

NET

NETX HOLDINGS BERHAD
(Company Registration No. 200001030834 (533441-W))


GEM PAY

emicro


GEMSPOT


SAUDI BURGER™

Miss F
FLORIST

eFX



23rd

ANNUAL GENERAL MEETING



Lot 4.1, 4th Floor, Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor Darul Ehsan



29 April 2024, Monday



10:00 a.m.

INSIDE THIS REPORT

- 02 Corporate Information
- 03 Corporate Structure
- 04 Management Discussion and Analysis
- 13 Corporate Sustainability Statement
- 20 Profile of Directors
- 23 Profile of Key Senior Management
- 25 Audit and Risk Management Committee Report
- 29 Overview Statement on Corporate Governance
- 44 Statement of Risk Management and Internal Control
- 47 Other Compliance Information
- 53 Directors' Responsibility Statement on Financial Statements
- 54 Financial Statements
- 127 List of Properties
- 128 Analysis of Shareholdings
- 130 Notice of Annual General Meeting
- 134 Statement Accompanying Notice of Annual General Meeting
- 135 Administrative Guide
Form of Proxy



CORPORATE INFORMATION

BOARD OF DIRECTORS



▶ **Dato' Sri Wan Ahmad Najmuddin Bin Mohd**
Independent Non-Executive Chairman

▶ **Tan Sik Eek**
Executive Director

▶ **Ong Siew Min**
Independent Non-Executive Director

▶ **Chen Chee Peng**
Independent Non-Executive Director

▶ **Yong Ket Inn**
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson

▶ **Ong Siew Min**

Members

▶ **Yong Ket Inn**
▶ **Chen Chee Peng**

NOMINATING AND REMUNERATION COMMITTEE

Chairman

▶ **Chen Chee Peng**

Members

▶ **Yong Ket Inn**
▶ **Ong Siew Min**

SECRETARIES

▶ **Chong Voon Wah**
(SSM PC No. 202008001343)
(MAICSA 7055003)

▶ **Thai Kian Yau**
(SSM PC No. 202008001515)
(MIA 36921)

REGISTERED OFFICE

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Tropicana Golf & Country Resort
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Fax : +603-7886 2199
Email : corporate@netx.com.my

