were paid, declared or proposed by the Company since the end of the previous financial period. The Directors also do not recommend any final dividend in respect of the FYE 30 June 2020.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on distributable profits, operating results, financial condition, capital expenditure plans and other factors that our Board of Directors deems relevant.

PROFILE OF DIRECTORS

YTM DATO' SERI DIRAJA TAN SRI TENGKU ABDUL HAMID THANI IBNI ALMARHUM SULTAN BADLISHAH

Independent Non-Executive Chairman

Malaysian, Aged 69, Male

YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah was appointed to the Board on 26 October 2020 as Independent Non-Executive Chairman.

He graduated in 1971 with a diploma in hotel management from the Mara Institute of Technology.

He is the Executive Chairman of the THB Group of Companies whose core business is federal road maintenance in Penang, Kedah and Perlis, State JPS roads, development and construction in Kedah. He has more than 30 years experience in the business sector.

He does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

He has not attended any Board Meetings held during the financial year ended 30 June 2020 as he was appointed to the Board on 26 October 2020.

PEH LIAN HWA

Non-Independent Non-Executive Deputy Chairman

Malaysian, Aged 57, Male

Mr. Peh Lian Hwa was appointed to the Board on 26 October 2020 as Non-Independent Non-Executive Deputy Chairman. Mr. Peh is also a major shareholder of the Company.

Mr. Peh completed his tertiary education in 1984. He is a self-made entrepreneur, mostly involved in entrepreneurial activities throughout his career. He has over 36 years of experience and expertise in the property development and construction industry.

Mr. Peh is the founder of Teguh Harian Sdn. Bhd. Group of Companies ("Teguh Harian Group"), one of the established property developers in the northern region of Malaysia. He started to delve into the building materials trading and construction business in 1984. Since then, he led the expansion of Teguh Harian Group actively involved in the development of commercial, industrial, residential properties, special projects of hotel, retail malls, specialist medical center and controlling a 5-star hotel and quarry.

He is responsible to provide leadership to the Board, assist the Chairman to evaluate the contributions, effectiveness and the performance of the Board.

He does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

He is the father of Mr. Peh Yueh Han who is the Director of TechnoDex Solutions Sdn. Bhd., a subsidiary of the Company.

He has not attended any Board Meetings held during the financial year ended 30 June 2020 as he was appointed to the Board on 26 October 2020.

PROFILE OF DIRECTORS (cont'd)

TAN SZE CHONG

Executive Director, Corporate Planning and Strategy and Key Senior Management

Malaysian, Aged 51, Male

Mr. Tan Sze Chong was appointed to the Board on 22 December 2011 as a Non-Independent Non-Executive Director. He was re-designated as the Executive Director and assumed the position as the Group Managing Director of the Company on 20 September 2013. He was subsequently re-designated as Executive Director, Corporate Planning and Strategy of the Company on 26 October 2020.

Mr. Tan graduated from University of North Florida, USA with Bachelor of Business, majoring in Marketing and Business Management, and Master of Business Administration in 1991 and 1992 respectively.

Mr. Tan has more than 27 years of experience in credit information and market research industries. He commenced his career in 1993 with New Strait Times Technology as Research Analyst. He furthered his career with Taylor Nelson Sofres as Research Manager in 1994. In 1997, Mr. Tan founded InfoCredit International Sdn. Bhd., a company involved in the provision of credit research, information and ratings. In 2000, InfoCredit joint venture with Dun & Bradstreet USA, where Mr. Tan was appointed as the Managing Director and continued to lead growth and success of Dun & Bradstreet Malaysia.

During his tenure with Dun & Bradstreet, Mr. Tan successfully introduced credit training modules and framework for the industry. In 2003, Mr. Tan brought the company into Independent Market Research for companies going for Initial Public Offerings ("IPO"). Mr. Tan also led the company into a joint venture with Credit Guarantee Corporation and Association of Banks Malaysia, namely Credit Bureau Malaysia, where Mr. Tan was seconded as the Chief Executive Officer between 2011 and 2013.

During his tenure as the Group Managing Director of the Company, Mr. Tan successfully entered into numerous joint ventures and diversified revenue portfolio for the Group. He is responsible for charting the strategic directions and focus of the Group. On 26 October 2020, he re-designated as Executive Director, Corporate Planning and Strategy of the Company. He is focus vastly in the corporate planning and strategic development in the overall management and business development of the Group and is providing corporate finance strategic and guidance to ensure that the company's financial strategy objectives are met.

He does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2020.

PROFILE OF DIRECTORS (cont'd)

TAN BOON WOOI

Executive Director and Key Senior Management

Malaysian, Aged 47, Male

Mr. Tan Boon Wooi was appointed to the Board on 8 January 2014 as a Non-Independent Non-Executive Director. He was re-designated as the Executive Director on 29 June 2016.

Mr. Tan graduated from the University of Southern Queensland, Australia with Bachelor of Business in Accountancy in 1994.

Mr. Tan, a trained accountant and entrepreneur, commenced his career with an international accounting firm. He is currently a member of the Malaysian Institute of Accountants (MIA) and directors of several private companies in logistics, property development and business advisory.

Currently, Mr. Tan plays an executive role in the Board facilitating to chart strategic directions and focus for the Group.

He does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

He attended three (3) out of four (4) Board Meetings held during the financial year ended 30 June 2020.

HENG LING JY

Executive Director, Operations and Key Senior Management

Malaysian, Aged 51, Female

Ms. Heng Ling Jy was appointed to the Board on 27 June 2019 as the Executive Director cum Chief Operating Officer. She was subsequently re-designated as Executive Director, Operations of the Company on 26 October 2020, mainly focus in the operations of the Group.

Ms. Heng graduated from University of North Florida, USA with Bachelor of Science in Computers and Information Sciences, and Master of Business Administration in 1992 and 1994 respectively.

Ms. Heng commenced her career in Information Technology with BTI Services Inc. in Florida since 1991. She continued her career with Solsisnet Sdn. Bhd. (member of Dataprep Holdings Bhd.) as Business Consultant between 1995 and 1999. In 2000, she moved on to join IP Technology Sdn. Bhd. (associated company of iProperty Sdn. Bhd.) where she helped drive technology strategy for the company. Subsequently in 2001, Ms. Heng founded TechnoDex group of companies.

In 2006, Ms. Heng and team successfully brought the TechnoDex Group to be listed on the ACE Market, Bursa Malaysia. She was appointed to the Board as Executive Director between 2001 and 2013. She also served as the Group Chief Operating Officer between 2001 and 2009. In 2010, Ms. Heng assumed the position as the Group Managing Director until 2013. During her tenure as the Managing Director, Ms. Heng successfully developed and stabilised the Group's business and operations.

In 2013, Ms. Heng retired from the Board and focuses on managing the operations of the subsidiaries of the Company, i.e. TechnoDex Solutions Sdn. Bhd., EvoDex Solution Sdn. Bhd., (now known as Idealseed Consultancy Services Sdn. Bhd.) and MyProperty Data Sdn. Bhd. She also facilitates in corporate strategic planning and business support to the Group.

She does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

She has attended four (4) Board Meetings held during the financial year ended 30 June 2020.

PROFILE OF DIRECTORS (cont'd)

STEVEN WONG CHIN FUNG

Independent Non-Executive Director

Malaysian, Aged 53, Male

Mr. Steven Wong Chin Fung was appointed to the Board on 11 May 2011 as an Independent Non-Executive Director of the Company. He was re-designated as the Senior Independent Non-Executive Director of the Company on 24 June 2013. On 20 September 2016, he was re-designated as the Independent Non-Executive Chairman of the Company and was subsequently re-designated as Independent Non-Executive Director of the Company on 26 October 2020. Mr. Steven Wong is a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Mr. Steven Wong graduated from University of Melbourne, Australia with a Bachelor of Law degree in 1990. Upon graduation, he did his pupillage in an established law firm and was admitted to the Malaysian Bar in February 1991. He has been in private legal practice since then. He has more than 29 years of experience in commercial and civil litigation.

Mr. Steven Wong currently sits on the Board of Plastrade Technology Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2020.

DATUK ABD HAMID BIN ABU BAKAR

Independent Non-Executive Director

Malaysian, Aged 65, Male

Datuk Abd Hamid Bin Abu Bakar was appointed to the Board on 20 December 2016 as a Non-Independent Non-Executive Director and re-designated as an Independent Non-Executive Director on 27 June 2019. Datuk Abd Hamid is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee of the Company.

Datuk Abd Hamid graduated from the University of Technology Malaysia, with Bachelor of Surveying in Property Management in 1979. He started his career as a Valuation Officer on the same year at The Valuation and Property Services Department (JPPH), Ministry of Finance Malaysia. During Datuk's years of service, Datuk has completed his Post Graduate Diploma in Property Valuation and Management from Sheffield Hallam University, United Kingdom in 1997. He is a Registered Valuer certified by The Board of Valuers, Appraisers and Estate Agents Malaysia in 1982.

Since 1979, Datuk had held numerous designation while he was in JPPH, he was the District Valuer, State Valuer and the Deputy Director General of Valuation and Property Services (Operation). At the peak of Datuk's career, Datuk was appointed as the Director General of The Valuation and Property Services Department, Ministry of Finance Malaysia from November 2012 till March 2015. During the same period, Datuk was the President of The Board of Valuers, Appraisers and Estate Agents Malaysia.

Datuk has more than 35 years of experience in the Property Management industry and hence, Datuk was invited to be the Adjunct Professor for University of Technology Malaysia from 2013 to March 2015. Datuk is currently the acclaimed member of the Board of Directors of Syarikat Perumahan Negara Berhad (SPNB), a Board member of SPNB Idaman Sdn. Bhd., a subsidiary of SPNB.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2020.

PROFILE OF DIRECTORS (cont'd)

SAIFULRIZAM BIN ZAINAL

Independent Non-Executive Director

Malaysian, Aged 44, Male

En. Saifulrizam Bin Zainal was appointed to the Board on 15 December 2017 as an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

En. Saifulrizam holds a Master in Business Administration and Finance from International Islamic University of Malaysia and a Bachelor of Business Administration and Finance (Honour) from University Technology MARA both under Bank Negara Malaysia Scholarship.

En. Saifulrizam has more than 22 years of experience in the financial services industry, oil & gas and ICT industry. He started his working career with Bank Negara Malaysia as an Executive Officer since 1998. He spent stint number of years with Bank Negara Malaysia involving in various National Projects Committee such as Technology Taskforce Committee, Financial Stability Working Group, Financial Sectors Working Group and Malaysia Accounting Standard Board for GP-8 under FRS 139. Then in 2006, he was assigned to a new established organisation under BNM purview namely Perbadanan Insurans Deposit Malaysia or PIDM, setting up a new regulatory and supervisory framework under Deposit Insurance. After leaving PIDM in 2014, he served as a Chief Financial Officer with Basra Oil Sdn Bhd and become the first PETRONAS Premium Dealer for marine industry in Malaysia. He then joined BaseNET Technology Sdn. Bhd. as a Group Chief Financial Officer in 2015, overseeing the IT and Telecommunication industry and other subsidiaries of company until October 2017.

En. Saifulrizam currently sits on the Board of credit cooperative under Suruhanjaya Koperasi Malaysia known as Koperasi Maal Nizami Negeri Selangor Berhad, Petrowangsa Sdn. Bhd, ACE Investment Bank Labuan and Corporate Partners Sdn Bhd.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2020.

Notes

1. *None of the Directors have family relationships with any Director and/or major shareholder of the Company expect for the following:-*
   a) *Mr. Tan Sze Chong is the spouse of Ms. Heng Ling Jy, a Director of the Company.*
   b) *Ms. Heng Ling Jy is the spouse of Mr. Tan Sze Chong, a Director of the Company.*

2. *None of the Directors have any conflict of interest with the Company.*

3. *None of the Directors have been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2020.*

PROFILE OF KEY SENIOR MANAGEMENT

CHUA KEONG LOONG

Malaysian, Aged 43, Male

Chief Executive Officer

SurfsTeK Resources (R&D) Sdn. Bhd.
SurfsTeK Innovation Sdn. Bhd.

Mr. Chua was appointed as the Chief Executive Officer on 1 January 2019, overseeing SurfsTek Resources (R&D) Sdn. Bhd. and SurfsTek Innovation Sdn. Bhd. He is also managing TechnoDex Solutions Sdn. Bhd. as complementary business entity to SurfsTek Resources (R&D) Sdn. Bhd.

Mr. Chua started his career in the IT industry in 1997, he progressively covered Sales and Technical-Marketing roles obtaining outstanding results. His commendable Sales abilities in the Technology sector allowed him to achieve ambitious results in the industry that induced him to start and successfully grow his own IT Distribution Company in 2003. In 2015, upon merger with TechnoDex Group, Mr. Chua was appointed as the General Manager to SurfsTek Innovations Sdn. Bhd.

Mr. Chua mostly involved in entrepreneurial activities throughout his career and always receive unanimous consensus and admiration for his achievements from the market, including the most prestigious 2010 Golden Bull business award and in the same year, the "Best top-100 of SMEs" in Malaysia. In 2011, he was confirmed through the SME Golden Bull as a recognition for his great Sales performances. In the same year, Mr. Chua received the Top SME Young Entrepreneur 2011 award and two years later he achieved the best top 100 of SMEs prize and the SME Excellent Eagles – Golden Eagle.

Currently, Mr. Chua is responsible for managing the operations of SurfsTek Resources (R&D) Sdn. Bhd., SurfsTek Innovation Sdn. Bhd. and TechnoDex Solutions Sdn. Bhd.

THOR JOE HOCK

Malaysian, Aged 33, Male

Chief Executive Officer

MyProperty Data Sdn. Bhd.

Mr. Thor, a property professional and entrepreneur founded Real Estate Solutions Sdn. Bhd., a data, analytics and solution provider to the property sector in 2015. In 2018, when the Group went into a joint venture with Real Estate Solutions Sdn. Bhd., Mr. Thor was appointed as the Chief Executive Officer of MyProperty Data Sdn. Bhd. on 15 January 2018.

Mr. Thor graduated from Curtin University, Australia with a Bachelor of Commerce (Property) in 2008. He is a Certified Practicing Valuer, an Associate of the Australian Property Institute (AAPI) and also a Licensed Valuer in the State of Western Australia

Mr. Thor commenced his career in 2007 with CBRE, an international real estate consultancy at their Perth, Western Australia office before moving on the following year to join Herron Todd White. Based out of their Perth, Western Australia office, he was involved in the valuation and advisory of various commercial, industrial and residential projects and assets. In 2015, he returned to Malaysia as a consultant and has been involved in tenancy management, strategy and valuation of airports across the country as well as Litigation and Compulsory Land Acquisition work.

Currently, Mr. Thor is responsible for managing the overall operations of MyProperty Data Sdn. Bhd.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

PEH YUEH HAN

Malaysian, Aged 27, Male

Director of TechnoDex Solutions Sdn. Bhd.

Mr. Peh Yueh Han, was appointed to the Board of TechnoDex Solutions Sdn. Bhd. on 15 October 2020. He graduated from University of Melbourne, Australia with a Bachelor's Degree of Commerce in 2016.

He began his career in 2017 as the Executive Director of Teguh Harian Sdn. Bhd. Group of Companies ("Teguh Harian Group"), one of the established property developers in the northern region of Malaysia, with core business in development of commercial, industrial, residential properties, special projects of hotel, retail malls, specialist medical center and controlling a 5-star hotel and quarry. His core corporate responsibility is leading and directing the Teguh Harian Group board's decisions and visions to be effectively implemented and communicated to the group operation level. His notable experience, aside from responsible to overall creation, planning, execution of the corporate strategies, business plan and policies, include manage day to day business operations and resources towards realising continuing growth and long term business strategies goals of the Teguh Harian Group.

Currently, Mr. Peh plays a crucial role in business development and establish corporate strategies and policies to expanding the customer base and presence of a company and its IT products & services. His responsibility entails driving business growth by identifying technology development opportunities, tracking new IT products and services, generating sales leads and building sustainable client relationships in government and private sector.

He does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

Mr. Peh Yueh Han is the son of Mr. Peh Lian Hwa, the Non-Independent Non-Executive Deputy Chairman and a major shareholder of the Company.

COLIN GEH CHEOW TEE

Malaysian, Aged 40, Male

Chief Executive Officer

Idealseed Resources Sdn. Bhd.

Mr. Colin Geh Cheow Tee was appointed as the Chief Executive Officer of Idealseed Resources Sdn. Bhd. on October 2019.

Mr. Colin Geh graduated from KDU University College with a Graduate Diploma in Computer Science and Information Technology in 2001.

He started his career with banking & financial services for 6 years before he ventures into recruitment industry. He first started as a recruiter with JAC Recruitment in 2008 and was a rookie achiever have managed to closed several big deals within 1 month upon commence work. He have achieved monthly 180% and also quarterly target. He later then joins EPS Computer System as Internal IT Recruiter that solely focus on internal contract hiring for DELL, AT&T, Erickson, Shell and etc. Later on, he moved to The Hunter Group Sdn. Bhd. where he advance his career as Area Manager, Northern region to lead the penang recruitment team for 6 years.

Prior to that, he was also a Business Development Manager for several big recruitment firm like Kelly Services and IT Kontrakt Services. He has a total 18 years of working experience, 6 years in Banking & Financial Services and 12 years in Recruitment Industry.

Currently, Mr. Colin Geh is responsible to manage the overall operations of Idealseed Resources Sdn. Bhd.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

JOHN LIM TIONG GEH

Malaysian, Aged 39, Male

General Manager

SurfsTeK Innovation Sdn. Bhd.

Mr. John Lim was appointed as the General Manager of SurfsTek Innovation Sdn. Bhd. on January 2019.

Mr. John Lim graduated with a Higher Education Diploma from SEGi University and College in 2001.

He started his career as a Data Analytic Engineer in RHB Bank. He later joined as a System Consultant Manager in one of the well-known Point-of-Sales software company in Malaysia, achieved million sales, to company such as MST Golf, Braun Buffel, Faber Castell Malaysia chain stores and etc. Subsequently in 2013, Mr. John Lim was appointed as Business Development Manager Ingram Micro, and helped to developed new product and branding for the company selling more than 10 million new business sales. In 2017, Mr. John Lim joined SurfsTek's Group in providing technology distribution and services sales to the Group.

Mr. John Lim, with his 17 years in the industry, has involved mostly in business consultation and development activities. His specialisation in specialist in POS (point-of-sales), AIDC (Auto-ID data capture) and Vendor Management related to IT products.

Currently, Mr. John Lim is responsible for managing the sales & operations of Surfstek Innovation Sdn. Bhd. distribution channel products and services.

WONG SIAM HONG

Malaysian, Aged 51, Female

Group Admin and HR Manager

TechnoDex Bhd.

Ms. Wong Siam Hong was appointed as the Group Admin and HR Manager for Technodex Group in 2018 and is responsible for overseeing the human resources needs of the Group. With over 13 years of HR experience, she has a proven track record in employee engagement and stakeholder management.

Ms. Wong graduated in 1991 from Rima College with a Diploma in Executive Secretaryship. At the same year she landed the Label Chief Position in Polygram Records Sdn. Bhd., where she spent 7 years playing a leading role in promoting the company regional products.

In 2004, she helped co-found Idealseed Resources Sdn. Bhd. and subsequently took up as a Director of the company. During her time as a Director, she has resided over Idealseed's growth into an established company in the IT recruitment industry.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

TAM YUN KIAM

Malaysian, Aged 47, Male

Group Financial Controller

TechnoDex Bhd.

Mr. Tam was appointed as the Group Financial Controller in July 2019. He is responsible for the financial management, human resources and administration management of the Company and its subsidiaries ("the Group").

Mr. Tam is a qualified Chartered Accountant and Chartered Management Accountant. He is a member of Malaysian Institute of Accountants and of The Chartered Institute of Management Accountant, England.

Mr. Tam joined the Group since 5 June 2017 and has more than 20 years working experience cover auditing, taxation, business advisory, corporate finance, human resource management, financial and management accountancy. He had work exposure in the sectors of chartered accountants and consultancy firms, professionally manage medium enterprises and public listed company covering the Fast Moving Consumer Goods, manufacturing, trading, retailing, system integration, project management and consultancy businesses.

He has been working closely with the Executive Management Committee and the Executive Directors. Mr. Tam has successfully and effectively implemented various corporate exercises inclusive of fund raising and merger & acquisitions. Mr. Tam also participated in the Group strategic planning and execution.

Mr. Tam attended every Board meeting and assisted the Board of Directors to implement its policies and decisions in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, risk management framework, management and financial reporting practises of the Group in compliance with corporate directive and the statutory and legal requirements for public announcements to the stock exchange.

Notes

1. *None of the Key Senior Management have family relationships with any Director and/or major shareholder of the Company except for the following:-*
   a) *Mr. Peh Yueh Han is the son of Mr. Peh Lian Hwa, a Director and major shareholder of the Company.*

2. *None of the Key Senior Management have any conflict of interest with the Company.*

3. *None of the Key Senior Management have been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2020, other than traffic offence (if any).*

4. *None of the Key Senior Management hold any directorship in public companies and listed issuers.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Technodex Bhd ("TDex" or "the Company") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its duties to enhance shareholders' value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG"), the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Corporate Governance Guide.

The Board is pleased to set out below the Corporate Governance Overview Statement which describes the manner in which the Group has applied the following principles of the Code during the financial year ended 30 June 2020 ("FYE 2020"):

A. Board leadership and effectiveness;
B. Effective audit and risk management; and
C. Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report for the FYE 2020 which is available on the Company's website at www.technodex.com as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committee

The Board collectively leads and is responsible for the performance and affairs of the Group, including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability.
- Overseeing the conduct of the Group's business, and evaluating whether or not its businesses are being properly managed.
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks.
- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board.
- Overseeing the development and implementation of an investor relations programme and stakeholder communications policy.
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Board has also delegated certain responsibilities to the following committees to assist in the execution of its responsibilities:

a. Audit Committee
b. Nomination and Remuneration Committee
(collectively referred to as "Board Committees")

The Board Committees' Terms of Reference can be accessed via the Company's website, www.technodex.com.

Each committee operates in accordance with its respective Terms of Reference approved by the Board. The Board upon the recommendation of the Nomination and Remuneration Committee ("NRC"), appoints the members and chairman of each committee.

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required.

1.2 The Chairman

The Chairman of the Board, YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah, holds an Independent Non-Executive position and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The roles of the Chairman are set out in the Board Charter.

1.3 The Chairman and Executive Directors

The roles of the Chairman and Executive Directors are distinct and separate to ensure that there is a balance of power and authority.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Executive Directors have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

Mr. Tan Sze Chong, the Group Managing Director of the Company was re-designated to Executive Director, Corporate Strategy and Planning with effect from 26 October 2020. The Executive Directors of the Company remain accountable to the Board for the overall organisation, management, non-financial business operations and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary. Our Company Secretary is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

The Company Secretary ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.

The Company Secretary plays an advisory role in supporting the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company, particularly Companies Act 2016, Listing Requirements, MCCG, Company's Constitution and Board Charter.

During the FYE 2020, all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

1.5 Meeting of Board and Board Committees

The Directors receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board papers. The Board papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

In the event a potential conflict of interest situation arises, the Director concerned is to declare his interest and shall abstain from any deliberation and participation in respect of such resolution pertaining to the transaction.

2.1 Board Charter

The Board has put in place a Board Charter. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Chairman and the Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

The Board Charter was revised on 29 May 2020 which incorporated the anti-bribery and corruption requirements under the Code of Ethics and Conduct.

The Board Charter is published in the corporate website of the Company at www.technodex.com. and will be reviewed from time to time to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

3.1 Code of Ethics and Conduct

The Board has adopted a Code of Ethics and Conduct which was incorporated in the Board Charter of the Company.

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board from time to time to ensure that it continues to remain relevant and appropriate.

3.2 Whistle Blowing Policy

The Board has also adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group so that it can take appropriate action to resolve them effectively.

The Whistle Blowing Policy was revised on 29 May 2020 which incorporated the relevant amendments, made to the Listing Requirements of Bursa Securities in relation to anti-corruption measures.

The Whistle Blowing Policy is published in the corporate website of the Company at www.technodex.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PART II - COMPOSITION OF THE BOARD

4.1 Composition and Board Balance

The Board currently has eight (8) members as set out in the table below:-

Name	Designation
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah *(Appointed on 26 October 2020)*	Independent Non-Executive Chairman
Peh Lian Hwa (Appointed on 26 October 2020)	Non-Independent Non-Executive Deputy Chairman
Tan Sze Chong	Executive Director, Corporate Planning and Strategy
Heng Ling Jy	Executive Director, Operations
Tan Boon Wooi	Executive Director
Steven Wong Chin Fung	Independent Non-Executive Director
Datuk Abd Hamid Bin Abu Bakar	Independent Non-Executive Director
Saifulrizam Bin Zainal	Independent Non-Executive Director

This composition is in line with Practice 4.1 of the MCCG that at least half of the Board comprises independent directors.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

4.2 Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his independence and objective judgment in Board deliberations shall not be a function of his length of service as an Independent Director.

However, if the Board intends to retain a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting.

Presently, Mr. Steven Wong Chin Fung, the Independent Non-Executive Director of the Company who has served the Board for a cumulative term of more than nine (9) years.

The NRC and the Board take cognizance that under the MCCG, the Board will be seeking approval of the shareholders' at the forthcoming Annual General Meeting ("AGM") to support the Board's decision to retain Mr. Steven Wong Chin Fung as an Independent Non-Executive Director of the Company, the Board should justify and seek shareholders' approval.

The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group gained through the years, will provide stability and benefits to the Board and the Company as a whole. Their caliber, qualification, experience and personal qualities, and more importantly, the Director's integrity and objectivity in discharging their responsibilities in the best interest of the Company predominantly determines the ability of the Directors to serve effectively as Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

4.3 Appointment of Board and Senior Management

Appointment of Board and recruitment of Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for required mix of skills, experience, independent, age, integrity, core competencies and cultural background.

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The NRC scrutinises the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

In searching suitable candidates, the NRC may receive suggestions from existing Board Members, Management and major shareholders. The NRC is also open to referrals from external sources available or independent search firms.

4.4 Gender Diversity

In line with the MCCG and in view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board level.

The Board shall also accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only gender, but also age and ethnicity for a well-functioned organization. Presently, there is one (1) existing female Board member who is Ms. Heng Ling Jy.

4.5 NRC

The NRC comprises the following members, all being Independent Non-Executive Directors:

Name	Designation
Datuk Abd Hamid Bin Abu Bakar (Chairman)	Independent Non-Executive Director
Steven Wong Chin Fung (Member)	Independent Non-Executive Director
Saifulrizam Bin Zainal (Member)	Independent Non-Executive Director

The main activities carried out by the NRC during the FYE 2020 are as follows:-

(i) Reviewed and assessed the Executive Directors and Non-Executive Directors' Annual Performance Evaluation Forms.

(ii) Evaluated the balance of skills, knowledge and experience of the Board and in the light of this evaluation, reviewed the role of the Independent Non-Executive Chairman and Group Managing Director respectively, to ensure balance of power and authority, and a clear division of responsibilities.

(iii) Reviewed and assessed the performance of the Audit Committee.

(iv) Reviewed the independence of the Independent Directors.

(v) Reviewed and recommended to the Board for consideration, the re-election of Mr. Tan Boon Wooi and Datuk Abd Hamid Bin Abu Bakar as Directors who retire by rotation pursuant to Clause 85 of the Constitution of Company and Ms. Heng Ling Jy who retire pursuant to Clause 91 of the Constitution of the Company at the Fifteenth Annual General Meeting held on 6 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

5.1 Annual Assessment of Effectiveness of the Board and Board Committees as whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The NRC is entrusted the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The NRC is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The NRC will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

In evaluating performance of Non-Executive Directors, certain criteria was established and adopted, amongst others, attendance at Board and/or Board Committee meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committee as a whole.

In evaluating performance of Executive Directors, assessment was carried out against diverse key performance indicators, amongst others, financial performance, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, employee training and development, succession planning and personal input to the role.

5.2 Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2020, the Board met four (4) times where they deliberated and approved various reports and issues, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2020 are as follows:

Type of Meetings / Name of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee
	No. of Meetings Attended		
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah (1)	N/A	N/A	N/A
Peh Lian Hwa (2)	N/A	N/A	N/A
Steven Wong Chin Fung	4/4	4/4	1/1
Tan Sze Chong	4/4	N/A	N/A
Heng Ling Jy	4/4	N/A	N/A
Tan Boon Wooi	3/4	N/A	N/A
Datuk Abd Hamid Bin Abu Bakar	4/4	4/4	1/1
Saifulrizam Bin Zainal	4/4	4/4	1/1

Notes:

(1) YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah appointed as Independent Non-Executive Chairman on 26 October 2020.

(2) Mr. Peh Lian Hwa appointed as Non-Independent Non-Executive Deputy Chairman on 26 October 2020.

To facilitate the Directors' time planning, the meetings calendar was prepared in advance for each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

5.3 Directors' Trainings

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, development in the industry in order to further enhance their skills and knowledge.

The Directors have attended the following training during the FYE 2020:

Name of Directors	Programmes/Seminars attended
Steven Wong Chin Fung	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Tan Sze Chong	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Tan Boon Wooi	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Heng Ling Jy	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Datuk Abd Hamid Bin Abu Bakar	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Saifulrizam Bin Zainal	• Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)

PART III - REMUNERATION

6.1 Remuneration policy

The Board through NRC aims to set remuneration at levels which are sufficient to attract and retain Directors.

The Board has established a formal and transparent Remuneration Policy as a guide for the Board and the Remuneration Committee to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available at the Company's website at www.technodex.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

6.2 NRC

The NRC is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The NRC also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.

The composition of the NRC is set forth in the Section 4.5 of Corporate Governance Overview Statement in this Annual Report.

The Terms of Reference of the NRC is published on the corporate website of the Company at www.technodex.com.

7 .1 Remuneration of Directors

The Directors' fees and benefits of the Company are subject to the approval of shareholders of the Company. The remuneration of the Directors of the Company and the Group for the FYE 2020 are as follows:-

The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
Steven Wong Chin Fung	24	-	-	-	-	-	**24**
Tan Sze Chong	-	220	-	-	-	-	**220**
Heng Ling Jy	-	220	-	-	-	-	**220**
Tan Boon Wooi	-	110	-	-	-	-	**110**
Datuk Abd Hamid bin Abu Bakar	24	-	-	-	-	-	**24**
Saifulrizam Bin Zainal	24	-	-	-	-	-	**24**
TOTAL	72	550	-	-	-	-	622

The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
Steven Wong Chin Fung	24	-	-	-	-	-	**24**
Tan Sze Chong	-	220	-	-	-	-	**220**
Heng Ling Jy	-	220	-	-	-	-	**220**
Tan Boon Wooi	-	110	-	-	-	-	**110**
Datuk Abd Hamid bin Abu Bakar	24	-	-	-	-	-	**24**
Saifulrizam Bin Zainal	24	-	-	-	-	-	**24**
TOTAL	72	550	-	-	-	-	622

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

7.2 Remuneration of Senior Management

Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board views that the disclosure of the remuneration of Senior Management would be not be in the best interest of the Company given the competitive human resources environment and may give rise to recruitment and talent retention issues.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE

8.1 Effective and Independent Audit Committee

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the Audit Committee are financially literate. The Audit Committee has full access to both the internal and external auditors, who, in turn, have access at all times to the Chairman of the Audit Committee.

The composition of the Audit Committee is set forth in the Audit Committee Report in this Annual Report.

The Board maintains a transparent and professional relationship with the Group's external auditors through the Audit Committee. The criteria for the external auditors assessment include quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional scepticism. In determining the independence of the external auditors, the Audit Committee reviewed and assessed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and the external auditors relating to audit independence. The Audit Committee also reviewed and assessed the external auditor's performance and independence.

The Audit Committee meets the external auditors to review the scope and adequacy of the audit process, updates on the financial reporting standards, the financial statements and their audit findings.

In addition, the external auditors are invited to attend the Company's Annual General Meeting so that they are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors.

The Audit Committee also reviewed and considered the proposed audit fees and recommended to the Board for approval.

The Audit Committee will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a former key audit partner. None of the members of the Audit Committee is a former key audit partner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Risk Management and Internal Control

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders' interest and the Company's assets. The Group's system of internal control is regularly reviewed to ensure its effectiveness. While acknowledging its responsibility for the system of internal control, the Board is aware that such a system cannot totally eliminate risks and thus can never be an absolute assurance against the Group failing to achieve its objectives. The Group's Statement on Risk Management and Internal Control for the FYE 2020 is as set out in this Annual Report.

10.1 Internal Audit Function

The internal audit function is outsourced to an independent professional consulting firm to carry out internal audit services for the Group.

The Internal Auditors ("IA") are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.

To ensure that the responsibilities of IA are fully discharged, the AC evaluated the performance of the IA for the FYE 2020. The AC concluded its assessment that the IA has sufficient experience and resources to satisfy their terms of reference and adequately deliver the quality services to the Company and its subsidiaries.

The details of the internal audit function and activities are set out in the Audit Committee Report of this Annual Report.

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

PART I - COMMUNICATION WITH STAKEHOLDERS

11.1 Continuous Communication with Stakeholders

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements. Shareholders will receive regular communication from the Company through the release of announcements, quarterly reports, annual reports and circular to Bursa Securities.

The Company's corporate website at www.technodex.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events, announcements to Bursa Securities relating to the Group.

The Board has also created an investor relation section on the Company's website at www.technodex.com for information on corporate, financial, corporate governance and stock prices, which is accessible to the public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

11.2 Corporate Disclosure Policy

The Board has formalised and adopted a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II - CONDUCT OF GENERAL MEETINGS

12.1 Annual General Meeting ("AGM")

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains as a principal forum used by the Group for communication with its shareholders. The Board will also ensure that each item of special business that is included in the notice of AGM is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

The notice of AGM is despatched to shareholders at least 28 days before the AGM to allow shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice for the Sixteenth AGM of the Company which scheduled to be held on 3 December 2020 was sent to the shareholders on 30 October 2020, which is more than 28 days before the date of AGM.

12.2 Directors' Attendance at General Meetings

All the Directors at that point of time expect for Ms. Heng Ling Jy had attended the Fifteenth AGM and Extraordinary General Meeting of the Company held on 6 December 2019 and engaged directly with the shareholders.

STATEMENT BY THE BOARD ON CORPORATE GOVERANCE OVERVIEW STATEMENT

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the Corporate Governance Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("the Board") of Technodex Bhd ("TDex" or "the Company") is committed towards maintaining a sound system of internal control and risk management and is pleased to provide this Statement on Risk Management and Internal Control (" this Statement") which outlines the scope and nature of internal controls and risk management of TDex and its subsidiaries ("the Group") for the financial year ended 30 June 2020.

For the purpose of disclosure, this Statement is prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Responsibility for Risk Management and Internal Control

The Board recognises the importance of risk management and risk-based internal audit to establish and maintain a sound system risk management and internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board has received assurance from the Executive Directors that the Group's risk management and internal control have operated adequately and effectively in all material aspects, based on the risk management and internal control system of the Group during the financial year under review.

Risk Management Framework

The Board regards the Management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

Internal Control System

The Key Elements of the Group's Internal Control System includes:

a. Clearly defined Terms of Reference of the Board Committee, i.e. Audit Committee, Nomination and Remuneration Committee.
b. Organisational structure with clearly defined lines of responsibility, authority and accountability.
c. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements.
d. Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
e. Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual as the key framework for good internal control practices.
f. Regular Management and Operation meetings were conducted to ensure activities and risk mitigation actions were executed as proposed.
g. Key information covering financial performance and key business aspects are provided to the Senior Management and Board of Directors on a regular and timely basis.
h. There has been active participation by the Executive Directors in the day-to-day running of business operations and regular dialogue and reporting to the Board of Directors.

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

Internal Audit Function

The Board acknowledges the importance of the internal audit function. The Board has outsourced its internal audit function to an independent professional consulting firm as part of its efforts to provide adequate and effective internal control systems. The internal audit function is carried out in accordance with the internal audit plan as reviewed by the Audit Committee. The internal audit function adopts accepted auditing practices in addition to an independent and objective reporting on the state of the Group's internal control system.

During the financial year under review, the outsourced Internal Auditors reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the key subsidiary and recommended possible improvements to the internal control systems. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. The Board continuously takes measures to strengthen the control environment.

In the financial year under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system risk management and internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

The total cost incurred for the internal audit function was RM7,000 for the financial year ended 30 June 2020.

Review of Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board is of the view that the risk management and internal control system is sound and adequate to safeguard the Group's operations and assets at the existing level of operations of the Group. No material weakness and/or reported shortfall in the risk management and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review.

This statement is made in accordance with the resolution of the Board dated 27 October 2020.

AUDIT COMMITTEE REPORT

OBJECTIVE OF THE AUDIT COMMITTEE

The principal objective of the Audit Committee is to assist the Board of Directors ("the Board") of Technodex Bhd ("TDex" or "the Company") in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, risk management framework, management and financial reporting practices of the Company and its subsidiaries ("the Group") and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of them being Independent Non-Executive Directors:-

Name	Designation
Saifulrizam Bin Zainal, Chairman	Independent Non-Executive Director
Steven Wong Chin Fung, Member	Independent Non-Executive Director
Datuk Abd Hamid Bin Abu Bakar, Member	Independent Non-Executive Director

The authorities and duties of the Audit Committee are clearly governed by its Terms of Reference. The Terms of Reference of the Audit Committee is available at the corporate website of the Company at www.technodex.com.