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

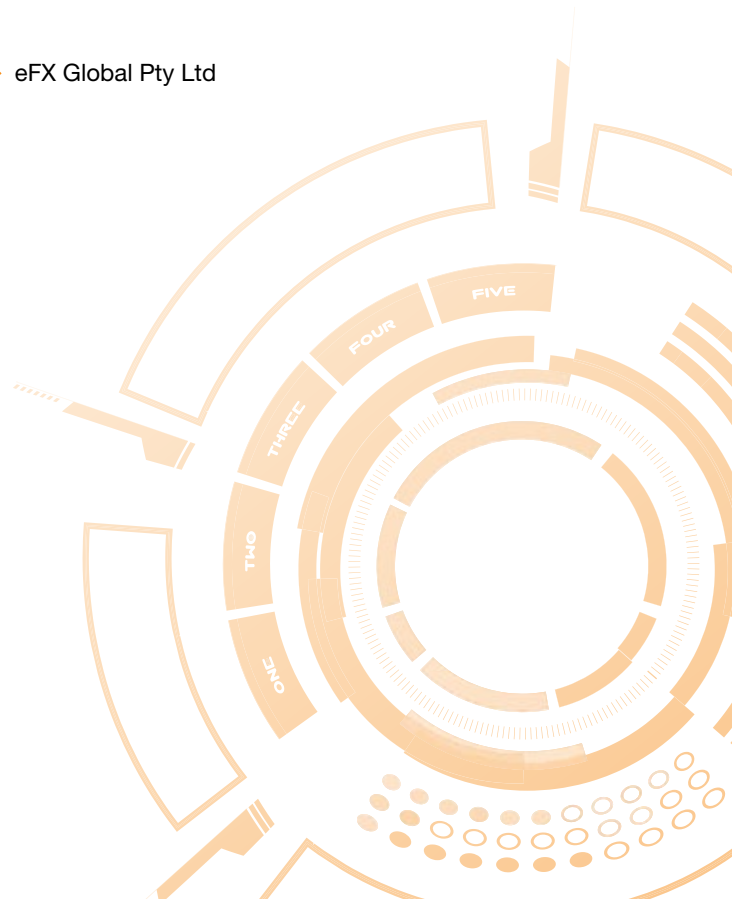
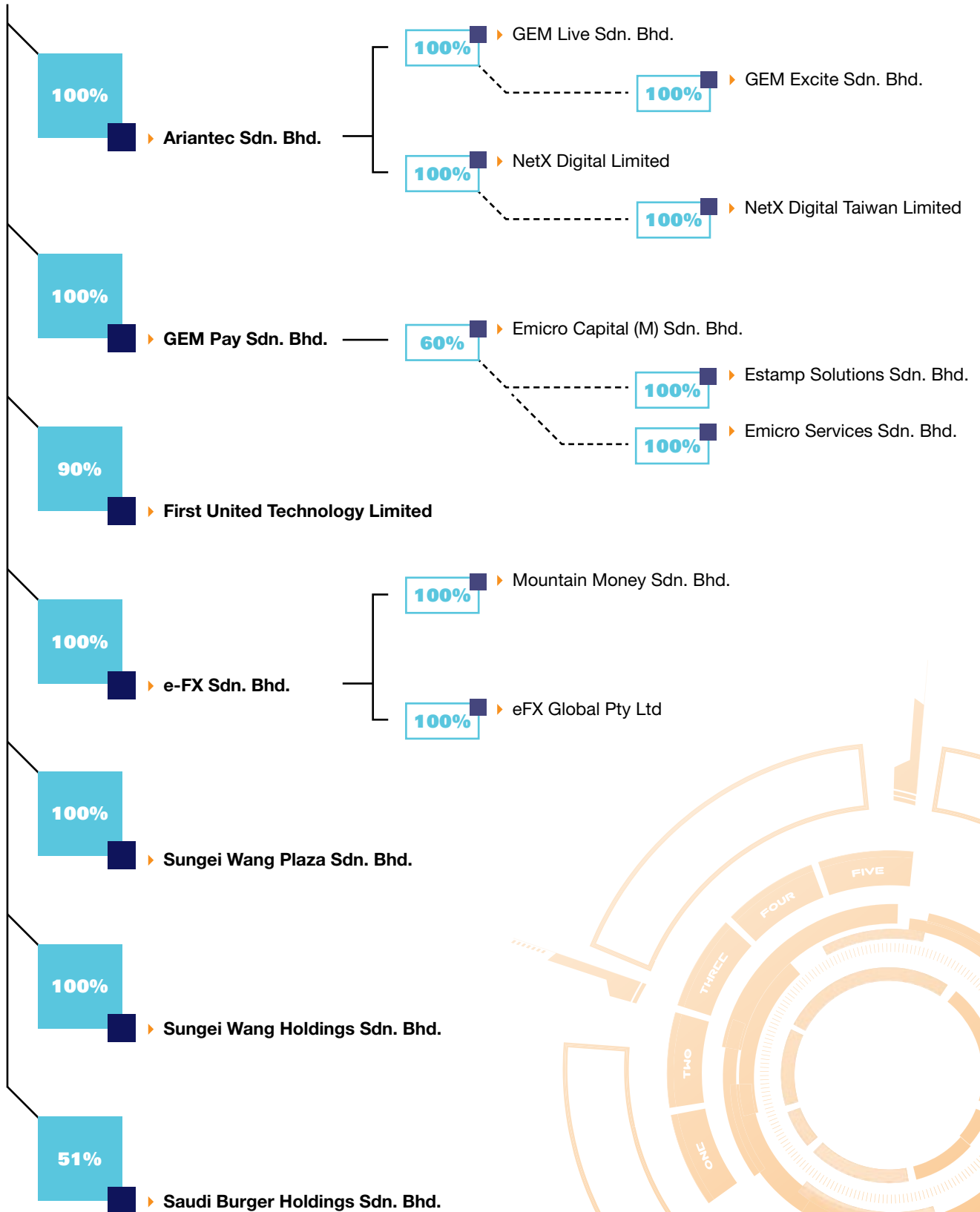
Bursa Malaysia Securities Berhad
(ACE Market)

Stock Name : **NETX**
Stock Code : **0020**

WEBSITE

<http://www.netx.com.my>

CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE AND BUSINESS

NetX Holdings Berhad (“NetX” or “Company” or “Group”) is a public limited company listed on Ace Market of Bursa Malaysia Securities Berhad. Founded in 2000, NetX started off dealing primarily with the supply of network equipment and infrastructure. Growing from strength to strength, today, the Company pioneers the advancement of disruptive technologies through its subsidiaries in various industries, namely money lending, money exchange, digital platforms, e-payment solutions, e-commerce and IT infrastructure, among others.