During the financial year under review, the Audit Committee convened four (4) meetings and attendance of each Audit Committee members is as follows:

Name	Attendance
Saifulrizam Bin Zainal, Chairman	4/4
Steven Wong Chin Fung, Member	4/4
Datuk Abd Hamid Bin Abu Bakar, Member	4/4

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

The following is a summary of the works carried out by the Audit Committee during the financial year under review:

i. In overseeing the Company's financial reporting, reviewed the unaudited quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto before recommending to the Board for approval and release of the Group's results to Bursa Securities.

ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for financial year ended 30 June 2020 before the audit commences to ensure the scope of the external audit is comprehensive.

iii. Reviewed with External Auditors, the Audit Status Report upon completion of the annual audit, covering findings on the results and issues arising from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the Audit Committee.

iv. Considered and recommended the re-appointment of CAS Malaysia PLT as External Auditors of the Company at the Fifteenth Annual General Meeting to the Board for consideration based on the competency, efficiency and independence of the External Auditors.

v. Evaluated the performance of the External Auditors and made recommendation to the Board on their re-appointment and fees/remuneration.

AUDIT COMMITTEE REPORT (cont'd)

vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and the Management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.

vii. Evaluated the performance of the Internal Auditors.

viii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

ix. Reviewed the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control as well to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report.

x. Reviewed and assessed the performance of the Audit Committee collectively and table the Audit Committee self-evaluation form for Nomination and Remuneration Committee's evaluation.

INTERNAL CONTROL REVIEW AND INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to KL Ng & Associates, an independent professional services firm, to conduct an independent review of the Group's systems of internal control.

The internal audit assignment is led by Mr. Alvin Ng Kit Loong, the Principal and founder of KL Ng & Associates. The internal audit review is staffed by 3 internal audit personnel including the Senior individual. The Internal Auditors team is free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.

The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.

The works carried out by the Internal Auditors of the Group during the financial year under review were as summarised below:-

i. Conducted internal audit on the adequacy and effectiveness of the internal control system in revenue operation control and trade receivables control of Myproperty Data Sdn. Bhd.

ii. Presentation of the internal audit findings at Audit Committee meeting. The results of the audit together with the Management's response and proposed action plans were reviewed by the Audit Committee.

The internal audit reviews did not reveal any weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The Audit Committee was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities.

The fees incurred during the financial year ended 30 June 2020 in relation to the internal audit function was RM7,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("the Board") is required by the Companies Act 2016 to ensure that the financial statements prepared for each financial year have been made in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") at the end of the financial year and to the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors are responsible for ensuring that the Group and the Company have maintained accounting records which disclose with reasonable accuracy, the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2020, the Group and the Company have used the appropriate accounting policies and consistently applied and supported by reasonable prudent judgement and estimates, that measures have been taken to ensure that accounting records are properly kept in accordance with the law and that the preparation of the financial statements is on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company and to detect and prevent fraud and other irregularities.

SUSTAINABILITY STATEMENT

Technodex Bhd. ("TDex" or "Company") is committed in delivering long-term sustainable values with a view to develop and maintain a successful business for all stakeholders, including shareholders, employees and among others, our customers and suppliers.

Aside from ensuring the long-term profitability of our core business, our sustainability initiatives are focused on the workplace, marketplace, environment and the community.

Marketplace – Customers' Satisfaction

The Company and its subsidiaries ("the Group") are committed to see that not only our shareholders' interests are taken care of but also our stakeholders who are customers and suppliers. It is fundamental to our Group that all products and services are delivered to customers with required quality that meets or exceeds the customers' expectations. The Group also gathers customers' feedbacks during the course of conducting our business operations. These also promote a culture of open communication, trust and reliability.

Environment

The Group does not operate in an environmentally sensitive business, but we recognise our duty to be mindful of the environment we live in and minimize our carbon footprint to the environment.

We have identified opportunities to reduce or reuse the resources we consume as we believe that efficiency of reuse of resources. These steps including reducing our energy consumption through switching off unused lights and air conditioning and our paper management initiative to print only when necessary and where possible, recycling of used printed paper. Instead of discarding unwanted documents, we sent these documents for secure shredding after which the shredder papers are sent to be recycled into other paper-based products.

Community care

The Group understands that a responsible organization should not neglect its social obligation towards the community that the well-being of the community has significant bearing on the long-term sustainability and progression to our business. We have constant engagement with universities by providing internship for university students in our Group. We will convey a long-term value to the community by being the region's most impactful corporate citizen.

Workplace

Our dedicated employees are important to the effective functioning of all the departments within the Group as human capital is pivotal to the Group's continuing success. The safety and well-being of our employees remain an important aspect of our overall strategy. We encourage internal activities for the employees to ensure that our working place is a happy place and employees' motivation is consistently high and well maintained.

We strive to upgrade our employees' skills and knowledge by conducting training sessions, both internally and externally. The training programs aim to equip our employees with key skills to support their career goals and improving work productivity.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Placement up to 30% of the Total Number of Issued Shares of Technodex Bhd.

The Board of Directors of the Company had on 4 October 2019 announced that the Company proposed to undertake the proposed placement of up to 30% of the total number of issued shares of the Company ("Proposed Placement") and the listing of and quotation for the placement shares application has been approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 October 2019.

On 23 March 2020, the Company has placed out the first tranche of the placement share comprises 89,666,600 new ordinary shares ("Shares") at an issue price of RM0.03 per Share which were allotted to the respective subscribers.

On 20 May 2020, the Company has placed out the second tranche of the placement share comprises 87,000,000 new Shares at an issue price of RM0.0366 per Share which were allotted to the respective subscribers.

The Proposed Placement has been completed on 22 May 2020 following the listing of and quotation for a total of 176,666,600 new Shares on the ACE Market of Bursa Securities and the status of the utilisation of the proceeds raised as at 30 June 2020 is as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM' 000)	Balance Utilisation (RM'000)	Timeframe for utilisation of Proceeds (from date of listing of the Placement Shares)
IT Contracts/orders	4,175.00	2,819.00	1,356.00	Within 18 months
Business expansion	1,500.00	0	1,500.00	Within 18 months
Expenses in relation to the Proposed Placement	200.00	200.00	0	Within 1 months
TOTAL	**5,875.00**	**3,019.00**	**2,856.00**	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the financial year ended 30 June 2020 are as follows:-

	Company RM	Group RM
Audit Fee	42,000	132,000
Non - Audit Fee	5,000	5,000

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interest during the financial year ended 30 June 2020.

4. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

The details of the RRPTs occurred during the financial year ended 30 June 2020 are disclosed in Note 30 to the Financial Statements for the financial year ended 30 June 2020 set out on page 109 of this Annual Report.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the investment holding and provision of information technology products and related services, and carrying out relevant research and development activities.

The information on the name, place of incorporation, principal activities and percentage of effective equity interest held by the Company in each subsidiary are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group 01.07.2019 to 30.06.2020 RM	Company 01.07.2019 to 30.06.2020 RM
Loss for the financial year	(10,323,512)	(1,741,085)
Attributable to:		
Owners of the Company	(9,974,630)	(1,741,085)
Non-controlling interests	(348,882)	-
	(10,323,512)	(1,741,085)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the notes to the financial statements.

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared during the financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

SHARES AND DEBENTURES

During the financial year, the ordinary share capital of the Company was increased from 590,421,123 units to 767,087,723 units by way of issuance of new ordinary shares pursuant to the following:

(i) private placement of 89,666,600 units new ordinary shares of RM0.0300 each; and

(ii) private placement of 87,000,000 units new ordinary shares of RM0.0366 each

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

There were no debentures issued during the financial year.

DIRECTORS' REPORT (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The name of the directors of the Company in office during the financial year and the period from the end of the financial year to the date of this report are:

Steven Wong Chin Fung

Tan Sze Chong

Tan Boon Wooi

Saifulrizam bin Zainal

Datuk Abd Hamid bin Abu Bakar

Heng Ling Jy (f)

The names of the directors of the subsidiaries of the Company during the financial year and the period from the end of the financial year to the date of this report, not including those directors listed above are:

Kavin Ch'ng Kim Swee

Tan Chin Siong

Thor Joe Hock

Tan Wah Choy

Leong Seng Hong (resigned on 15th August 2019)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

	Number of Ordinary Shares			
Shareholdings in the name of directors	**As at 01.07.2019**	**Acquired**	**Sold**	**As at 30.06.2020**
Direct interest				
Tan Sze Chong	24,029,066	-	-	24,029,066
Tan Boon Wooi	33,065,000	-	-	33,065,000
Heng Ling Jy (f)	66,666	8,700,000	-	8,766,666
Indirect interest				
Tan Sze Chong#	66,666	8,700,000	-	8,766,666
Heng Ling Jy (f)*	24,029,066	-	-	24,029,066

 # Deemed interested by virtue of his spouse, Heng Ling Jy's shareholdings in the Company.

** Deemed interested by virtue of her spouse, Tan Sze Chong's shareholdings in the Company.*

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (continued)

By virtue of their interest in the shares of the Company, the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, the other directors in office at the end of the financial year did not have any interest in the shares and warrants of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Group and of the Company during the financial year are disclosed in Note 29 to the financial statements.

None of the directors or past directors of the Group and of the Company have received any other benefits otherwise than in cash from the Group and the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the directors or past directors of the Group and of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

Total amount of indemnity given to or insurance premium paid for the directors and officers of the Company is RM13,000 per annum.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

Since the end of the previous financial period, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 29 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.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (continued)

At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Significant event during and subsequent to the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT, Chartered Accountants have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 23 October 2020.

TAN SZE CHONG
Director

TAN BOON WOOI
Director

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, TAN SZE CHONG and TAN BOON WOOI, being two of the directors of TECHNODEX BHD., do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 50 to 119 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 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 23 October 2020.

TAN SZE CHONG
Director

TAN BOON WOOI
Director

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, TAN SZE CHONG, being the director primarily responsible for the accounting records and financial management of TECHNODEX BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 50 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
TAN SZE CHONG
at Puchong in the state of Selangor Darul Ehsan
on 23 October 2020

TAN SZE CHONG

Before me,
KHOR HAN GHEE
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNODEX BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Technodex Bhd., which comprise the statements of financial position as at 30 June 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 119.

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

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matters
(a) Impairment assessment of intangible assets	
Refer to Note 3.7, 4.2.3 and 7 to the financial statements. As at 30 June 2020, the net carrying amount of intangible assets of the Group and of the Company amounted to RM8,876,772 and RM2,000,670 respectively, which representing for approximately 16% and 4% of the Group's and of the Company's total assets.	We performed the following audit procedures on the value in use ("VIU") calculation which was based on the approved financial budget for 2021 and cash flow projections for the next 5 years with terminal values at the end of year 5. (i) enquired management on latest development and status of the intangible assets; (ii) evaluated management's assessment on whether there were any indicators of impairment of intangible assets; (iii) evaluated the appropriateness of the Group's judgements regarding identification of CGUs for impairment assessment; (iv) assessed the appropriateness and reasonableness of cash flows forecast and projections by comparison to future outlook, reviewing business plans and through discussion with management;

INDEPENDENT AUDITORS' REPORT (cont'd)

KEY AUDIT MATTERS (continued)

Key audit matters (cont'd)	*How our audit addressed the key audit matters (cont'd)*
(a) Impairment assessment of intangible assets (continued)	
We focused on this area and considered intangible assets as key audit matter as the determination of recoverable amounts of cash-generating-units ("CGUs") based on value-in-use calculations by management involved a significant degree of judgements and assumptions.	(v) assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon; (vi) performed sensitivity analysis to assess the impact on the recoverable amount of the CGUs; and (vii) reviewed the adequacy of disclosure in the financial statements. Based on the procedures performed above, we did not find any material exceptions to the directors' conclusion that no further impairment is required for intangible assets as at 30 June 2020.
(b) Impairment assessment of goodwill	
Refer to Note 3.7, 4.2.4 and 9 to the financial statements. As at 30 June 2020, the net carrying amount of goodwill of the Group amounted to RM2,193,792, which representing for approximately 4% of the Group's total assets. We focused on this area and considered impairment on goodwill as key audit matter as the determination of recoverable amounts of cash-generating-units ("CGUs") based on value-in-use calculations by management involved a significant degree of judgements and assumptions.	(i) evaluated the appropriateness of the Group's judgements regarding identification of CGUs for impairment assessment; (ii) assessed the appropriateness and reasonableness of cash flows forecast and projections by comparison to future outlook, reviewing business plans and through discussion with management; (iii) assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon; (iv) performed sensitivity analysis to assess the impact on the recoverable amount of the CGUs; and (v) reviewed the adequacy of disclosure in the financial statements. Based on the procedures performed above, we did not find any material exceptions to the directors' conclusion that no impairment is required for goodwill as at 30 June 2020.
(c) Impairment assessment of trade receivables	
Refer to Note 3.11, 4.2.5 and 11 to the financial statements. Trade receivables of the Group amounting to RM13,852,427 are significant to the Group as these represent approximately 25% of the total assets. The key associated risk is the recoverability of the invoiced trade receivables as the recoverability of trade receivables required management judgement in determining the adequacy of the impairment loss associated with each individual trade receivable.	Our audit procedures included: (i) circularisation of receivables for confirmation of balances; (ii) reviewed ageing of trade receivables and check for adequacy of allowance for doubtful debts; (iii) evaluated the basis and evidence used by management for the impairment test and adequacy of allowance for impairment made; (iv) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period and recoverability of outstanding trade receivables; (v) assessed the reasonableness of the Group's expected credit loss ("ECL") model by reviewing the probability of default using historical data and forward- looking information adjustment applied by the Group; (vi) identified any loss events subsequent to the end of reporting period for indications of increase in credit risk; (vii) made inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and (viii) evaluated the adequacy of the Group's disclosure for trade receivables.

INDEPENDENT AUDITORS' REPORT (cont'd)

KEY AUDIT MATTERS (continued)

Key audit matters (cont'd)	*How our audit addressed the key audit matters (cont'd)*
(c) Impairment assessment of trade receivables (continued)	
	Based on the procedures performed above, we did not find any material exceptions to the directors' conclusion that no further impairment is required on trade receivables as at 30 June 2020.

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, which we obtained prior to the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

(a) 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

(d) 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.

(e) 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.

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

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

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

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

OTHER MATTERS

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

CAS MALAYSIA PLT
[No. (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

CHEN VOON HANN
[No. 02453/07/2021(J)]
Chartered Accountant

Date: 23 October 2020

Puchong

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group		Company	
		As at	As at	As at	As at
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
	Note	RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	869,587	1,660,240	445,432	890,215
Right-of-use assets	6.1	1,777,266	-	1,211,583	-
Intangible assets	7	8,876,772	13,813,400	2,000,670	2,889,856
Investment in subsidiary companies	8	-	-	27,301,176	27,301,176
Goodwill on consolidation	9	2,193,792	2,193,792	-	-
Lease receivables	6.3	7,291,519	-	-	-
		21,008,936	17,667,432	30,958,861	31,081,247
CURRENT ASSETS					
Inventories	10	3,571,442	2,271,120	-	-
Lease receivables	6.3	5,113,275	-	-	-
Trade receivables	11	13,852,427	10,944,101	1,016,420	759,080
Other receivables	12	2,074,615	2,587,187	108,781	131,546
Amount due from subsidiary companies	13	-	-	9,732,401	5,497,640
Tax recoverable		309,756	211,311	10,304	7,454
Fixed deposits with licensed banks	14	8,415,574	7,739,660	6,059,158	5,456,333
Cash and bank balances		843,138	1,222,425	224,789	273,388
		34,180,227	24,975,804	17,151,853	12,125,441
TOTAL ASSETS		**55,189,163**	**42,643,236**	**48,110,714**	**43,206,688**

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2020

	Note	Group		Company	
		As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital and reserves	15	46,737,018	40,862,820	46,737,018	40,862,820
Capital reserves		-	1,339,087	-	1,339,087
Accumulated losses	16	(16,424,384)	(7,788,841)	(401,998)	-
Total equity attributable to owners of the Company		30,312,634	34,413,066	46,335,020	42,201,907
Non-controlling interest	8	(943,804)	(594,922)	-	-
TOTAL EQUITY		**29,368,830**	**33,818,144**	**46,335,020**	**42,201,907**
NON-CURRENT LIABILITIES					
Loan and borrowings	17	-	364,635	-	264,422
Lease liabilities	6.2	8,676,848	-	955,260	-
Deferred income	18	113,850	-	-	-
Deferred taxation	19	19,583	-	-	-
		8,810,281	364,635	955,260	264,422
CURRENT LIABILITIES					
Trade payables	20	4,113,336	1,650,047	-	-
Other payables	20	2,838,559	2,100,891	360,201	497,013
Amount due to directors	21	-	9,336	-	-
Amount due to subsidiary companies	13	-	-	156,898	180,082
Loan and borrowings	17	4,595,939	4,700,175	-	63,264
Lease liabilities	6.2	5,371,130	-	303,335	-
Deferred income	18	91,080	-	-	-
Provision for taxation		8	8	-	-
		17,010,052	8,460,457	820,434	740,359
TOTAL LIABILITIES		25,820,333	8,825,092	1,775,694	1,004,781
TOTAL EQUITY AND LIABILITIES		**55,189,163**	**42,643,236**	**48,110,714**	**43,206,688**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM (Restated)	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
Revenue	23	54,782,286	63,053,132	1,064,400	1,618,800
Less: Cost of sales	24	(48,616,350)	(53,205,966)	-	-
GROSS PROFIT		6,165,936	9,847,166	1,064,400	1,618,800
Add: Other operating income		745,199	763,934	723,944	770,139
Less: Employment benefits		(3,802,636)	(5,253,478)	(416,605)	(1,108,500)
Less: Key management personnel's remuneration	29	(1,644,503)	(1,463,484)	(879,734)	(669,110)
Less: Depreciation and amortisation		(4,722,496)	(4,458,061)	(1,290,050)	(1,109,322)
Less: Other expenses		(6,558,744)	(11,646,371)	(874,449)	(1,184,284)
LOSS FROM OPERATIONS		(9,817,244)	(12,210,294)	(1,672,494)	(1,682,277)
Less: Finance costs	25	(444,197)	(383,439)	(68,591)	(1,956)
LOSS BEFORE TAXATION	26	(10,261,441)	(12,593,733)	(1,741,085)	(1,684,233)
Less: Taxation	27	(62,071)	(43,613)	-	-
LOSS AFTER TAXATION		(10,323,512)	(12,637,346)	(1,741,085)	(1,684,233)
Other comprehensive income:					
Other comprehensive income for the financial year/period, net of tax		-	-	-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR/PERIOD, NET OF TAX		(10,323,512)	(12,637,346)	(1,741,085)	(1,684,233)
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(9,974,630)	(11,779,001)		
Non-controlling interest	8	(348,882)	(858,345)		
		(10,323,512)	(12,637,346)		
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR/PERIOD, NET OF TAX ATTRIBUTABLE TO:					
Owners of the Company		(9,974,630)	(11,779,001)		
Non-controlling interest	8	(348,882)	(858,345)		
		(10,323,512)	(12,637,346)		
Basic loss per share attributable to owners of the Company (sen)	28	(1.60)	(2.05)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group	Note	Share Capital RM	Capital Reduction Reserves RM	Accumulated Losses RM	Total RM	Non-Controlling Interest RM	Total Equity RM
		Attributable to owners of the Company					
		Non-distributable					
Balance as at 1 July 2019		40,862,820	1,339,087	(7,788,841)	34,413,066	(594,922)	33,818,144
Contribution by Owners of the Company							
- Issuance of shares	15	5,874,198	-	-	5,874,198	-	5,874,198
Utilisation of capital reduction credit:							
- to write off current financial year losses		-	(1,339,087)	1,339,087	-	-	-
Loss and total comprehensive expense for the financial year	16	-	-	(9,974,630)	(9,974,630)	(348,882)	(10,323,512)
Balance as at 30 June 2020		**46,737,018**	**-**	**(16,424,384)**	**30,312,634**	**(943,804)**	**29,368,830**
Balance as at 1 May 2018		65,702,078	-	(24,670,753)	41,031,325	13,473	41,044,798
Contribution by and distributions to Owners of the Company							
- Conversion of warrant	15	5,160,742	-	-	5,160,742	-	5,160,742
Acquisition of non-controlling interest		-	-	-	-	249,950	249,950
Capital reduction	15	(30,000,000)	30,000,000	-	-	-	-
Utilisation of capital reduction credit:							
- to write off accumulated losses		-	(26,976,680)	26,976,680	-	-	-
- to write off current financial period losses		-	(1,684,233)	1,684,233	-	-	-
Loss and total comprehensive expense for the financial period	16	-	-	(11,779,001)	(11,779,001)	(858,345)	(12,637,346)
Balance as at 30 June 2019		**40,862,820**	**1,339,087**	**(7,788,841)**	**34,413,066**	**(594,922)**	**33,818,144**