BUSINESS ACTIVITIES OF THE GROUP:

i) NON-PAYMENT SERVICES

- Provision of turnkey solutions on the network infrastructure and security management
- Information Technology system design, system integration and installation
- Supply of software and hardware
- Software and hardware maintenance and support services
- Trading of all kinds of machinery and equipment



ii) ELECTRONIC PAYMENT SERVICES

- Provision of mobile payment solutions
- Supply and maintenance of payment terminals
- Sales of foreign currencies from Licensed Money changer
- Provision of eFX platform services



iii) MONEY LENDING SERVICES

- In the business of Licensed moneylender



iv) GEM

- Events consultation, planning and management services
- Supply of events props and party supplies
- Venue decoration services for corporate clients and F&B merchants
- Gifting services and supply of flowers, floral arrangements and gift sets to end-customers and corporate clients
- F&B cafe & buffet operation



v) PROPERTY INVESTMENT

- Investment holding of properties



vi) FAST FOOD CHAIN

- Operating fast food restaurants and master franchise of fast food chain



Management Discussion and Analysis (Continued)

CORPORATE VISION

In line with the Group's strategy and vision in rethinking possibilities, NetX focuses on improving its existing innovative technologies in order to gain competitive edge and turn itself into one of the market leaders.

NetX firmly believes in its philosophy of finding new and improved ways of doing things through technology. Its businesses are geared towards redefining and challenging established and conventional practices that bring value to benefit the entire community. The Group believes in harnessing existing technologies that have the potential to disrupt conventional standards and change the landscape of industries.

GROUP FINANCIAL PERFORMANCE REVIEW

	Year Ended 30-Nov-23	Year Ended 30-Nov-22	Variance	
	RM'000	RM'000	RM'000	%
Revenue	16,832	13,654	3,178	23
Gross Profit	8,425	4,395	4,030	92
<i>Gross Profit Margin (%)</i>	50%	32%	-	56
Other Operating Income	12,118	9,374	2,744	29
Administrative Expenses	(26,935)	(18,969)	(7,966)	(42)
Other Operating Expenses	(5,825)	(8,737)	2,912	33
Loss Before Tax	(14,275)	(16,100)	1,825	11
Loss Attributable to Ordinary Equity Holders of the Company	(13,525)	(15,632)	2,107	13

Revenue and Gross Profit

The Group's revenue improved from RM13.65 million in the preceding year to RM16.83 million in the current year. The improvement in revenue was mainly due to higher contribution from the non-electronic payment services segment with higher sales of network equipment and infrastructure as the Group has managed to secure more projects; higher contribution from the money lending services segment as there were higher loan disbursements for car dealers, used motor vehicles financing and trading of motor vehicles.

Notwithstanding this, the increase in revenue was partially offset by a lower contribution from the GEM segment as there were lower gift deliveries during the period arising from a decrease in online orders as the Government uplifted movement restriction measures that were imposed during the COVID-19 pandemic.

The gross profit margin improved from 32% in the preceding year to 50% in the current year, mainly due to higher contribution from the non-electronic payment services segment whereby the Group secured projects with higher margins.

Other Income

The other income of the Group of RM12.12 million in current year was higher, compared to RM9.37 million in the preceding year mainly contributed from higher interest income by RM1.27 million and reversal of other payable by RM0.48 million and reversal of over accrual of interest expense by RM1.12 million.

Administrative Expenses

The administrative expenses of the Group of RM26.94 million in current year was higher, compared to RM18.97 million in the preceding year mainly due to higher operating expenses in GEM's E-Commerce application and higher marketing expenses and amortisation of intangible assets on money exchange platform.

Management Discussion and Analysis (Continued)

Other Operating Expenses

The other operating expenses of the Group of RM5.83 million in current year was lower, compared to RM8.74 million in the preceding year mainly due to lower fair value loss on quoted investment by RM1.70 million and lower impairment loss on intangible assets by RM2.44 million.

Loss Before Tax

The loss before tax of the Group in current year of RM14.28 million, lower than RM16.10 million in the preceding year, mainly contributed from higher revenue and gross profit margin, couple with lower other operating expenses, which was explained in the note above.