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

STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Attributable to owners of the Company			
		Non-distributable			
Company	Note	Share Capital RM	Capital Reduction Reserves RM	Accumulated Losses RM	Total Equity RM
Balance as at 1 July 2019		40,862,820	1,339,087	-	42,201,907
Contribution by Owners of the Company					
- Issuance of shares	15	5,874,198	-	-	5,874,198
Utilisation of capital reduction credit:					
- to write off current financial year losses		-	(1,339,087)	1,339,087	-
Loss and total comprehensive expense for the financial year	16	-	-	(1,741,085)	(1,741,085)
Balance as at 30 June 2020		**46,737,018**	**-**	**(401,998)**	**46,335,020**
Balance as at 1 May 2018		65,702,078	-	(26,976,680)	38,725,398
Contribution by and distributions to Owners of the Company					
- Conversion of warrant	15	5,160,742	-	-	5,160,742
Capital reduction	15	(30,000,000)	30,000,000	-	-
Utilisation of capital reduction credit:					
- to write off accumulated losses		-	(26,976,680)	26,976,680	-
- to write off current financial period losses		-	(1,684,233)	1,684,233	-
Loss and total comprehensive expense for the financial period	16	-	-	(1,684,233)	(1,684,233)
Balance as at 30 June 2019		**40,862,820**	**1,339,087**	**-**	**42,201,907**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(10,261,441)	(12,593,733)	(1,741,085)	(1,684,233)
Adjustments for:					
Amortisation					
Intangible assets	7	3,914,179	4,086,684	889,186	1,037,384
Depreciation					
Property, plant and equipment	5	150,539	371,377	78,634	71,938
Right-of-use assets	6.1	657,778	-	322,230	-
Impairment loss					
Intangibles assets	7	2,069,904	1,719,126	-	-
Trade receivables	11	144,050	429,506	-	-
Other receivables	12	244,050	-	-	-
Bad debts written off					
Other receivables	26	235,000	403,515	-	-
Amount due from a subsidiary company	26	-	-	42,000	-
Finance cost					
Bank overdraft interest	25	339,468	249,618	-	-
Lease liabilities interest	6.2	748,594	-	68,591	-
Finance lease interest	25	-	133,821	-	1,956
Interest income	26	(165,398)	(281,955)	-	(292,103)
Finance income	23	(842,306)	-	-	-
Gain on disposal of					
Property, plant and equipment	26	(4,246)	-	-	-
Right-of-use assets	26	(1,119)	-	-	-
Gain on adjustment made for recognition of lease receivables	26	(386,961)	-	-	-
Property, plant and equipment written off	26	195	294,817	-	98,807
Operating loss before working capital changes		(3,157,714)	(5,187,224)	(340,444)	(766,251)
Increase in inventories		(1,300,322)	(1,114,902)	-	-
(Increase)/decrease in receivables		(3,018,855)	2,031,373	(234,575)	1,076,017
Increase/(decrease) in payables		3,245,319	627,848	(94,812)	(136,160)
Increase in deferred income		204,930	-	-	-

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

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Cash (used in)/generate from operations		(4,026,642)	(3,642,905)	(669,831)	173,606
Interest received		165,398	281,955	-	292,103
Interest paid		(339,468)	(383,439)	-	(1,956)
Income tax refund		-	140,837	-	45,392
Income tax paid		(140,931)	(355,259)	(2,850)	(9,934)
Net cash (used in)/generated from operating activities		**(4,341,643)**	**(3,958,811)**	**(672,681)**	**499,211**
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in fixed deposits with maturity of more than 3 months		3,012,255	(2,163,310)	3,080,248	(1,096,310)
Fixed deposit placed as security value		(4,030)	659,526	-	-
Repayment of lease receivables		4,562,639	-	-	-
Proceed from sale of property, plant and equipment		12,075	13,000	-	13,000
Addition of intangible assets	7	(1,049,817)	(2,740,503)	-	-
Purchase of property, plant and equipment	5	(133,390)	(1,168,892)	(16,650)	(930,002)
Net cash generated from/(used in) investing activities		**6,399,732**	**(5,400,179)**	**3,063,598**	**(2,013,312)**

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		5,874,198	249,950	5,874,198	-
Proceeds from conversion of warrants		-	5,160,742	-	5,160,742
Proceeds from loan and borrowings, net of repayment		-	(1,526,585)	-	327,686
Repayment of lease liabilities	6.2	(4,773,950)	-	(330,696)	-
Advance to subsidiary companies		-	-	(4,299,945)	(4,141,310)
Repayment to directors		(9,336)	(24,046)	-	(24,046)
Net cash generated from financing activities		1,090,912	3,860,061	1,243,557	1,323,072
Net increase/(decrease) in cash and cash equivalents		3,149,001	(5,498,929)	3,634,474	(191,029)
Cash and cash equivalents as at beginning of the financial year/period		(1,900,736)	3,598,193	1,590,315	1,781,344
Cash and cash equivalents as at end of the financial year		**1,248,265**	**(1,900,736)**	**5,224,789**	**1,590,315**
Cash and cash equivalents comprise of:					
Fixed deposits with licensed banks	14	8,415,574	7,739,660	6,059,158	5,456,333
Cash and bank balances		843,138	1,222,425	224,789	273,388
		9,258,712	8,962,085	6,283,947	5,729,721
Fixed deposits with maturity of more than 3 months	14	(1,059,158)	(4,139,406)	(1,059,158)	(4,139,406)
Bank overdraft	17	(4,595,939)	(4,440,088)	-	-
Deposits held as security value*	14	(2,355,350)	(2,283,327)	-	-
		1,248,265	**(1,900,736)**	**5,224,789**	**1,590,315**

* Included in deposits held as security value, there is fixed deposits with maturity of more than 3 months amounted to RM2,134,993 (30.06.2019: RM2,067,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company's registered office is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit E-07-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 30 June 2020 do not include other entities.

The Company is principally engaged in the business of investment holding and providing information technology products and related services, and carrying out relevant research and development activities.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities 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 23 October 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the changes stated in Note 2.4.

2.2 Adoption of Amendments to MFRSs and Annual Improvements

The Group and the Company have adopted the following Standard, Amendments to MFRSs and Annual Improvements for the financial year beginning on 1 July 2019:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements
MFRS 16	Leases
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. *BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)*

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible assets
Amendments to MFRS 139	Financial Instruments: Recognition
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible assets - Website Costs

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Leases

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture

Annual Improvements to MFRS Standards 2018-2020 Cycle

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. *BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)*

2.3 Standards issued but not yet effective (continued)

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The Directors do not expect any material impact to the financial statements of the above pronouncements.

2.4 Changes in accounting policies and disclosures

In the current year, the Group and the Company have applied MFRS 16 which is effective for an annual period that begins on or after 1 January 2019. Several other amendment and interpretations are also applied for the first time in 2019, but do not have a material effect on the financial statements of the Group and the Company. The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The changes of the new standard are described below:

2.4.1 MFRS 16 Leases

The Group and the Company changed their accounting policies on leases at the date of initial application of 1 July 2019 by applying modified retrospective approach. As permitted by the Standard, the Group and the Company have elected not to restate comparative information, which continues to be reported under MFRS 117. Under this method, the cumulative effect of adopting MFRS 16 where the Group is a lessee is recognised in equity as an adjustment to the opening balance of retained earnings as at 1 July 2019.

As a lessor, the Group will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117 at the date of initial application. The Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application.

Under MFRS 16, it eliminates the classification of leases by the lessee as either finance leases or operating leases. It requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

(b) The Group and the Company as a lessee

The Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. *BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)*

2.4 *Changes in accounting policies and disclosures (continued)*

2.4.1 *MFRS 16 Leases (continued)*

(b) *The Group and the Company as a lessee (continued)*

Under MFRS 16, it requires lessee to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under MFRS 117. The Group recognises right-of-use assets and lease liabilities for those leases which had previously been classified as operating leases under the principles of MFRS 117. However, the Group and the Company have elected not to recognise right-of-use assets and liabilities for leases of low-value assets. The Group and the Company also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months from the date of initial application. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company have elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 July 2019.

For the first time application of MFRS 16, the Group has elected to apply the following practical expedients on a lease-by-lease basis:

(i) The use of single discount rate to those portfolio of leases with reasonably similar characteristics;

(ii) Lease contracts with lease term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;

(iii) The exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application; and

(iv) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(c) Plant and equipment

Computer equipment and motor vehicle financed through hire purchase (within property, plant and equipment) has been reclassified to right-of-use assets.

The adoption of MFRS 16 impacts the Group's and the Company's performance in the current financial year as follows:-

(i) Statement of profit and loss and other comprehensive income

Leasing expenses that previously being included under operating cost within Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") were replaced by interest expense in respect of lease liability and amortisation of right-of-use asset.

(ii) Statement of financial position

Under MFRS 16, for those leases which has previously been classified as operating leases under the principles of MFRS 117, in relation to single on-balance sheet model, assets and liabilities are increased due to the recognition of right-of-use asset and lease liabilities as at the date of initial application.

(iii) Statement of cash flows

The rental payments paid for operating lease which are previously recorded within cash flow from operating activities were reclassified as cash flow from financing activities for repayment of principal and interest portion of lease liabilities.

As at 1 July 2019, the right-of-use assets of the Group and the Company, which is equal to the lease liabilities, is measured at RM2,407,362 and RM1,494,582 respectively with no restatement to prior year comparative information. This includes the lease assets recognised previously under finance lease liabilities of RM723,480 and RM340,799 for the Group and the Company respectively that were reclassified from plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. *BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)*

2.4 *Changes in accounting policies and disclosures (continued)*

2.4.1 *MFRS 16 Leases (continued)*

In summary, the adoption of MFRS 16 Leases has the following impact:

(a) To the opening balance as at 1 July 2019:

Statement of Financial Position

	Note	MFRS 16 Adjustments RM	As previously reported RM	After Adjustments RM
Group				
Non-current assets				
Property, plant and equipment	5	(723,480)	1,660,240	936,760
Right-of-use assets	6.1	2,407,362	-	2,407,362
Non-current liabilities				
Finance lease	17	(364,635)	364,635	-
Lease liabilities	6.2	1,661,034	-	1,661,034
Current Liabilities				
Finance lease	17	(260,087)	260,087	-
Lease liabilities	6.2	647,570	-	647,570
Company				
Non-current assets				
Property, plant and equipment	5	(340,799)	890,215	549,416
Right-of-use assets	6.1	1,494,582	-	1,494,582
Non-current liabilities				
Finance lease	17	(264,422)	264,422	-
Lease liabilities	6.2	1,222,563	-	1,222,563
Current Liabilities				
Finance lease	17	(63,264)	63,264	-
Lease liabilities	6.2	258,906	-	258,906

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. *BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)*

2.4 *Changes in accounting policies and disclosures (continued)*

2.4.1 *MFRS 16 Leases (continued)*

In summary, the adoption of MFRS 16 Leases has the following impact:

(b) To the Statement of Profit or Loss and Other Comprehensive financial year ended 30 June 2020:

	Group 01.07.2019 to 30.06.2020 RM	Company 01.07.2019 to 30.06.2020 RM
Depreciation of right-of-use assets (included in other expenses)	657,778	322,230
Interest on lease liabilities (included in cost of sales and finance cost)	748,594	68,591
Expense relating to lease of low-value assets (included in other expenses)	31,692	10,832
	1,438,064	**401,653**

(c) To the Statement of Cash Flows for the financial year ended 30 June 2020:

At the end of the financial year, the Group and the Company had total cash outflow for leases of RM4,773,950 and RM330,696 respectively.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	Group RM	Company RM
Assets		
Operating lease commitments as at 30 June 2019	1,905,429	1,307,709
Less: Low-value leases recognised on a straight-line basis as expense	(24,909)	(435)
	1,880,520	1,307,274
Incremental borrowing rate as at 1 July 2019 (%)	3.36 - 7.95	3.41 - 7.7
Discounted operating lease commitments as at 1 July 2019	1,683,882	1,153,783
Add: Commitments relating to leases previously classified as finance lease	624,722	327,686
Lease liabilities as at 1 July 2019	**2,308,604**	**1,481,469**

2.5 **Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information are presented in RM, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealized gain or loss transactions between Group and subsidiary companies are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 3.3.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.3 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

All other 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 fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss.

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

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

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 ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Computer and software	20% - 40%
Electrical and equipment	20%
Furniture and fittings	10% - 20%
Machineries	14%
Motor vehicles	20%
Office equipment	10% - 20%
Tele-communication equipment	15%
Renovation	10% - 20%

Depreciation of an asset begins when it is ready for its intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.7 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.5 Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the assets under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the assets under development.

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Development expenditures are amortised on a straight-line basis over its useful life. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at the end of each reporting period. See accounting policy Note 3.7 on impairment of non-financial assets.

3.6 Intangible assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets that have been capitalised are amortised on a straight line basis over the period of their expected benefit, but not exceeding 5 years commencing from the period when the intangible assets are available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.7 Impairment of non-financial assets

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

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or CGUs.

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are 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.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are determined on the first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short term funding requirements. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics 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 Company have applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Company's business model for managing financial assets refer 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.

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

3.10.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("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 includes lease receivables, trade and other receivables, cash and bank, fixed deposits with licensed bank and amount due from subsidiary companies.

3.10.2 Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group and the Company do not hold any debt instruments at FVOCI in the current and previous financial year/period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial assets (continued)

3.10.2 Financial assets at FVOCI (continued)

Equity instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by- investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company do not hold any equity instruments at FVOCI in the current and previous financial year/period.

3.10.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets categorised as fair value through profit or loss are measured in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group and the Company do not have any financial assets at FVTPL in the current and previous financial year/period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.10 Financial assets (continued)

Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to other party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.11 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In 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.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income 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 that financial asset have occurred.

(a) Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Note 11 set out the measurement details of ECL.

(b) General 3-stages approach for lease receivables, other receivables and advances to subsidiaries

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 6.3, 12 and 13 set out the measurement details of ECL.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.12 Share capital

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.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The categories of financial liabilities at an initial recognition are as follows:

3.13.1 Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or

(c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial year/period.

3.13.2 Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities (continued)

3.13.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

(a) the amount of the loss allowance; and

(b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.14 Leases

3.14.1 Leases in which the Group is a lessee

Current financial year

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand- alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

(a) Right-Of-Use Assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group and the Company are reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Building	21 - 59 months
Motor vehicles	20%
Computer and software	20% - 50%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.14 Leases (continued)

3.14.1 Leases in which the Group is a lessee (continued)

Current financial year (continued)

(b) Lease Liabilities

The Group and the Company recognise lease liability, which is measured at the present value of the lease payments to be made over the lease term, at the commencement date. The lease payments include fixed payments including in- substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, less lease incentives receivable. The lease payments also include the exercise price of purchase option if the Group and the Company are reasonably certain to exercise, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The lease payments are discounted using incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured in order to reflect any reassessment or lease modifications.

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

The Group and the Company elected to apply exemption to those short term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group and the Company are reasonably certain to exercise that option.

Under some of the leases, the Group and the Company are offered with the option to extend the lease term for additional one to three years. The Group and the Company apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

Previous financial year

(a) Finance lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.14 Leases (continued)

3.14.1 Leases in which the Group is a lessee (continued)

Previous financial year (continued)

(b) Operating lease

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

3.14.2 Leases in which the Group is a lessor

As a lessor, the Group and the Company determine whether a lease is finance lease or operating lease. The assessment are based on if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to them. Examples of indicators for finance lease are:-

(i) Ownership is transferred at the end of lease term;
(ii) Purchase option is offered at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable;
(iii) The lease term is for the major part of the economic life of the underlying asset;
(iv) The present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset;
(v) The underlying asset is of such a specialised nature that only the Group and the Company can use it.

Operating lease

Lease payment from operating lease are recognised as income by the Group and the Company on straight line basis over the lease term of the lease. Initial direct costs incurred in obtaining the assets that are leased out are included in the carrying amount of the underlying assets, and the subsequent costs incurred is recognised as expense for the period of earning the income. Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.16 Income tax

3.16.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.16.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.18 Revenue recognition and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measure at the fair value of consideration received or receivable.

3.18.1 Sale of goods

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivables, net of discounts and taxes applicable to the revenue.

3.18.2 Services

Revenue from services is recognised at the point in time when the customer acceptance of the services or period of time as per stated in contract with customer which is generally at the time of delivery.

3.18.3 Management fees

Management fee is recognised on an accrual basis when service is rendered.

3.18.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3.18.5 Rental income

Rental income is recognised on a straight-line basis over the term of the tenancy agreement subject to revision of rental rate.