GROUP FINANCIAL POSITION

	As at	As at	Variance	
	30-Nov-23	30-Nov-22	RM'000	%
	RM'000	RM'000		
Non-Current Assets	61,818	68,075	(6,257)	(9)
Current Assets	89,438	93,014	(3,576)	(4)
Total Assets	151,256	161,089	(9,833)	(6)
Non-Current Liabilities	21,086	28,054	(6,968)	(25)
Current Liabilities	19,631	11,721	7,910	67
Total Liabilities	40,717	39,775	942	2
Shareholders' Equity	110,538	121,314	(10,776)	(9)
Current Ratio	4.56	7.94		
Gearing Ratio	0.37	0.33		
Net Asset per Share	0.13	0.15		

Total Assets

The Group's total assets decreased to RM151.26 million as compared to RM161.09 million recorded in preceding year. The Group's cash & bank balances and short-term investment had reduced by 7% to RM65.01 million as compared to RM69.95 million attributed to the Group's utilisation for the daily operation purpose.

Total Liabilities

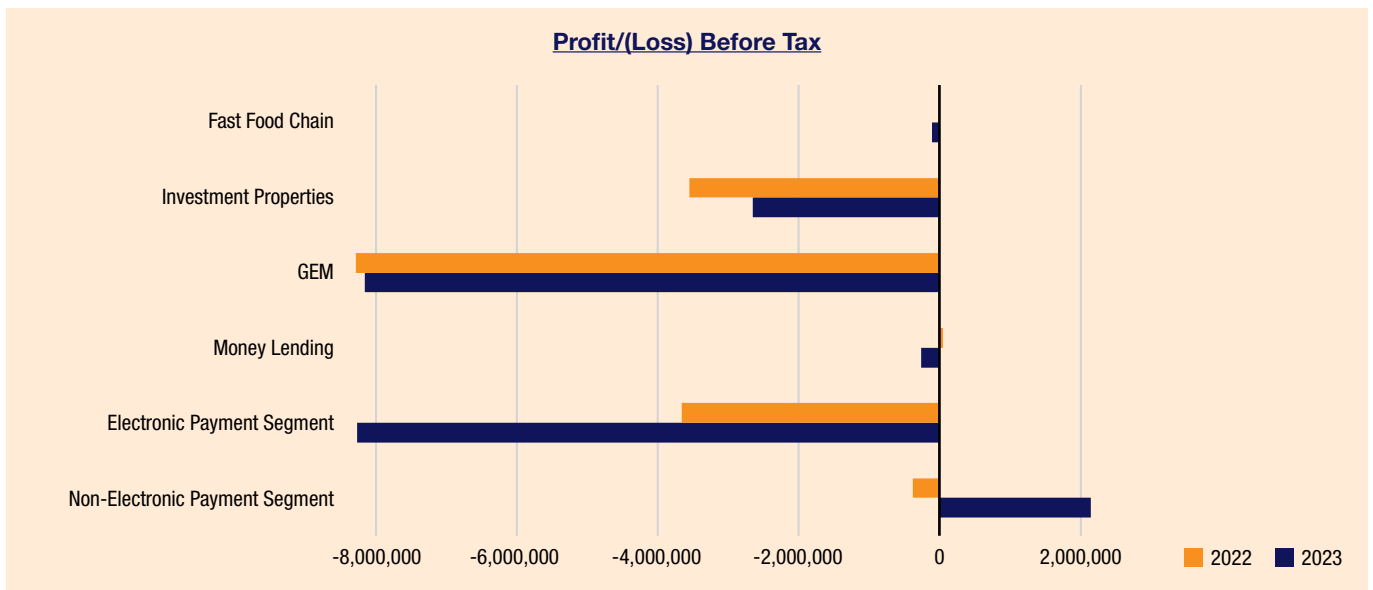
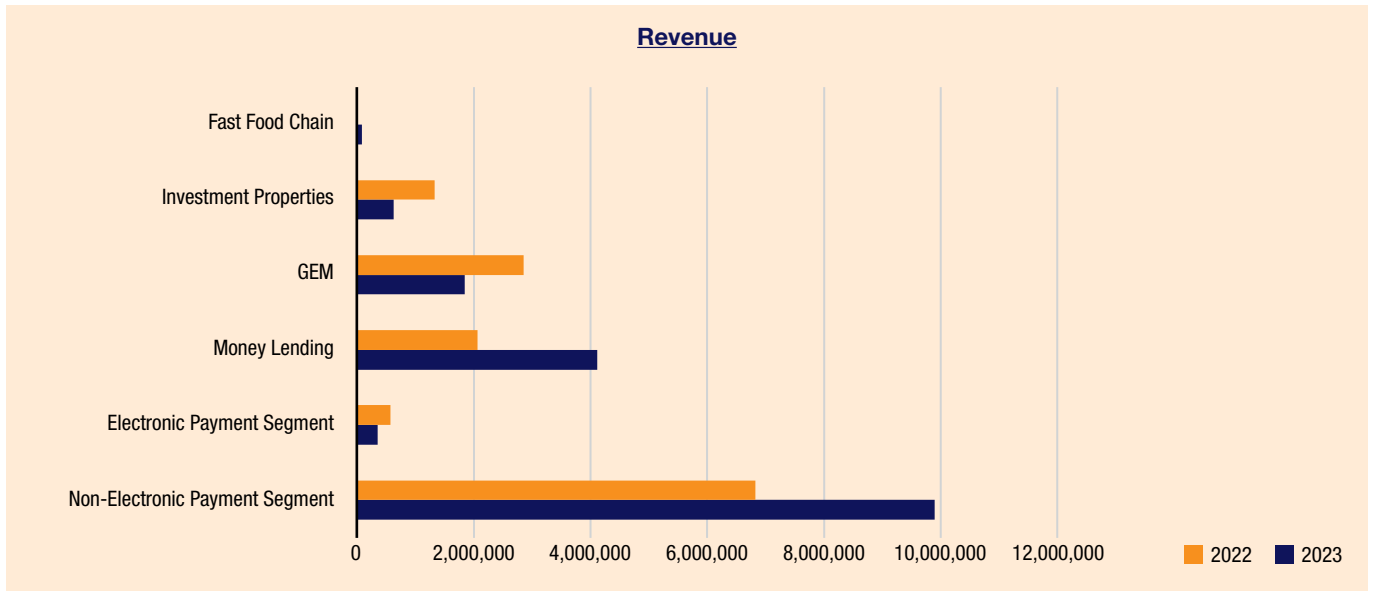
The Group's total liabilities increased to RM40.72 million as compared to RM39.78 million recorded in preceding year. The increase mainly attributed with the increase in amount due to trade creditors and other creditors. However, this was offset by lower term loan balance due to instalments paid during the year.

The Group remains prudent in its liquidity management to ensure sufficient liquidity to meet its financial obligations and operation purposes.

Management Discussion and Analysis (Continued)

REVIEW OF BUSINESS AND OPERATIONS

The Group operates in six (6) different business segments according to the nature of activities of its subsidiaries, namely Non-payment & IT Network services, Electronic Payment services, GEM, Money Lending, Property Investment and Fast Food chain.



(A) NON-PAYMENT SERVICES

Under the non-electronic payment services segment, the Group provides systems integration and hardware solutions including the supply of network equipment and infrastructure on a project basis.

The revenue from this segment is dependent on projects secured and the project nature of such business is expected to contribute to the volatility in the Group’s revenue. This segment achieved a higher revenue of RM9.90 million in

current year compared to RM6.83 million in the preceding year. The improved revenue mainly contributed from higher project sales of network equipment and infrastructure in current year.

This segment reported a profit before tax of RM2.38 million in current year, a significant improvement compared to loss before tax of RM0.38 million in the preceding year. This improvement is attributed to higher revenue and gross profit margin on project sales of network equipment and infrastructure.

Management Discussion and Analysis (Continued)



(B) ELECTRONIC PAYMENT SERVICES

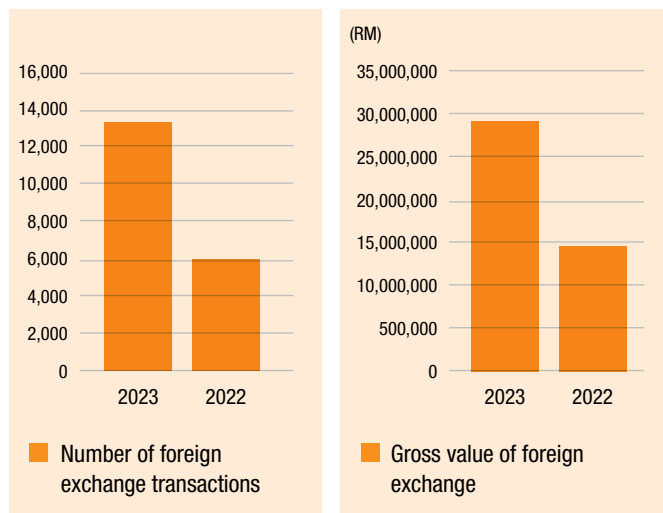
This business segment includes the following:

- Provision of payment software licensing, mobile payment solutions and support services including its related software and hardware.
- Provision of Master Merchant and sub-contractors' services and revenue sharing with financial services company in Malaysia.
- Sales and rental of payment terminals.
- Money services business via licensed money changer.