3.19 Employee benefits

3.19.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.19.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions 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 periods. The contributions are charged as an expense in the financial period in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.20 Contingencies

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the Statements of Financial Position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial year/ period end.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.21 Foreign currency

3.21.1 Functional and presentation currency

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

3.21.2 Foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3.23 Fair value measurement

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 act in their economic best interest when pricing the asset or liability.

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 based on the lowest level input that is significant to the fair value measurement as a whole.

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 the fair value measurement as a whole) at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.24 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associated of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

3.25 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from convertible securities.

During the financial year, the Group and the Company do not have any convertible securities, therefore, no diluted earning per share is calculated.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, there were no critical judgements made by management on the amounts recognised in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. *SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)*

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

4.2.1 Depreciation

The costs of property, plant and equipment are depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within a range of 2.5 to 10 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment at the reporting date are disclosed in Note 5 to the financial statements.

4.2.2 Amortisation of intangible assets

The costs of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these intangible assets to be not exceeding 5 years begin from the period when the intangible assets are available for use. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future amortisation charges could be revised. The carrying amounts of the Group's and of the Company's intangible assets at the reporting date are disclosed in Note 7 to the financial statements.

4.2.3 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in- use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4.2.4 Impairment of goodwill

The Group and the Company perform an annual assessment of the carrying value of its goodwill against the recoverable amount of the CGUs to which the goodwill have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long- term sustainable cash flows, and reflect management's view of future performance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.5 Provision for expected credit losses of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward- looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing 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 ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

4.2.6 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group and of the Company are disclosed in Note 19.

4.2.7 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.2.8 Determining the lease term of contracts with renewal options – the Group and the Company as lessee

The Group and the Company determine the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Company have several lease contracts that include extension option. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company included the renewal period as part of the lease term for leases of building with shorter non-cancellable period (i.e., one to two years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on profit if a replacement building for rent is not readily available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Computer and software RM	Electrical and equipment RM	Furniture and fittings RM	Machineries RM	Motor vehicles RM	Office equipment RM	Tele-communication equipment RM	Renovation RM	Total RM
As at 30.06.2020									
At cost									
Balance as at 1 July 2019, previously stated	1,095,548	51,695	363,527	350,500	706,386	235,177	30,049	388,444	3,221,326
Adjustment on initial adoption of MFRS 16	(437,032)	-	-	-	(606,386)	-	-	-	(1,043,418)
Balance as at 1 July 2019, restated	658,516	51,695	363,527	350,500	100,000	235,177	30,049	388,444	2,177,908
Additions	4,830	-	39,270	-	-	10,140	-	79,150	133,390
Disposal/written off	(7,700)	(5,960)	(36,534)	-	-	(2,763)	-	(8,500)	(61,457)
Balance as at 30 June 2020	655,646	45,735	366,263	350,500	100,000	242,554	30,049	459,094	2,249,841
Less: Accumulated depreciation									
Balance as at 1 July 2019, previously stated	640,424	862	72,288	233,083	274,261	134,156	30,009	58,586	1,443,669
Adjustment on initial adoption of MFRS 16	(145,677)	-	-	-	(174,261)	-	-	-	(319,938)
Balance as at 1 July 2019, restated	494,747	862	72,288	233,083	100,000	134,156	30,009	58,586	1,123,731
Charge for the financial year	45,985	9,048	30,119	-	-	12,197	8	53,182	150,539
Disposal/written off	(2,026)	-	(7,861)	-	-	(1,546)	-	-	(11,433)
Balance as at 30 June 2020	538,706	9,910	94,546	233,083	100,000	144,807	30,017	111,768	1,262,837
Less: Accumulated impairment losses									
Balance as at 1 July 2019	-	-	-	117,417	-	-	-	-	117,417
Charge for the financial year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	-	-	117,417	-	-	-	-	117,417
Net carrying amount									
Balance as at 30 June 2020	**116,940**	**35,825**	**271,717**	**-**	**-**	**97,747**	**32**	**347,326**	**869,587**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. *PROPERTY, PLANT AND EQUIPMENT (continued)*

Group	Computer and software RM	Electrical and equipment RM	Furniture and fittings RM	Machineries RM	Motor vehicles RM	Office equipment RM	Tele-communication equipment RM	Renovation RM	Total RM
As at 30.06.2019									
At cost									
Balance as at 1 May 2018	1,108,009	-	572,845	350,500	341,244	202,275	30,049	379,075	2,983,997
Additions	36,170	51,695	277,535	-	365,142	95,626	-	342,724	1,168,892
Disposal/written off	(31,970)	-	(486,853)	-	-	(61,941)	-	(333,355)	(914,119)
Transfer	(16,661)	-	-	-	-	(783)	-	-	(17,444)
Balance as at 30 June 2019	1,095,548	51,695	363,527	350,500	706,386	235,177	30,049	388,444	3,221,326
Less: Accumulated depreciation									
Balance as at 1 May 2018	454,516	-	434,318	233,083	193,628	164,910	30,000	148,139	1,658,594
Charge for the financial period	206,338	862	25,910	-	80,633	7,865	9	49,760	371,377
Disposal/written off	(20,430)	-	(387,940)	-	-	(38,619)	-	(139,313)	(586,302)
Balance as at 30 June 2019	640,424	862	72,288	233,083	274,261	134,156	30,009	58,586	1,443,669
Less: Accumulated impairment losses									
Balance as at 1 May 2018	-	-	-	117,417	-	-	-	-	117,417
Charge for the financial period	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2019	-	-	-	117,417	-	-	-	-	117,417
Net carrying amount									
Balance as at 30 June 2019	**455,124**	**50,833**	**291,239**	**-**	**432,125**	**101,021**	**40**	**329,858**	**1,660,240**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. *PROPERTY, PLANT AND EQUIPMENT (continued)*

Company	Computer and software RM	Electrical and equipment RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
As at 30.06.2020							
At cost							
Balance as at 1 July 2019, previously stated	21,415	51,695	261,366	365,142	112,655	215,801	1,028,074
Adjustment on initial adoption of MFRS 16	-	-	-	(365,142)	-	-	(365,142)
Balance as at 1 July 2019, restated	21,415	51,695	261,366	-	112,655	215,801	662,932
Additions	-	-	13,450	-	3,200	-	16,650
Disposal/written off	-	(5,960)	(27,540)	-	-	(8,500)	(42,000)
Balance as at 30 June 2020	21,415	45,735	247,276	-	115,855	207,301	637,582
Less: Accumulated depreciation							
Balance as at 1 July 2019, previously stated	20,290	862	6,348	24,343	82,420	3,596	137,859
Adjustment on initial adoption of MFRS 16	-	-	-	(24,343)	-	-	(24,343)
Balance as at 1 July 2019, restated	20,290	862	6,348	-	82,420	3,596	113,516
Charge for the financial year	682	9,048	23,800	-	3,786	41,318	78,634
Balance as at 30 June 2020	20,972	9,910	30,148	-	86,206	44,914	192,150
Net carrying amount							
Balance as at 30 June 2020	**443**	**35,825**	**217,128**	**-**	**29,649**	**162,387**	**445,432**
As at 30.06.2019							
At cost							
Balance as at 1 May 2018	20,632	-	241,669	-	106,948	188,455	557,704
Additions	-	51,695	255,998	365,142	33,078	224,089	930,002
Disposal/written off	-	-	(236,301)	-	(27,371)	(196,743)	(460,415)
Transfer	783	-	-	-	-	-	783
Balance as at 30 June 2019	21,415	51,695	261,366	365,142	112,655	215,801	1,028,074
Less: Accumulated depreciation							
Balance as at 1 May 2018	17,989	-	216,981	-	88,868	70,691	394,529
Charge for the financial period	2,301	862	5,240	24,343	4,106	35,086	71,938
Disposal/written off	-	-	(215,873)	-	(10,554)	(102,181)	(328,608)
Balance as at 30 June 2019	20,290	862	6,348	24,343	82,420	3,596	137,859
Net carrying amount							
Balance as at 30 June 2019	**1,125**	**50,833**	**255,018**	**340,799**	**30,235**	**212,205**	**890,215**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. *PROPERTY, PLANT AND EQUIPMENT (continued)*

(i) The cost of fully depreciated property, plant and equipment that are still in used are as follows:

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	RM	RM	RM	RM
Computer and software	429,694	421,893	20,632	12,832
Furniture and fittings	56,125	40,682	3,750	3,750
Motor vehicles	100,000	100,000	-	-
Office equipment	127,453	135,542	82,157	72,167
Tele-communication equipment	29,999	29,999	-	-
Renovation	54,008	54,008	-	-
	797,279	**782,124**	**106,539**	**88,749**

(ii) The carrying amount of the Group's and the Company's property, plant and equipment under finance lease are as follows:

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	RM	RM	RM	RM
Computer and software	-	291,354	-	-
Motor vehicles	-	432,125	-	340,779
	-	**723,479**	**-**	**340,779**

(iii) Purchase of property, plant and equipment

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	133,390	1,168,892	16,650	930,002
Less: Amount financed through loan and borrowings	-	(365,142)	-	(365,142)
Cash disbursed for purchase of property, plant and equipment	**133,390**	**803,750**	**16,650**	**564,860**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. LEASES

6.1 Right-of-use assets

The Group as lessee

	Computer and software RM	Motor vehicles RM	Buildings RM	Total RM
As at 30.06.2020				
At cost				
Balance as at 1 July 2019	517,673	606,386	1,603,241	2,727,300
Addition	43,098	-	-	43,098
Disposal	-	-	(30,833)	(30,833)
Balance as at 30 June 2020	560,771	606,386	1,572,408	2,739,565
Less: Accumulated depreciation				
Balance as at 1 July 2019	145,677	174,261	-	319,938
Charge for the financial year	122,888	121,278	413,612	657,778
Disposal	-	-	(15,417)	(15,417)
Balance as at 30 June 2020	268,565	295,539	398,195	962,299
Net carrying amount				
Balance as at 30 June 2020	**292,206**	**310,847**	**1,174,213**	**1,777,266**

The Company as lessee

	Computer and software RM	Motor vehicles RM	Buildings RM	Total RM
As at 30.06.2020				
At cost				
Balance as at 1 July 2019	70,521	365,142	1,083,262	1,518,925
Addition	39,231	-	-	39,231
Balance as at 30 June 2020	109,752	365,142	1,083,262	1,558,156
Less: Accumulated depreciation				
Balance as at 1 July 2019	-	24,343	-	24,343
Charge for the financial year	28,877	73,028	220,325	322,230
Balance as at 30 June 2020	28,877	97,371	220,325	346,573
Net carrying amount				
Balance as at 30 June 2020	**80,875**	**267,771**	**862,937**	**1,211,583**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. *LEASES (continued)*

6.2 Lease liabilities

The Group as lessee

	Computer and software RM	Motor vehicles RM	Buildings RM	Total RM
Carrying amount				
Balance as at 1 July 2019	288,243	417,120	1,603,241	2,308,604
New leases entered into during the financial year	15,781,265	-	-	15,781,265
Lease agreement terminated during the financial year	-	-	(16,535)	(16,535)
Lease payments	(4,237,433)	(108,837)	(427,680)	(4,773,950)
Interest expense	663,104	13,455	72,035	748,594
Balance as at 30 June 2020	12,495,179	321,738	1,231,061	14,047,978

The Company as lessee

	Computer and software RM	Motor vehicles RM	Buildings RM	Total RM
Carrying amount				
Balance as at 1 July 2019	70,521	327,686	1,083,262	1,481,469
New leases entered into during the financial year	39,231	-	-	39,231
Lease payments	(34,896)	(73,620)	(222,180)	(330,696)
Interest expense	7,533	10,356	50,702	68,591
Balance as at 30 June 2020	82,389	264,422	911,784	1,258,595

Represented by:

As lessee

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Current liabilities				
Secured				
Lease liabilities	4,947,623	-	65,631	-
Unsecured				
Lease liabilities	423,507	-	237,704	-
	5,371,130	**-**	**303,335**	**-**
Non-current liabilities				
Secured				
Lease liabilities	7,760,219	-	179,971	-
Unsecured				
Lease liabilities	916,629	-	775,289	-
	8,676,848	**-**	**955,260**	**-**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. *LEASES (continued)*

6.2 Lease liabilities (continued)

The Group as lessee

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Total lease liabilities				
Secured				
Lease liabilities	12,707,842	-	245,602	-
Unsecured				
Lease liabilities	1,340,136	-	1,012,993	-
	14,047,978	**-**	**1,258,595**	**-**

Rates of interest charged per annum:

	Group		Company	
	As at 30.06.2020 %	As at 30.06.2019 %	As at 30.06.2020 %	As at 30.06.2019 %
Lease liabilities owing to financial institutions	5.1 - 6.6	-	-	-
Lease liabilities owing to non-financial institutions	3.36 - 7.95	-	3.41 - 7.7	-

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Minimum lease payment				
- Not later than one year	6,024,444	-	357,394	-
- Later than one year and not later than five years	9,089,897	-	1,018,495	-
	15,114,341	-	1,375,889	-
Future finance charges on lease liabilities	(1,066,363)	-	(117,294)	-
Present value of lease liabilities	**14,047,978**	**-**	**1,258,595**	**-**
Present value of lease liabilities is analysed as follows:				
Current liabilities				
- Not later than one year	5,371,130	-	303,335	-
Non-current liabilities				
- Later than one year and not later than five years	8,676,848	-	955,260	-
	14,047,978	**-**	**1,258,595**	**-**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. LEASES (continued)

6.2 Lease liabilities (continued)

(a) The Group and the Company have certain low value leases of computer and software with amount of RM20,000 and below. The Group and the Company apply the "lease of low- value assets" exemptions for these leases.

(b) The following are the amounts recognised in profit or loss:

	Group 01.07.2019 to 30.06.2020 RM	Company 01.07.2019 to 30.06.2020 RM
Depreciation of right-of-use assets (included in other expenses)	657,778	322,230
Interest on lease liabilities (included in cost of sales and finance cost)	748,594	68,591
Expense relating to lease of low-value assets (included in other expenses)	31,692	10,832
	1,438,064	**401,653**

(c) At the end of the financial year, the Group and the Company had total leases of RM4,773,950 and RM330,696 respectively.

6.3 Lease receivables

The Group as lessor

The Group has entered into lease agreements on certain computer and software for terms of between two to three years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

As at the end of the reporting period, the future minimum lease receivables are as follows:

	As at 30.06.2020 RM
Less than one year	5,113,275
One to two years	5,412,732
Two to three years	1,878,787
	12,404,794

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INTANGIBLE ASSETS

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
At cost				
Balance as at beginning of the financial year/period	47,487,023	44,874,955	21,147,337	21,147,337
Additions	1,049,817	2,740,503	-	-
Disposal/written off	(2,362)	(128,435)	-	-
Balance as at end of the financial year/period	48,534,478	47,487,023	21,147,337	21,147,337
Less: Accumulated amortisation				
Balance as at beginning of the financial year/period	31,954,497	27,867,813	18,257,481	17,220,097
Charge for the financial year/period	3,914,179	4,086,684	889,186	1,037,384
Balance as at end of the financial year/period	35,868,676	31,954,497	19,146,667	18,257,481
Less: Accumulated impairment losses				
Balance as at beginning of the financial year/period	1,719,126	-	-	-
Charge for the financial year/period	2,069,904	1,719,126	-	-
Balance as at end of the financial year/period	3,789,030	1,719,126	-	-
Net carrying amount				
Balance as at end of the financial year/period	**8,876,772**	**13,813,400**	**2,000,670**	**2,889,856**

Intangible assets of the Group and of the Company relate to the SurfsTeK rSupport Intelligent Solutions, Vulnerability Assessment Penetration Tool, Property Advisor, and e-HR.

During the financial year, the Company has impaired intangible assets of SurfsTeK GlobaLinQ System due to the outbreak of Covid-19, which is related to online hotel booking business.

Included in the intangible assets of the Group at the end of the reporting period were staff costs amounting to Nil (30.06.2019: RM600,419).

During the financial year, the Group has assessed the recoverable amounts of the intangible assets and determined that no further impairment is required. Their recoverable amounts are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the customised software and hardware systems business computed based on the projections of financial budgets covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

(i)	Budgeted gross margin	Gross margin is the forecasted margin as a percentage of revenue over the 5 year projection periods which were determined based on the expectations of market development and, adjusted for market and economic conditions, internal resource efficiency, where applicable.
(ii)	Growth rate	Based on the expected projection of the customised software and hardware systems business.
(iii)	Discount rate (pre-tax)	Risks adjusted discount rate relating to the relevant CGUs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Unquoted shares, at cost		
Balance as at beginning of the financial year/period	27,820,926	23,570,976
Additions	-	4,249,950
Balance as at end of the financial year/period	27,820,926	27,820,926
Less: Accumulated impairment losses		
Balance as at beginning of the financial year/period	519,750	519,750
Impairment losses recognised during the financial year/period	-	-
Balance as at end of the financial year/period	519,750	519,750
Net carrying amount		
Balance as at end of the financial year/period	**27,301,176**	**27,301,176**

Company

The subsidiary companies, which are incorporated in Malaysia, are as follows:-

Name of subsidiaries	Effective equity interest		Principal activities
	As at 30.06.2020	As at 30.06.2019	
Technodex Solutions Sdn. Bhd.^	100%	100%	Providing information technology products and related services, and carrying out relevant research and development activities.
Idealseed Consultancy Services Sdn. Bhd. (F.K.A. Evodex Solutions Sdn. Bhd.)^	100%	100%	Providing recruitment services and executive search.
MyProperty Data Sdn. Bhd.^	50%	50%	Testing, inspection and consultancy services to the property and other industries.
SurfsteK Resources (R&D) Sdn. Bhd.^	100%	100%	Providing information and technology products and related services, and carrying out relevant research and development activities.
Idealseed Resources Sdn. Bhd.^	97%	97%	Provision of information technology professional outsourcing services, information communication technology consultancy and information communication technology project management services.

Subsidiary company of Idealseed Resources Sdn. Bhd.

Name of subsidiary	Effective equity interest		Principal activities
	As at 30.06.2020	As at 30.06.2019	
Idealseed Arrowhead Sdn. Bhd. ^	51%	51%	In the process of striking-off.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. *INVESTMENT IN SUBSIDIARY COMPANIES (continued)*

Subsidiary companies of SurfsteK Resources (R&D) Sdn. Bhd.

Name of subsidiaries	Effective equity interest		Principal activities
	As at 30.06.2020	As at 30.06.2019	
SurfsteK Innovation Sdn. Bhd. ^	100%	100%	Supplying computer hardware, components and all kind of computer related products.
Hotelsurfs Sdn. Bhd. ^	100%	100%	Online hotel booking.

^ Audited by CAS Malaysia PLT.