The revenue from this segment decreased from RM0.58 million last year to RM0.36 million, and loss before tax increased from RM3.61 million last year to RM8.26 million this year. The higher loss was mainly due to increase in amortisation of intangible assets by RM3.02 million, higher marketing expenses and impairment on intangible assets of RM0.55 million which there was none in previous year.

The Group has been involved in the electronic payment services segment through the provision of payment software licensing, mobile payment solutions, master merchant services and deployment of its payment terminals, a device that allows acceptance of payment cards to complete payment transactions. Payment terminals are widely used by merchants in the retail sector as common mean of effecting payment for goods and/or services using debit cards and credit cards. The Group earns fees and charges via fixed annual rental fee for the payment terminals payable by the merchants as well as commission fee for every transaction performed through the payment terminals.

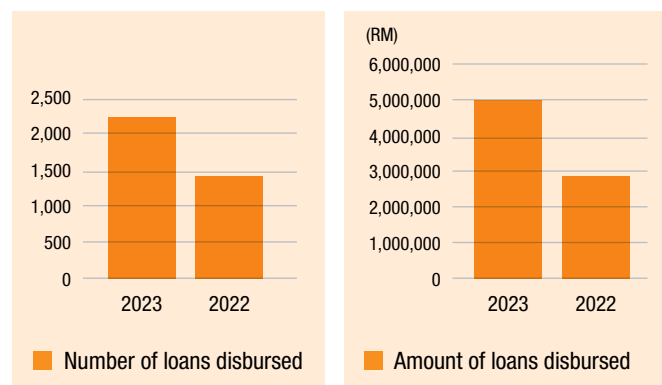
The Group provides money services through its current money changer outlet located in PJ33, Petaling Jaya, Selangor. In 2023, the total sales of foreign currencies were RM29.18 million which averages around RM2.42 million in sales per month.



(C) MONEY LENDING SERVICES

The Group has on 14 December 2020, via GEM Pay acquired 60% equity interest in Emicro Capital (M) Sdn. Bhd. ("eMicro"). eMicro is primarily involved in the licensed money lending business. In Q3 2023, eMicro started offering hire purchase and trading of motorcycles through partnerships with two motorcycle dealers. With this new revenue stream, revenue from money lending improved from RM2.06 million last year to RM4.12 million in the current year. As compared to profit before tax of RM0.05 million in preceding year, this segment recorded a loss before tax of RM0.26 million in the current year, mainly due to impairment loss on trade receivables of RM1.38 million.

eMicro's micro financing products disbursements have grew tremendously in 2023, as shown below:



(D) GEM

Our florist business operates under our Miss J florist brand. In 2023, our florist business navigated the dynamic landscape of the florist, events, and cafe businesses with finesse in 2023. The year kicked off with a bustling Quarter 1, marked by a healthy surge in orders for Chinese New Year hampers. Despite concerns about reduced spending from cautious consumers, Miss J Florist delivered over 200 CNY hampers and saw an impressive increase in followers through a collaborative campaign with key opinion leaders (KOLs). Leveraging on social media and digital campaigns, the Miss J florist continued to thrive during Valentine's Day, reaching a significant audience and generating substantial engagement.

Management Discussion and Analysis (Continued)



Recognising the growing demand for event-related services, Miss J introduced a new event segment in January 2023. Riding on the momentum of Malaysia’s expanding economy and increased domestic spending on F&B and celebrations, the events services gained traction. Miss J Events, alongside Miss J Florist, is set to collaborate with banquet restaurants in upcoming wedding fairs, offering packaged services for wedding functions. Passion and creativity remain at the core of Miss J’s brand, driving the exploration of new and exquisite creations.



In Quarter 3, the Group observed a temporary slowdown in the events and gifting market, influenced by Malaysia’s weakening GDP. Proactively addressing this challenge, Miss J initiated promotional campaigns, packaging affordable bundles, and leveraging social media for wider dissemination. Focusing on online sales, the Group intensified efforts in Search Engine Optimisation and expanded its presence on Lazada and Shopee, witnessing a significant 140% Months-to-Months increase in online sales.

As the year progressed into Quarter 4, Miss J achieved significant milestones with the launch of Miss J Cafe in October 2023, specialising in brunch, pastries, and quality coffee. The cafe’s strategic location in Star Residence Two caters to upscale hotel guests, travelers, residents, and nearby corporate offices. Miss J Florist experienced a remarkable 52% increase in online sales, credited to increased investments in advertising, strategic marketing campaigns during seasonal festivities, and increased brand awareness.



Quarter 2 witnessed Miss J Florist’s active involvement in various festive celebrations, including Hari Raya, Mother’s Day, 520 Chinese Valentine’s Day, and Father’s Day. The florist strategically increased its online presence through organic growth and Google Ads optimisation, resulting in millions of impressions and a steady rise in website visits. Meanwhile, Miss J Events capitalised on the surging demand for wedding events, introducing a new bridal bouquet collection and actively participating in wedding fairs to enhance brand exposure.



Miss J Events remained active in wedding planning and decoration projects, responding to heightened demand for integrated wedding services. The diversification of services into thematic venue decorations for F&B segments contributed increased revenue for the Group.

Management Discussion and Analysis (Continued)



(E) PROPERTY INVESTMENT

The Group currently owned a 4-storey corner terraced shop office in Kota Damansara, 6 retail units in Sungei Wang Plaza and 1 retail unit at Solaris Dutamas. (The list of Properties is disclosed in the Company's Annual Report). The properties are located in bustling commercial areas and are easily accessible to major highways and public transportation. Currently, most of the properties are rented out and the Group is negotiating with various prospective tenants to lease out the remaining retail unit at Sungei Wang Plaza.



(F) FAST FOOD CHAIN

On 3 October 2023, NetX entered into a joint venture with Saudi Cold Storage Sdn. Bhd. ("SCS"), a wholly-owned subsidiary of Saudee Group Berhad ("Saudee"), to venture into the fast food consumer business in Malaysia.

The business is carried out under Saudi Burger Holdings Sdn. Bhd., under the brand name Saudi Burger, whereby NetX owns a 51% equity stake and SCS owns the remaining 49% equity stake. Saudi Burger pioneers the master franchise of an exciting new fast food chain in the heart of Kuala Lumpur. The first flagship outlet of Saudi Burger's new fast-food chain is located in the iconic main entrance at Sungei Wang Plaza in the heart of Bukit Bintang. This vibrant district is known for its bustling shopping, entertainment, and dining scene, making it the perfect location to introduce our exciting new offering.

The new fast food chain features an innovative menu that focuses on the present need of the consumer market for a fulfilling food experience with quality and assurance of Saudee's food products that are reasonably priced for the needs of the mass consumer market. Customers can expect a diverse range of mouthwatering dishes, including Eggcellent Grill Burger, Saudi Crispy Burger and Black Pepper Cheese Burger.

Saudi Burger's first outlet in Sungei Wang Plaza, opened in November 2023.



ANTICIPATED RISKS AND MITIGATING FACTORS

The Group's business activities may be exposed to risks, most of which are beyond our control. Recognising the importance of having a structured and organised approach to identify and mitigate risks that may have a material impact on our operations and performance, financial condition and liquidity, a risk management and internal control framework has been established. The Group is exposed to the following identified major risks:

(i) Changes in Technology Risk

The Group operates in a dynamic market where its products and services are subject to rapid technology developments, evolving industry standards, changing ICT operating environments and software applications. New product introductions and enhancements may be disruptive to the industry. The Group's future growth and success would significantly depend on continuous marketing acceptance of its products, and its ability to develop new products to meet the requirements of the Group's customers.

Hence, the Group is keeping abreast of the latest industry trends and developments, both locally and abroad. The Group is continuously focusing its efforts on developing the latest generation of its mobile application and exploring to acquire smaller technology companies that will enhance its solution offerings to improve competitiveness.

(ii) Competition Risk

Intense competition across all business segments remains inevitable. The Group faces competition from new entrants, as well as the existing players in industries that offer similar products and services.

In order to gain competitive edge, the Group may need to incur additional costs to undertake marketing, advertising and promotional activities for continuous acquisition of consumers and merchants to use its application or to increase its revenue and market share. The management of the Group will remain relevant by leveraging on present and future strategic alliances to create sustainable value. As part of the risk management initiatives, the Group is continually seeking viable strategic alliances.