Group

Non-controlling interest

Proportion of equity interest held by non-controlling interests:

	As at 30.06.2020 %	As at 30.06.2019 %
Idealseed Resources Sdn. Bhd. ("IRSB")	3	3
MyProperty Data Sdn. Bhd. ("MDSB")	50	50
Idealseed Arrowhead Sdn. Bhd. ("IASB")	49	49

The non-controlling interests at the end of the reporting year comprise the following:

	As at 30.06.2020 RM	As at 30.06.2019 RM
IRSB	75,969	110,461
MDSB	(1,018,793)	(692,872)
IASB	(980)	(12,511)
	(943,804)	(594,922)

The summarised financial information for each subsidiary that has non-controlling interest are material to the Group is provided below. This information is based on amounts before eliminations.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. *INVESTMENT IN SUBSIDIARY COMPANIES (continued)*

Summarised statement of profit or loss for financial year/period ended:

	IRSB RM	MDSB RM	Total RM
30.06.2020			
Revenue	9,241,182	2,012,605	11,253,787
Loss for the financial year	(1,149,729)	(651,842)	(1,801,571)
Total comprehensive expenses	(1,149,729)	(651,842)	(1,801,571)
Attributable to non-controlling interests	(34,492)	(325,921)	(360,413)
30.06.2019			
Revenue	8,785,660	622,051	9,407,711
Loss for the financial period	(1,774,682)	(1,602,140)	(3,376,822)
Total comprehensive expenses	(1,774,682)	(1,602,140)	(3,376,822)
Attributable to non-controlling interests	(53,240)	(801,070)	(854,310)

Summarised statement of financial position as at:

	IRSB RM	MDSB RM	Total RM
30.06.2020			
Non-current assets	2,146,386	1,180,880	3,327,266
Current assets	5,472,863	912,556	6,385,419
Current liabilities	(5,079,060)	(4,131,022)	(9,210,082)
Net assets/ (liabilities)	2,540,189	(2,037,586)	502,603
30.06.2019			
Non-current assets	2,897,744	1,408,840	4,306,584
Current assets	5,816,823	179,151	5,995,974
Current liabilities	(5,024,649)	(2,973,735)	(7,998,384)
Net assets/ (liabilities)	3,689,918	(1,385,744)	2,304,174

Summarised cash flow information for financial year/period ended:

	IRSB RM	MDSB RM	Total RM
30.06.2020			
Net cash flows used in operating activities	(780,908)	(427,317)	(1,208,225)
Net cash flows used in investing activities	(123,799)	(135,732)	(259,531)
Net cash flows generated from financing activities	346,062	590,719	936,781
30.06.2019			
Net cash flows used in operating activities	(440,093)	(948,961)	(1,389,054)
Net cash flows used in investing activities	(2,218,500)	(429,767)	(2,648,267)
Net cash flows (used in)/ generated from financing activities	(652,600)	1,297,868	645,268

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. GOODWILL ON CONSOLIDATION

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
At cost		
Balance as at beginning and end of the financial year/period	2,713,542	2,713,542
Less: Accumulated impairment losses		
Balance as at beginning of the financial year/period	519,750	519,750
Impairment losses recognised during the financial year/period	-	-
Balance as at end of the financial year/period	519,750	519,750
Net carrying amount		
Balance as at end of the financial year/period	**2,193,792**	**2,193,792**

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amounts of a CGU is determined based on the value-in-use calculation. The key assumptions used in the computation of value in use are gross margin, discount rates, growth rates, projected cash flows from use and disposal at the end of the useful life.

The projected cash flows from use are derived from the most recent financial budgets approved by Board for the next five years and extrapolated cash flows for the following years based on estimated growth rates. The growth rate used is based on the expected projection of the information technology products and related services.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The gross margin used is based on past performance and the expectation of market development.

The value-in-use calculation is determined using discounted cash flow projection discounted at rates which reflects current market assessment of the time value of money and risks relating to the relevant CGU.

The key assumptions used for determining value in use are as follows:

	Group	
	As at 30.06.2020 %	As at 30.06.2019 %
Gross margin	8 - 20	17 - 47
Growth rate	5 - 136	(10) - 49
Discount rate	5.20	7.30

The management carried out an annual review of the recoverable amounts of its goodwill at each financial year. No impairment loss provided in current financial year.

The Group believes that any reasonable possible change in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. INVENTORIES

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
At cost		
Trading stocks - computer peripheral	3,571,442	2,271,120
Recognised in profit or loss		
Inventories recognised as cost of sales	37,708,444	45,494,723

11. TRADE RECEIVABLES

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Trade receivables				
- third parties	14,011,647	11,615,935	-	-
- subsidiary companies	-	-	1,016,420	759,080
Trade receivables - gross	14,011,647	11,615,935	1,016,420	759,080
Less: Allowance for impairment losses	(815,884)	(671,834)	-	-
Trade receivables - net	13,195,763	10,944,101	1,016,420	759,080
Accrued revenue	656,664	-	-	-
	13,852,427	10,944,101	1,016,420	759,080

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other expenses' in the profit or loss. Unless the Group and the Company are satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

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. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. TRADE RECEIVABLES (continued)

Group

The movement in the allowance for impairment losses of trade receivables during the financial year/period are as follows:

As at 30.06.2020	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
Balance as at beginning of the financial year	-	671,834	671,834
Provision for impairment losses	43,427	100,623	144,050
Balance as at end of the financial year	43,427	772,457	815,884
As at 30.06.2019			
Balance as at beginning of the financial period	-	242,328	242,328
Provision for impairment losses	-	429,506	429,506
Balance as at end of the financial period	-	671,834	671,834

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

		Provision for impairment losses		
As at 30.06.2020	Gross carrying amount	ECL (Collectively assessed)	ECL (Individually assessed)	Net balance
	RM	RM	RM	RM
Neither past due	5,818,230	-	-	5,818,230
Past due 1 - 30 days	1,160,832	-	-	1,160,832
Past due 31 - 60 days	1,698,598	-	-	1,698,598
Past due 61 - 90 days	864,169	(754)	-	863,415
More than 90 days past due	3,697,361	(42,673)	-	3,654,688
	13,239,190	(43,427)	-	13,195,763
Credit Impaired				
More than 90 days past due	772,457	-	(772,457)	-
	14,011,647	(43,427)	(772,457)	13,195,763

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. TRADE RECEIVABLES (continued)

As at 30.06.2019	Gross carrying amount RM	Provision for impairment losses ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due	1,992,787	-	-	1,992,787
Past due 1 - 30 days	1,959,127	-	-	1,959,127
Past due 31 - 60 days	2,198,750	-	-	2,198,750
Past due 61 - 90 days	254,008	-	-	254,008
More than 90 days past due	4,539,429	-	-	4,539,429
	10,944,101	-	-	10,944,101
Credit Impaired				
More than 90 days past due	671,834	-	(671,834)	-
	11,615,935	-	(671,834)	10,944,101

Company

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

As at 30.06.2020	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due	88,700	-	-	88,700
Past due 1 - 30 days	88,700	-	-	88,700
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	88,700	-	-	88,700
More than 90 days past due	750,320	-	-	750,320
	1,016,420	-	-	1,016,420
Credit Impaired	-	-	-	-
	1,016,420	-	-	1,016,420
As at 30.06.2019				
Neither past due	114,400	-	-	114,400
Past due 1 - 30 days	95,880	-	-	95,880
Past due 31 - 60 days	84,600	-	-	84,600
Past due 61 - 90 days	56,400	-	-	56,400
More than 90 days past due	407,800	-	-	407,800
	759,080	-	-	759,080
Credit Impaired	-	-	-	-
	759,080	-	-	759,080

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. TRADE RECEIVABLES (continued)

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term range from 30 to 60 days (30.06.2019: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

12. OTHER RECEIVABLES

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Other receivables	1,202,078	637,549	90	-
Less: Allowance for impairment losses	(349,610)	(105,560)	-	-
	852,468	531,989	90	-
Deposits	241,210	229,657	82,280	88,280
GST receivables	883	199,813	-	3,141
Prepayments	980,054	1,625,728	26,411	40,125
	1,222,147	2,055,198	108,691	131,546
	2,074,615	2,587,187	108,781	131,546

Other receivables represented non-trade transactions which are unsecured, interest free and repayable on demand.

The movement in the allowance for impairment losses of other receivables during the financial year/period are as follows:

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Balance as at beginning of the financial year/period	105,560	105,560
Impairment losses recognised during the financial year/period	244,050	-
Balance as at end of the financial year/period	349,610	105,560

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

	Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Amount due from subsidiary companies	16,975,283	12,740,522
Less: Allowance for impairment losses	(7,242,882)	(7,242,882)
Amount due from subsidiary companies - net	9,732,401	5,497,640
Amount due to subsidiary companies	156,898	180,082

The amount due from subsidiary companies represented non-trade transactions which are unsecured, interest free and repayable on demand.

The movement in the allowance for impairment losses of amount due from subsidiary companies during the financial year/period are as follows:

	Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Balance as at beginning and end of the financial year/period	7,242,882	7,242,882

14. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
With maturity of 1 to 3 months	5,221,423	1,533,254	5,000,000	1,316,927
With maturity of more than 3 months	3,194,151	6,206,406	1,059,158	4,139,406
	8,415,574	7,739,660	6,059,158	5,456,333

Included in fixed deposits with licensed banks of the Group at the end of the reporting year/period was an amount of RM2,355,350 (30.06.2019: RM2,283,327) which has been pledged to licensed banks as security for banking facilities of the Group.

The effective interest rates and maturity period of the fixed deposits with licensed banks at the reporting date are as follows:

	Group	
	As at 30.06.2020	As at 30.06.2019
Effective interest rates	2.20% - 3.15%	2.65% - 3.80%
Maturity period	one month to one year	one month to one year

	Company	
	As at 30.06.2020	As at 30.06.2019
Effective interest rates	2.20% - 2.30%	3.30% - 3.80%
Maturity period	one to six months	one to seven months

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. SHARE CAPITAL AND RESERVES

	Group/Company			
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	Number of shares (units)		RM	RM
Issued and fully paid up:				
Balance as at beginning of the financial year/period	590,421,123	543,505,290	40,862,820	65,702,078
Issued during the financial year/period	176,666,600	-	5,874,198	-
Conversion of warrant	-	46,915,833	-	5,160,742
Reduction in share capital	-	-	-	(30,000,000)
Balance as at end of the financial year/period	767,087,723	590,421,123	46,737,018	40,862,820

During the financial year, the ordinary share capital of the Company was increased from 590,421,123 units to 767,087,723 units by way of issuance of new ordinary shares pursuant to the following:

(i) private placement of 89,666,600 units new ordinary shares of RM0.0300 each; and

(ii) private placement of 87,000,000 units new ordinary shares of RM0.0366 each

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon commencement of the Act shall have no par or nominal value.

16. ACCUMULATED LOSSES

The Group and the Company are reported accumulated losses position as at reporting date.

17. LOAN AND BORROWINGS

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	RM	RM	RM	RM
Current liabilities				
Secured				
Bank overdraft	4,595,939	4,440,088	-	-
Finance lease	-	260,087	-	63,264
	4,595,939	4,700,175	-	63,264
Non-current liabilities				
Secured				
Finance lease	-	364,635	-	264,422
	-	364,635	-	264,422
Total loan and borrowings				
Secured				
Bank overdraft	4,595,939	4,440,088	-	-
Finance lease	-	624,722	-	327,686
	4,595,939	5,064,810	-	327,686

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. LOAN AND BORROWINGS (continued)

Rates of interest charged per annum:

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	%	%	%	%
Bank overdraft	BLR + 1.25	BLR + 1.25	-	-
Finance lease	-	3.41 - 7.95	-	3.41

(a) Bank overdraft

Bank overdraft is secured by the following:

(i) Open All Monies Facilities Agreement to be entered into between one of the subsidiary companies and the bank;

(ii) First party pledge of fixed deposit of RM1,000,000 to be created by one of the subsidiary companies by way of an Open All Monies memorandum of deposit. The interest earned shall be capitalised and retained as security; and

(iii) Open All Monies corporate guarantee by the Company.

(b) Finance lease

	Group		Company	
	As at 30.06.2020	As at 30.06.2019	As at 30.06.2020	As at 30.06.2019
	RM	RM	RM	RM
Minimum lease payment				
Not later than one year	-	284,796	-	73,620
Later than one year and not later than five years	-	384,660	-	282,192
	-	669,456	-	355,812
Future finance charges on finance lease	-	(44,734)	-	(28,126)
Present value of finance lease	-	624,722	-	327,686
Present value of finance lease is analysed as follows:				
Current liabilities				
Not later than one year	-	260,087	-	63,264
Non-current liabilities				
Later than one year and not later than five years	-	364,635	-	264,422
	-	624,722	-	327,686

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. DEFERRED INCOME

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Deferred income		
Advance received	204,930	-
Analysed as:		
Non-current	113,850	-
Current	91,080	-
	204,930	-

19. DEFERRED TAXATION

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position.

	As at 30.06.2020 RM	As at 30.06.2019 RM
Deferred tax assets, net	-	(267,851)
Deferred tax liabilities, net	19,583	267,851
	19,583	-

The following are the movements of deferred tax liabilities:

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Balance as at beginning of the financial year/period	-	23,721
Recognised in profit or loss (Note 27)	19,583	(23,721)
Balance as at end of the financial year/period	19,583	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. DEFERRED TAXATION (continued)

The components of the deferred tax (assets)/liabilities at the end of the financial year/period comprise tax effects of:

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Deferred tax assets		
Tax loss carried forward	-	(267,851)
Deferred tax liabilities		
Intangible assets	-	248,694
Property, plant and equipment	5,257	19,157
Unrealised foreign exchange gain	14,326	-
	19,583	267,851

Unrecognised deferred tax assets

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

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Unabsorbed capital allowances	1,401,768	1,228,571	1,141,580	980,125
Unutilised tax losses	26,207,177	22,509,501	9,039,368	8,512,947
Other temporary differences	(905,462)	(1,541,093)	(319,357)	(516,041)
	26,703,483	22,196,979	9,861,591	8,977,031
Unrecognised deferred tax assets at 24% (30.06.2019: 24%)	6,408,836	5,327,275	2,366,782	2,154,487

The unabsorbed capital allowances can be carried forward indefinitely and unutilised tax losses can be carried forward up to a maximum seven (7) consecutive years of assessment effective from year 2019 and it can only be utilised against income from the same business source. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Trade payables	4,113,336	1,650,047	-	-
Add:				
Accruals	1,743,974	1,156,616	232,920	328,599
Deposits received	128,095	15,126	-	-
Other payables	966,490	929,149	127,281	168,414
	2,838,559	2,100,891	360,201	497,013
Total financial liabilities carrying at amortised costs	6,951,895	3,750,938	360,201	497,013

Included in accruals is an amount of RM158,000 (30.06.2019: RM235,700) due to directors and former directors in respect of outstanding remuneration and fees of the Group and of the Company.

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 60 days (30.06.2019: 30 to 60 days).

21. AMOUNT DUE TO DIRECTORS

The amount due to directors represented non-trade transactions which are unsecured, interest free and repayable on demand.

22. NET ASSETS PER SHARE

	Group	
	As at 30.06.2020 RM	As at 30.06.2019 RM
Net assets (RM)	29,368,830	33,818,144
Number of issued ordinary shares as at 30 June (units)	767,087,723	590,421,123
Net assets per share (RM)	0.04	0.06

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. REVENUE

	Group		Company	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM
Sales of goods, license fee and invoiced value of services provided	53,939,980	63,053,132	-	-
Finance income	842,306	-	-	-
Management fee income	-	-	1,064,400	1,618,800
	54,782,286	63,053,132	1,064,400	1,618,800

24. COST OF SALES

	Group	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM (Restated)
Other cost of sales	40,742,186	47,186,966
Contractor cost:		
Salaries and other benefits	7,146,363	5,774,604
Employee's provident fund	83,936	244,396
Lease liabilities interest	643,865	-
	48,616,350	53,205,966

25. FINANCE COSTS

	Group		Company	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM
Bank overdraft interest	339,468	249,618	-	-
Lease liabilities interest	104,729	-	68,591	-
Finance lease interest	-	133,821	-	1,956
	444,197	383,439	68,591	1,956

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. LOSS BEFORE TAXATION

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM (Restated)	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
Loss before taxation is arrived at:					
after charging					
Amortisation of intangible assets	7	3,914,179	4,086,684	889,186	1,037,384
Auditors' remuneration:					
Statutory audit		132,000	143,000	42,000	45,000
Non-statutory audit					
- current year		5,000	4,000	5,000	4,000
- underprovision in previous year		-	4,000	-	4,000
Bad debts written off:					
Other receivables		235,000	403,515	-	-
Amount due from a subsidiary company		-	-	42,000	-
Depreciation:					
Property, plant and equipment	5	150,539	371,377	78,634	71,938
Right-of-use assets	6.1	657,778	-	322,230	-
Directors' remuneration:					
Fees	29	72,000	167,700	72,000	167,700
Other emoluments	29	800,450	800,626	604,647	280,000
Other key management personnel:					
Salaries and other benefits	29	685,272	439,063	179,225	196,165
Employee's provident fund	29	86,781	56,095	23,862	25,245
Finance costs:					
Bank overdraft interest	25	339,468	249,618	-	-
Lease liabilities interest	24,25	748,594	-	68,591	-
Finance lease interest	25	-	133,821	-	1,956
Impairment loss on:					
Intangible assets	7	2,069,904	1,719,126	-	-
Trade receivables	11	144,050	429,506	-	-
Other receivables	12	244,050	-	-	-
Outsourcing contractor fees		756,000	-	-	-
Property, plant and equipment written off		195	294,817	-	98,807
Loss on foreign exchange:					
Realised		271	27,932	-	-
Unrealised		196	-	-	-
Loss on fraudulent booking		-	8,638	-	-
Rental of computer equipments		31,692	55,588	10,832	26,732
Rental of premises		-	391,099	-	137,376
Rental of warehouse		-	72,000	-	-
Research cost expensed off		-	1,298,500	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. LOSS BEFORE TAXATION (continued)

	Note	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM (Restated)	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
Staff costs:					
Salaries and other benefits		3,444,034	4,715,605	380,171	997,657
Employee's provident fund		358,602	537,873	36,434	110,843
Contractor cost (exclude cost of sales):					
Salaries and other benefits		-	2,734,494	-	-
Employee's provident fund		-	196,624	-	-
after crediting					
Gain on foreign exchange:					
Realised		(23,041)	-	-	-
Unrealised		(65,532)	(3,765)	-	-
Gain on disposal on:					
Property, plant and equipment		(4,246)	-	-	-
Right-of-use assets		(1,119)	-	-	-
Gain on adjustment made for recognition of lease receivables		(386,961)	-	-	-
Interest income		(165,398)	(281,955)	-	(292,103)
Management fee	23	-	-	(1,064,400)	(1,618,800)

27. TAXATION

	Group 01.07.2019 to 30.06.2020 RM	Group 01.05.2018 to 30.06.2019 RM	Company 01.07.2019 to 30.06.2020 RM	Company 01.05.2018 to 30.06.2019 RM
Current				
Provision for current financial year	34,805	-	-	-
Underprovision in previous financial period	7,683	67,334	-	-
	42,488	67,334	-	-
Deferred taxation (Note 19)				
Recognised in the income statement	58,181	(639,570)	-	-
(Over)/under provision in previous financial period	(38,598)	615,849	-	-
	19,583	(23,721)	-	-
Tax expenses for current financial year	62,071	43,613	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. TAXATION (continued)

Domestic current income tax is calculated at the statutory tax rate of 24% (30.06.2019: 24%) of the estimated assessable loss for the financial year/period.

A subsidiary company, Surfstek Resources (R&D) Sdn. Bhd. ("SRSB") has received approval from Malaysia Digital Economy Corporation Sdn. Bhd. for the MSC status for its new product. SRSB and My Property Data Sdn. Bhd. has applied for inclusive of its new product into the new Pioneer Status Certificate. The application is pending relevant authority's approval.

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

	Group		Company	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM
Loss before taxation	(10,261,441)	(12,593,733)	(1,741,085)	(1,684,233)
Tax at the statutory tax rate of 24% (30.06.2019: 24%)	(2,462,746)	(3,022,496)	(417,860)	(404,216)
Deferred tax assets not recognised during the financial year/period	1,116,407	1,194,364	212,295	179,052
Non-deductible expenses	1,582,340	1,293,979	205,565	225,164
Non-taxable income	(143,015)	(105,417)	-	-
Underprovision of taxation in previous financial period	7,683	67,334	-	-
(Over)/underprovision of deferred taxation in previous financial period	(38,598)	615,849	-	-
Tax expenses for the current financial year/period	62,071	43,613	-	-

28. LOSS PER SHARE

(a) Basic loss per ordinary share

The calculation of basic loss per ordinary share at 30 June 2020 is based on the loss attributable to ordinary shareholders and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	01.07.2019 to 30.06.2020	01.05.2018 to 30.06.2019
Loss attributable to owner of the company (RM)	(9,974,630)	(11,779,001)
Weighted average number of ordinary shares (units)	623,693,419	574,411,651
Basic loss per ordinary share attributable to owner of the Company (sen)	(1.60)	(2.05)

(b) Diluted loss per ordinary share

The group does not have any potential dilutive ordinary shares, thus, diluted loss per ordinary share is not presented.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate amounts of emoluments received and receivable by key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM
Executive directors:				
non-fee emoluments	800,450	800,626	604,647	280,000
Non-executive directors:				
fees	72,000	167,700	72,000	167,700
Total directors' remuneration	872,450	968,326	676,647	447,700
Other key management personnel compensation	772,053	495,158	203,087	221,410
	1,644,503	1,463,484	879,734	669,110

30. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group and the Company have related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year/period:

	Group		Company	
	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM	01.07.2019 to 30.06.2020 RM	01.05.2018 to 30.06.2019 RM
Subsidiary companies				
Management fee	-	-	(1,064,400)	(1,618,800)
Interest income	-	-	(280,287)	(118,347)

(c) The key management personnel comprised all the directors of the Group and of the Company whose remuneration during the year/period are disclosed in Note 29.

The directors of the Group and of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31. CONTINGENT LIABILITIES

	Company	
	As at 30.06.2020	As at 30.06.2019
	RM	RM
Corporate guarantee - unsecured		
Issued to third parties for supplies of good and services to a subsidiary company	2,000,000	2,000,000
Banking facilities granted to certain subsidiary companies	19,232,815	5,218,960

As at the end of the reporting year, there was no indication that any subsidiary company would default on repayment.

The corporate guarantee have not been recognised since the fair value on initial recognition was not material as the repayment is on schedule and no liability.

32. COMMITMENTS

(a) Operating lease commitment

The future minimum lease payments under the non-cancellable operating leases are as follows:

	Group	Company
	As at 30.06.2019	As at 30.06.2019
	RM	RM
As reported under MFRS117		
Not later than one year	493,017	252,891
Later than one year and not later than five years	1,412,412	1,054,818
	1,905,429	1,307,709

33. SEGMENT INFORMATION

33.1 Business segment

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services, which comprises the following:

(i)	Application support & services and hardware	Application development service, application support and maintenance service, data solutions and services, trading of desktop and laptop for consumer and commercial use, point of sales computers and related peripherals.
(ii)	Manpower outsourcing	Sourcing, selecting and outsourcing to fill for human resource needs.
(iii)	E-Commerce	Property data sales and consulting services, online hotel reservation services and online payment gateway services.
(iv)	Others	Provide Group level corporate services and treasury functions and investments.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT INFORMATION (continued)

33.1 Business segment (continued)

Group

	Application support & services and hardware RM	Manpower outsourcing RM	E-Commerce RM	Others RM	Eliminations RM	Total as per consolidated financial statements RM
01.07.2019 to 30.06.2020						
Revenue						
External revenue	43,654,411	9,221,970	1,905,905	-	-	54,782,286
Inter-segment revenue	573	19,212	167,866	1,064,400	(1,252,051)	-
	43,654,984	9,241,182	2,073,771	1,064,400	(1,252,051)	54,782,286
Results						
Segment results (external)	(166,405)	275,439	(261,389)	(2,394,022)	-	(2,546,377)
Interest income	49,251	40,287	-	363,105	(287,245)	165,398
Finance costs	(1,061,469)	(243,275)	(1,972)	(68,591)	287,245	(1,088,062)
Depreciation and amortisation	(314,671)	(54,037)	(3,952,924)	(400,864)	-	(4,722,496)
Impairment of intangible assets	-	-	(2,069,904)	-	-	(2,069,904)
Loss before taxation	(1,493,294)	18,414	(6,286,189)	(2,500,372)	-	(10,261,441)
Tax expense						(62,071)
Loss after taxation						(10,323,512)
Non-controlling interests						348,882
Net loss attributable to owners of the Company						(9,974,630)
01.05.2018 to 30.06.2019						
Revenue						
External revenue	48,449,886	13,427,636	1,175,610	-	-	63,053,132
Inter-segment revenue	175,320	105,349	-	1,618,800	(1,899,469)	-
	48,625,206	13,532,985	1,175,610	1,618,800	(1,899,469)	63,053,132
Results						
Segment results (external)	(559,895)	(35,823)	(3,117,138)	(2,602,206)	-	(6,315,062)
Interest income	80,754	46,734	743	292,103	(138,379)	281,955
Finance costs	(308,517)	(206,438)	(4,907)	(1,956)	138,379	(383,439)
Depreciation and amortisation	(204,997)	(44,089)	(4,137,036)	(71,939)	-	(4,458,061)
Impairment of intangible assets	-	-	(1,719,126)	-	-	(1,719,126)
Loss before taxation	(992,655)	(239,616)	(8,977,464)	(2,383,998)	-	(12,593,733)
Tax expense						(43,613)
Loss after taxation						(12,637,346)
Non-controlling interests						858,345
Net loss attributable to owners of the Company						(11,779,001)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT INFORMATION (continued)

33.2 Geographical information

Segmental reporting by geographical regions has only been prepared for revenue as the Group's assets are located in Malaysia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

	Group	
	01.07.2019 to 30.06.2020	**01.05.2018 to 30.06.2019**
	RM	**RM**
Revenue		
Malaysia	34,705,060	28,006,747
Dubai	-	6,681,517
England, U.K	-	500,000
Hong Kong	13,098,687	15,895,605
Indonesia	1,642,025	4,614,791
Singapore	4,026,953	5,398,946
Australia	-	1,059,975
Others	1,309,561	895,551
	54,782,286	63,053,132

33.3 Major customers

During the financial period, major customer with revenue equal to or more than 10% of the Group revenue are as follows:

	Group	
	01.07.2019 to 30.06.2020	**01.05.2018 to 30.06.2019**
	RM	**RM**
All common control companies of Customer A	10,553,468	9,952,878
All common control companies of Customer B	6,555,183	-
	17,108,651	9,952,878

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities. Interest-bearing financial assets includes fixed deposits with licensed banks. Interest-bearing liabilities includes bank overdraft, finance lease liabilities and term loan.

The bank overdraft at floating rate exposes the Group to cash flow interest rate risk whilst lease liabilities and term loan at fixed rates expose the Group to fair value interest rate risk.

The interest rates per annum on the financial liabilities are disclosed in Note 17.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Company also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity analysis for interest rate risk

If the interest rate had been 100 basis point higher/lower and all other variables held constant, the Group's loss before taxation would change by approximately RM45,960 (30.06.2019: RM44,401) as a result of exposure to floating rate borrowings.

34.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables below. For bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institution.

(a) Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. The Group and the Company do not have any major concentration of credit risks related to any individual customer and counterparty. The maximum exposure to credit risk is disclosed in Note 11 to the financial statements, representing the carrying amount of the trade receivables recognised on the statements of financial position.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Malaysia	6,136,317	4,515,486	1,016,420	759,080
Singapore	10	-	-	-
China	9,620	-	-	-
Germany	22,653	-	-	-
England, U.K	-	1,146,395	-	-
Hong Kong	5,914,678	3,639,808	-	-
Thailand	4,524	(7,221)	-	-
India	-	300,000	-	-
Indonesia	608,546	499,858	-	-
Philippines	-	154,800	-	-
Australia	499,415	694,975	-	-
	13,195,763	10,944,101	1,016,420	759,080

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.2 Credit risk (continued)

(b) Lease receivables

The credit risk associated with lease receivables is mitigated by way of obtaining security over the leased equipment. At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amounts recognised in the statements of financial position.

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for lease receivables.

(c) Advances to subsidiary companies

The Company provides unsecured advances to its subsidiary companies and monitors the results of the subsidiary companies regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. As at 30 June 2020, the Company had made sufficient allowance for impairment loss on advances to its subsidiary companies.

(d) Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiary companies and the default is remote. The exposure to credit risk is disclosed in Note 31 and Note 34.4 to the financial statements, representing the total banking facilities granted to the subsidiary companies as at the reporting date.

34.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's and of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EURO").

The Group may use forward exchange contracts to hedge its foreign currency risk where necessary. Most of the forward exchange contracts have maturity of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group

	USD RM	EURO RM	Total RM
As at 30.06.2020			
Cash and bank balances	83,316	17	83,333
Trade and other receivables	6,088,175	-	6,088,175
Trade payables	(2,458,191)	-	(2,458,191)
	3,713,300	17	3,713,317
As at 30.06.2019			
Cash and bank balances	14,268	17	14,285
Trade and other receivables	3,145,187	-	3,145,187
Trade payables	(468,325)	-	(468,325)
	2,691,130	17	2,691,147

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.3 Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

If the above foreign currencies had strengthened/weakened by 10 percent and all other variables held constant, the Group's (loss)/profit before taxation would change by approximately RM371,332 (30.06.2019: RM269,115).

34.4 Liquidity and cash flow 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 exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

	Carrying amount RM	Contractual interest rate RM	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not more than 5 years RM	More than 5 years RM
Group						
As at 30.06.2020						
Trade and other payables	6,951,895	-	6,951,895	6,951,895	-	-
Bank overdraft	4,595,939	BLR + 1.25	4,595,939	-	-	-
Lease liabilities	14,047,978	3.36 - 7.95	15,114,341	6,024,444	9,089,897	-
Deferred income	204,930	-	204,930	91,080	113,850	-
	25,800,742		26,867,105	13,067,419	9,203,747	-
As at 30.06.2019						
Trade and other payables	3,750,938	-	3,750,938	3,750,938	-	-
Amount due to directors	9,336	-	9,336	9,336	-	-
Bank overdraft	4,440,088	BLR + 1.25	4,440,088	4,440,088	-	-
Finance lease	624,722	3.41 - 7.95	669,456	284,796	384,660	-
	8,825,084		8,869,818	8,485,158	384,660	-
Company						
As at 30.06.2020						
Other payables	360,201	-	360,201	360,201	-	-
Lease liabilities	1,258,595	3.41 - 7.7	1,375,889	357,394	1,018,495	-
Amount due to subsidiary companies	156,898	-	156,898	156,898	-	-
Financial Guarantee contracts	21,232,815	-	21,232,815	21,232,815	-	-
	23,008,509		23,125,803	22,107,308	1,018,495	-
As at 30.06.2019						
Other payables	497,013	-	497,013	497,013	-	-
Finance lease	327,686	3.41	355,812	73,620	282,192	-
Amount due to subsidiary companies	180,082	-	180,082	180,082	-	-
Financial Guarantee contracts	7,218,960	-	7,218,960	7,218,960	-	-
	8,223,741		8,251,867	7,969,675	282,192	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.5 Classification of financial instruments

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Financial assets				
Amortised costs				
Trade receivables	13,852,427	10,944,101	1,016,420	759,080
Other receivables	1,094,561	961,459	82,370	91,421
Lease receivables	12,404,794	-	-	-
Amount due from subsidiary companies	-	-	9,732,401	5,497,640
Fixed deposits with licensed banks	8,415,574	7,739,660	6,059,158	5,456,333
Cash and bank balances	843,138	1,222,425	224,789	273,388
	36,610,494	20,867,645	17,115,138	12,077,862
Financial liabilities				
Amortised costs				
Trade payables	4,113,336	1,650,047	-	-
Other payables	1,094,585	944,275	127,281	168,414
Lease liabilities	14,047,978	-	1,258,595	-
Loan and borrowings	4,595,939	5,064,810	-	327,686
Deferred income	204,930	-	-	-
Amount due to directors	-	9,336	-	-
Amount due to subsidiary companies	-	-	156,898	180,082
	24,056,768	7,668,468	1,542,774	676,182

34.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are carried at fair value.

	Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
As at 30.06.2020				
Financial asset				
Lease receivables	-	-	12,404,794	12,404,794
Financial liabilities				
Loans and borrowings	-	-	4,595,939	4,595,939
Lease liabilities	-	-	14,047,978	14,047,978
As at 30.06.2019				
Financial liabilities				
Loans and borrowings	-	-	5,064,810	5,064,810
Amount due to director	-	-	9,336	9,336

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.6 Fair value of financial instruments (continued)

	Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Company				
As at 30.06.2020				
Financial asset				
Amount due from subsidiary companies	-	-	9,732,401	9,732,401
Financial liabilities				
Lease liabilities	-	-	1,258,595	1,258,595
Amount due to subsidiary companies	-	-	156,898	156,898
As at 30.06.2019				
Financial asset				
Amount due from subsidiary companies	-	-	5,497,640	5,497,640
Financial liabilities				
Loans and borrowings	-	-	327,686	327,686
Amount due to subsidiary companies	-	-	180,082	180,082

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (30.06.2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Lease receivables, amount due from/(to) subsidiary companies, amount due to directors, loan and borrowings and lease liabilities

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

35. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Malaysia and around the world. On 16 March 2020, the Malaysian Prime Minister announced Movement Control Order ("MCO") which includes closure of all government and private premises except those involved in essential services effective 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 and further extended RMCO to 31 December 2020. Consequently, the Covid-19 outbreak had resulted in travel restrictions, lockdown and other precautionary measures which has then brought significant economic uncertainties in Malaysia and markets in which the Group operates as well as may cause impact to the Group's revenue, earnings, cash flow and financial condition.

Arising from the COVID-19 pandemic, the Group and the Company have implemented several measures to weather through this current challenging time. The following measures had been taken, with further additional efforts to be taken:

(a) Impact from Covid-19 Pandemic

The Covid-19 pandemic played a part in driving the Digital Economy. Many corporations have implemented work-from-home policies during the CMCO and RMCO periods, which gave rise to the use of digital tools to enable file sharing, virtual video and audio teleconferencing as well as project management tools.

During MCO and CMCO period, the Group are still able to continue operate their business by implemented work-from-home policies.

However, the imposition of the MCO also has significant impact to online hotel booking business. Hence, the Group recognised a total impairment losses on intangible assets amounting to RM2,069,904 during the financial year as a result of the COVID-19 pandemic. The details are disclosed in Note 7 to the financial statements.

(b) Funding

During the financial year, the Company has raised RM5,874,198 by increased its issued and paid–up ordinary share capital by through private placement for the purpose of working capital. The details are disclosed in Note 15 to the financial statements.

On 28 September 2020, the Company has announced a proposal to raise approximately RM12.07 million by undertaking a private placement of up to 76,708,700 new ordinary shares in the Company. As at the date of reporting, this proposal is pending approval and implementation.

These will help the Group and the Company to strengthen its equity base and liquidity.

(c) Working capital management

The Group and the Company have implemented cost control measure including temporary salary reduction depending on salary levels with effect from May 2020 to July 2020. The Group and the Company continuously relook at the efficiency of the organisation structure and the right resource size to achieve further savings in human resource cost.

As at the date of this report, the management of the Group and the Company are unable to quantify the potential financial impact of the Covid-19 outbreak as the situation is still evolving and the outcome of the event is still unpredictable. The Group and the Company are actively monitoring and taking appropriate and timely measures to minimise any impact of Covid-19 on its operations, if any will be reflected in the 2021's annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage the capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2020.

The Group and the Company monitor capital using a net debt equity ratio, which is net debts divided by total capital. The Group's and the Company's net debts include total liabilities less total provision for taxation, deferred tax liabilities, fixed deposits with licensed banks, cash and bank balances. Total capital comprises share capital and reserves attributable to equity holders of the Group and of the Company. The Group and the Company are not subject to externally imposed capital requirements.

	Group		Company	
	As at 30.06.2020 RM	As at 30.06.2019 RM	As at 30.06.2020 RM	As at 30.06.2019 RM
Net debt/(cash)	16,542,030	(137,001)	(4,508,253)	(4,724,940)
Total equity	29,368,830	33,818,144	46,335,020	42,201,907
Net debt against equity ratio	0.56	N/A	N/A	N/A

N/A - Not applicable as the Group and the Company are in net cash position.

37. COMPARATIVE FIGURES

(a) The comparative figures relate to the financial period 1 May 2018 to 30 June 2019 for a period of fourteen (14) months. Consequently, the comparative amounts to the financial statements and related notes may not be comparable.

(b) The presentation and classification of items in current year's financial statements are consistent with the previous financial period and the following comparative figures which have been reclassified to conform with current year's presentation and to reflect appropriately the nature of the transaction:

Group

	As previously classified RM	Reclassification RM	As reclassified RM
Statement of profit or loss			
For financial period ended 30 June 2019			
Cost of sales	46,030,024	7,175,942	53,205,966
Other expenses	18,822,313	(7,175,942)	11,646,371

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2020

Total number of Issued Shares	:	767,087,723 Ordinary Shares
Class of Equity Securities	:	Ordinary shares ("Shares")
Voting Rights	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	95	3.50	4,215	*
100 – 1,000 shares	217	7.99	112,823	0.01
1,001 – 10,000 shares	753	27.71	4,979,324	0.65
10,001 – 100,000 shares	1,190	43.80	51,688,539	6.74
100,001 – less than 5% of issued shares	460	16.93	528,634,522	68.91
5% and above of issued shares	2	0.07	181,668,300	23.68
Total	**2,717**	**100.00**	**767,087,723**	**100.00**

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2020
(As per the Register of Substantial Shareholders)

	Direct		Indirect	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Peh Lian Hwa	108,741,700	14.18	-	-
Yeo Ann Seck	72,926,600	9.51	-	-
Tew Ah Keng	39,420,800	5.14	-	-

DIRECTORS' SHAREHOLDING AS AT 30 SEPTEMBER 2020
(As per the Register of Directors' Shareholdings)

Technodex Bhd.

	Direct		Indirect	
Name of Directors	No. of Shares	%	No. of Shares	%
Tan Sze Chong	24,029,099	3.13	8,766,666 (1)	1.14
Heng Ling Jy	8,766,666	1.14	24,029,099 (2)	3.13
Tan Boon Wooi	33,065,000	4.31	-	-

Note : (1) Deemed interested by virtue of his spouse's interest in Technodex Bhd.
(2) Deemed interested by virtue of her spouse's interest in Technodex Bhd.

ANALYSIS OF SHAREHOLDINGS (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2020

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1.	Mercsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Peh Lian Hwa	108,741,700	14.18
2.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yeo Ann Seck (MY0696)	72,926,600	9.51
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tan Boon Wooi	33,065,000	4.31
4.	Tew Ah Keng	25,000,000	3.26
5.	Tan Sze Chong	24,029,066	3.13
6.	Peh Yueh Han	23,354,100	3.04
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tengku Abdul Hamid Thani Ibni Sultan Badlishah (MY3722)	23,000,000	3.00
8.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Mok Shiaw Hang (MY2531)	22,000,000	2.87
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koay Xing Boon (MY3720)	15,341,000	2.00
10.	Li Dan	13,657,600	1.78
11.	Pang Ee Liang	11,150,000	1.45
12.	Peh Jia Yau	10,000,100	1.30
13.	Kerk Han Meng	10,000,086	1.30
14.	Tew Ah Keng	10,000,000	1.30
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lui Yuen Qiu (7001122)	9,852,150	1.28
16.	Alice Lim Lay Koon	7,050,000	0.92
17.	Heng Ling Jy	6,766,666	0.88
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Dynamic Prestige Consultancy Sdn. Bhd.	6,289,600	0.82
19.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ang Hwee Hwee (MY1622)	6,000,000	0.78
20.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tan Seah Fuan (MY2149)	6,000,000	0.78
21.	Ronnie Ng Keng Ti	5,000,000	0.65
22.	TA Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Law Chee Fon	5,000,000	0.65
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tew Ah Keng (MY2561)	4,420,800	0.58
24.	Heng Yeow Hua	4,300,000	0.56
25.	Lim See Chin	4,190,000	0.55
26.	Tan Kian Seng	4,000,000	0.52
27.	Teh Swee Heng	4,000,000	0.52
28.	Pang Swee Sing	3,900,000	0.51
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Wong Ya Wen (MY1711)	3,805,000	0.50
30.	Low Fui Teck	3,800,966	0.50

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("Meeting" or "AGM") of TECHNODEX BHD. ("the Company") will be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue: Meeting Room No. TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Thursday, 3 December 2020 at 12:00 p.m. or at any adjournment thereof, to transact the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees and benefits of up to RM348,000 for the period from 1 July 2020 until the next Annual General Meeting of the Company. — **Ordinary Resolution 1**

3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution.
   (i) Mr. Steven Wong Chin Fung — **Ordinary Resolution 2**
   (ii) Mr. Tan Sze Chong — **Ordinary Resolution 3**

4. To re-elect the following Directors who retire pursuant to Clause 91 of the Company's Constitution.
   (i) YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah — **Ordinary Resolution 4**
   (ii) Mr. Peh Lian Hwa — **Ordinary Resolution 5**

5. To re-appoint CAS 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 6**

As Special Business:

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

6. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR — **Ordinary Resolution 7**

   "THAT subject to passing of Ordinary Resolution 2, Mr. Steven Wong Chin Fung, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

7. GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 — **Ordinary Resolution 8**

   "THAT subject always to the Constitution of the Company, the Companies Act 2016 ("Act"), the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY **Special Resolution**

   "THAT the proposed amendments to the Constitution of the Company as set out in the "Appendix A", be approved for adoption with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.

9. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO. 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
30 October 2020

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Sixteenth Annual General Meeting ("Meeting") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend, speak, and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.

(d) 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 is 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 multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 25 November 2020. Only members whose names appear in the General Meeting Record of Depositors as at 25 November 2020 shall be entitled to attend, speak and vote at the Meeting.

(h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

(i) The Sixteenth AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Securities regularly.

EXPLANATORY NOTES

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2020

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

2. Item 2 of the Agenda – Directors' Fees and Benefits for the period from 1 July 2020 until the next Annual General Meeting of the Company

   The estimated Directors' fees and benefits are calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period from 1 July 2020 until the next Annual General Meeting of the Company in year 2021. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next Annual General Meeting for such shortfall.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Item 6 of the Agenda - Retention of Independent Non-Executive Directors

   The Board had assessed the independence of Mr. Steven Wong Chin Fung, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that he has met the independence and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following reasons:

   (a) he has declared and confirmed that he fulfilled the criteria under the definition of Independent Director as set out in Rule 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities");

   (b) he has vast experience in his respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;

   (c) he has devoted sufficient time and attention to his responsibilities as Independent Director of the Company; and

   (d) he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders of the Company.

4. Item 7 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   The Company had at its Fifteenth Annual General Meeting held on 6 December 2019 ("15th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this AGM.

   The Company had on 28 September 2020 announced that the Company proposed to undertake a private placement of up to 76,708,700 ordinary shares in the Company ("Placement Shares") pursuant to the Directors of the 15th AGM which will lapse at the conclusion of the forthcoming Sixteenth AGM ("Proposed Private Placement").

   The Company had submitted its listing application to Bursa Securities in relation to the Proposed Private Placement on 7 October 2020. Subsequently, Bursa Securities had, vide its letter dated 23 October 2020, approved the listing of and quotation for up to 76,708,700 Placement Shares to be issued pursuant to the Proposed Private Placement. Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by the fourth quarter of 2020.

   The Ordinary Resolution 7 proposed under item 7 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

   In view of the extraordinary challenges caused by the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.04 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasure shares) for issue of new securities.

   The Board of Directors' Statement

   The Board is of the opinion that in the face of unprecedented challenges brought by the COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

   The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

5. Item 8 of the Agenda – Proposed Amendments to the Constitution of the Company

   The proposed amendments to the Constitution of the Company under item 8 of the Agenda, if approved, will provide more flexibility for the Company and its shareholders on the manner of holding meeting of members and lodgement of proxy forms as well as to provide clarity on the objects of the Company and the provisions of Third Schedule of the Act.

   The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

TECHNODEX BHD
[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF TECHNODEX BHD. ("THE COMPANY")

This is the Appendix A referred to in Agenda 8 of the Notice of Sixteenth Annual General Meeting ("16th AGM") of the Company dated 30 October 2020.

Day, Date and time of 16th AGM	:	Thursday, 3 December 2020 at 12:00 p.m.
Broadcast Venue of the 16th AGM	:	Meeting Room No. TR12-R02, 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor

Clause No.	Existing Clause	Clause No.	Proposed Clause
4	Subject to the provisions of the Act, this Constitution and any other written law, the Company has:- (a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (b) For the purposes of Clause 4(a) above, full rights, powers and privileges.	4	Subject to the provisions of the Act, this Constitution and any other written law, the **objects for which the Company is established are**:- **(a) To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and** **(b) To carry on or undertake any business activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects.** **Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.**
61	The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.	61	The meeting of its Members may be held **by fully virtual or hybrid** at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and **subject to Clause 69**, the Chairman shall be present at the main venue of the meeting. **For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting**.

62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each Stock Exchange on which the Company is listed.	62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, **publication on the Company's website** or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.

80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.	80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia **or by way of electronic means or in such other manner** as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.
-	New provision	106A	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.
149(b)	Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic form or partly in hard copy and partly in electronic form, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic form, be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hard copy or electronic mail or short messaging service has been given in accordance with the Act, stating that: • the place, date and time of the meeting; and • whether the meeting is an annual general meeting.	149(b)	Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic means or partly in hard copy and partly in electronic **means**, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic **means (including using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner or access by the Members)** be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hard copy or electronic mail or short messaging service has been given in accordance with the Act, stating that: • the place, date and time of the meeting, and • whether the meeting is an annual general meeting.

TECHNODEX BHD
[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL SIXTEENTH ANNUAL GENERAL MEETING OF TECHNODEX BHD. (TDEX" OR "COMPANY") ("16TH AGM" OR "MEETING")

Meeting day, date and time	:	Thursday, 3 December 2020 at 12:00 p.m.
Meeting platform	:	https://web.lumiagm.com
Registration	:	Virtual Meeting via Remote Participation and Electronic Voting ("RPEV") facilities
Broadcast venue	:	Meeting Room No. TR12-R02, 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor
Mode of Communication	:	Shareholders may pose questions during live streaming at https://web.lumiagm.com.

1. Virtual Meeting

1.1 In view of the Coronavirus (COVID-19) pandemic and with the safety of the Company's shareholders, employees and Directors being of primary concern, the Board of Directors of the Company ("the Board") and Management of the Company have decided that the 16th AGM of the Company shall be conducted on a fully virtual and entirely via RPEV facilities. This is line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

1.2 The main and only venue of the 16th AGM is the broadcast venue, which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 61 of the Company's Constitution that requires the Chairman of the Meeting to be present at the main venue of the meeting. Shareholders/proxies/corporate representatives should not be physically present nor will they be admitted at the broadcast venue on the day of the 16th AGM.

Shareholders can participate in our full virtual 16th AGM by registering online via the Boardroom Smart Investor Portal at https://boardroomlimited.my.

1.3 In view of the recent evolving COVID-19 cases in Malaysia, we may be required to change the meeting arrangements of the 16th AGM at short notice. As such, shareholders are advised to check the Company's website or announcements for the latest updates on the status of the 16th AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

1.4 With the RPEV facilities, you may exercise your right as a shareholder of the Company to participate (and pose questions to the Board and Management of the Company) and to vote at the 16th AGM, safely from your home.

1.5 Kindly ensure the stability of your internet connectivity throughout the 16th AGM is maintained as quality of the live webcast and online remote voting are dependent on the bandwidth and stability of the internet connection.

2. Entitlement to Participate and Vote

Only a depositor whose name appears on the Record of Depositors of Technodex Bhd. as at 25 November 2020 shall be entitled to attend the 16th AGM or appoint a proxy(ies) to participate and vote on his/her behalf by returning the proxy form.

3. Lodgement of Proxy Form

3.1 If you are unable to attend the 16th AGM via RPEV facilities and wish to appoint the Chairman of the 16th AGM as your proxy to vote on your behalf, please deposit your proxy form at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn Bhd ("Boardroom") at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time of holding the 16th AGM, i.e. latest by Tuesday, 1 December 2020 at 12:00 p.m. Any alteration to the Form of Proxy must be initialled.

3.2 If you wish to participate in the 16th AGM yourself, please do not submit any proxy form for the 16th AGM. You will not be allowed to participate in the 16th AGM together with a proxy appointed by you.

4. Revocation of Proxy

If you have submitted your Proxy Form prior to the 16th AGM and subsequently decide to appoint another person or wish to participate in the 16th AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the 16th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 16th AGM. In such event, you should advise your proxy(ies) accordingly.

5. Voting Procedures

5.1 The voting will be conducted by poll in accordance with Rule 8.31A of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Boardroom Corporate Services Sdn. Bhd. as Independent Scrutineer to verify the poll results.

Members and proxies are required to use one (1) of the following methods to vote remotely:

(i) Download Lumi AGM App (free of charge) onto your personal voting device prior to the 16th AGM from Apple App Store or Google Play Store; or

(ii) Launch Lumi AGM by scanning the QR code given to you in the email along with your remote participation User ID and Password; or

(iii) Access to Lumi AGM via website URL https://web.lumiagm.com.

5.2 During the 16th AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules.

5.3 For the purpose of this 16th AGM, e-Voting can be carried out by using either personal smart mobile phones, tablets, personal computers or laptops.

5.4 The polling will only commence after announcement of poll being opened by the Chairman and until such time when the Chairman announces the closure of poll.

5.5 The Independent Scrutineer will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or otherwise.

6. Remote Participation and Electronic Voting (RPEV)

6.1 Please note that all members including (i) individual members; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees shall use the RPEV facilities to participate and vote remotely at the 16th AGM.

6.2 If you wish to participate in the 16th AGM, you will be able to view a live webcast of the 16th AGM, ask questions and submit your votes in real time whilst the 16th AGM is in progress.

6.3 Kindly follow the steps below to request for your login ID and password and usage of the RPEV facilities:

Before the day of the 16th AGM Procedure	**Action**
i. Register Online with Boardroom Smart Investor Portal (for first time registration only)	(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step (ii) – Submit request for remote participation.) a. Access website https://boardroomlimited.my b. Click <<Login>> and click <<Register>> to sign up as a user. c. Complete the registration and upload a softcopy of your MyKAD/Identification Card (front and back) or Passport. d. Please enter a valid email address and wait for Boardroom's email verification. e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
ii. Submit request for remote participation (User ID and Password)	(Note: Registration for remote access will be opened on 1 November 2020. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the 16th AGM, i.e. latest by Tuesday, 1 December 2020 at 12:00 p.m.) **Individual Members** a. Login to https://boardroomlimited.my using your user ID and password. b. Select "VIRTUAL MEETING" from main menu and select the correct Corporate Event "TECHNODEX BHD SIXTEENTH (16TH) VIRTUAL ANNUAL GENERAL MEETING". c. Read and agree to the Terms & Conditions. d. Enter your CDS Account and thereafter submit your request. **Corporate Shareholders** a. Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. b. Please provide a copy of Corporate Representative's MyKad/Identification Card (front and back) or Passport as well as his/her email address. **Authorised Nominee and Exempt Authorised Nominee** a. Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. b. Please provide a copy of the proxy holder's MyKad/Identification Card (front and back) or Passport as well as his/her email address.
iii. Email notification	a. You will receive notification from Boardroom that your request(s) has been received and is being verified. b. Upon system verification against the Record of Depositories of the 16th AGM as at 25 November 2020, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. c. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom. d. Please note that the closing date and time to submit your request is by Tuesday, 1 December 2020 at 12:00 p.m.

On the day of the 16th AGM Procedure	Action
iv. Login to Virtual Meeting Platform	a. The Virtual Meeting portal will be opened for login one (1) hour before the commencement of the 16th AGM at 11:00 a.m. on Thursday, 3 December 2020. b. The Meeting Platform can be accessed via one of the following methods:- - Download the free Lumi AGM application from Apple App Store or Google Play Store; - Launch Lumi AGM by scanning the QR Code provided in the email notification; - Access to Lumi AGM webportal via website at https://web.lumiagm.com c. Insert the Meeting ID No. and sign in with the user ID and password provided to you via the email notification in Step (iii).
v. Participate	(Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition.) a. If you would like to view the live webcast, select the broadcast icon.  b. If you would like to ask a question during the 16th AGM, select the messaging icon.  c. Type your message within the chat box, once completed click the send button.
vi. Voting	a. Once the 16th AGM is opened for voting, the polling icon will appear with the resolutions and your voting choices. b. To vote, simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, simply select another voting direction. d. If you wish to cancel your vote, please press "Cancel".
vii. End of Participation	a. Upon the announcement by the Chairman on the closure of the 16th AGM, the live webcast will end and the messaging window will be disabled. b. You can now logout from the Meeting Platform.

7. **Gift Policy**

There will be NO DISTRIBUTION of door gifts or vouchers for shareholders/proxies who participate at this virtual 16th AGM.

8. **Recording or Photography**

By participating at the 16th AGM, you agree that no part of the 16th AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

9. **Enquiries**

If you have any enquiries prior to the 16th AGM or if you wish to request for technical assistance to participate in the fully virtual meeting, please contact Boardroom during office hours from Monday to Friday (8:30 a.m. to 5:30. p.m.), details as follows:-

Boardroom Share Registrars Sdn. Bhd.

Address	:	11th Floor, Menara Symphony No. 5 Jalan Professor Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
General Line	:	603-7890 4700 (Helpdesk)
Fax Number	:	603-7890 4670
Email	:	BSR.Helpdesk@boardroomlimited.com

PROXY FORM

TechnoDex

TECHNODEX BHD
[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

I/We* ____ NRIC/Registration No.* ____________________
[full name in capital letters]

of ____
[full address]

____ being (a) member(s) of TECHNODEX BHD. hereby appoint(s):

Full Name (in capital letters)	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

and/or *

Full Name (in capital letters)	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Sixteenth Annual General Meeting of the Company to be held on fully virtual and entirely via remote participation and voting at Broadcast Venue: Meeting Room No. TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Thursday, 3 December 2020 at 12:00 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her*discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM348,000 for the period from 1 July 2020 until the next Annual General Meeting.		
2.	To re-elect Mr. Steven Wong Chin Fung as Director of the Company.		
3.	To re-elect Mr. Tan Sze Chong as Director of the Company.		
4.	To re-elect YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah as Director of the Company.		
5.	To re-elect Mr. Peh Lian Hwa as Director of the Company.		
6.	To re-appoint CAS Malaysia PLT as Auditors of the Company.		
7.	To retain Mr. Steven Wong Chin Fung as Independent Non-Executive Director of the Company.		
8.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

* delete whichever not applicable.

Dated this ____________________ day of ____________________, 2020

____
Signature/Common Seal of Member(s)

NO. OF SHARES HELD	CDS ACCOUNT NO.

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

NOTES:

(a) A member who is entitled to attend, participate, speak and vote at the Sixteenth Annual General Meeting ("Meeting") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend, speak, and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.

(d) 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 is 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 multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 25 November 2020. Only members whose names appear in the General Meeting Record of Depositors as at 25 November 2020 shall be entitled to attend, speak and vote at the Meeting.

(h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

(i) The Sixteenth AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Securities regularly.

PLEASE FOLD HERE

AFFIX
STAMP

The Share Registrar of

TechnoDex Bhd

[Registration No.: 200301025214 (627634-A)]

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

PLEASE FOLD HERE

TechnoDex Bhd
[Registration No.: 200301025214 (627634-A)]
Unit E-07-03, Menara Suezcap 2,
KL Gateway, No. 2 Jalan Kerinchi,
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