Management Discussion and Analysis (Continued)

(iii) Business and Investment Risk

The Group's business performance is susceptible to the constant change of preferences of our customers, changing industry trend and rapid technological developments. The Group is also exposed to business and investment risk as it invests in new product development initiatives and infrastructure or acquiring smaller technology companies that will enhance its solution offerings to improve competitiveness.

Pre-investment assessments and evaluation of proposed new investments are carried out by the Executive Director before being presented to the Board of Directors for approval. Skilled and experienced workforce will be designated to implement the investment plan, and closely monitored by the Executive Director.

The Group continuously performs strategic review of its business strategies and plans to ensure operational sustainability and cost-effectiveness. The management constantly focus on marketing and research and development efforts to create competitive advantage over others.

Monthly review of financial performance of business segments and weekly management meeting with all business segment teams to discuss, plan, and strategise business directions are conducted. The Board of Directors monitors business performance results through regular updates from the Executive Director or the management in the Board of Directors meetings.

(iv) Foreign Exchange Risk

The Group is exposed to foreign currency risk on its licensed money changer business, software developments and investments, that are denominated in a currency other than Ringgit Malaysia. As such, any fluctuation in foreign exchange rates would have an impact on our profitability and financial performance. To mitigate the impact of currency fluctuation on our financial results, the exposure of foreign currency risk is closely monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

(v) Credit and Default Risk

The Group's exposure to credit and default risk arises primarily from our money lending business segment. The loans offered include unsecured microloans for individuals and secured loans for enterprises. Due to financial difficulties and restrained cash flows, borrowers may default in repayment of due instalments.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an on-going basis, credit checks using a more stringent process of vetting customers' profiles and implementing a more proactive legal recovery process for delinquent accounts. The Group requests for collateral from the borrower if the Group identifies the borrower to be of higher risk. The Group also requests for corporate & director guarantee from the borrower for SME loan products.

(vi) Political, Economic and Regulatory considerations

Any developments in political, economic, regulatory and social conditions could impact the Group's financial and business prospects. Non-compliance with relevant laws and regulations such as Bank Negara regulations, money lending regulations, personal data protection Act, taxation matters, Listing Requirements of Bursa Malaysia Securities Berhad and capital market requirements will lead to litigation risk, security breaches, reputation damage and potential financial loss.

The Directors understands and acknowledge the importance of operating its business in a regulated environment. The Directors keep abreast of the government policies, rules and regulations and will take necessary action to ensure compliance.

As such, the Board have put in place an effective framework of internal controls and good risk management practices, implemented through the Audit and Risk Management Committee. This framework supports our dynamic approach to compliance which ensure that appropriate checks and balances are in place to enable the Group to successfully manage uncertainties in an ever-evolving environment.

(vii) Physical Security Risk

Our money changing outlet and staff are exposed to risks involving theft, robbery, physical harm and fire. As such, various security measures are in place such as installation of CCTV with alarm system, anti-theft grill, security doors and safe box with timer. These risks are also covered by insurance.

(viii) Talent management and Retention Risk

The Group's nature of business is such that it is highly dependent on a diverse pool of skilled and experienced staff. As digital technology and money services industries are generally more globalised in nature, the Group faces competition from local and foreign companies in recruiting and retaining qualified and experienced staff.

The Group has various programs and perks in place, such as regular staff gathering, team building, staff training and career development to retain key employees. Performance oriented appraisal is carried out yearly. Continuous communication with staff is carried out to obtain staff feedback and to understand our employees.

Management Discussion and Analysis (Continued)

FUTURE OUTLOOK

The global economic environment for 2024 remains challenging. The International Monetary Fund (IMF) anticipates the global economy to slow down due to the cost of living crisis, tightening financial conditions in most regions and negative spillover from the Ukraine-Russia war. Furthermore, any new adverse development could push the global economy into recession. The Malaysia business environment continues to remain volatile and uncertain with global inflationary pressures and growing threat of economy recession.

From 1 March 2024 onwards, the SST rate for most services will see an increase from 6% to 8%. Services that were untaxed previously such as delivery services will also be subjected to the new rate of 8%. The Group foresees that the increase of 2% in SST will have an inflationary impact on Malaysian economy. The Group believes that this will create an opportunity for eMicro's business, as the rise in SST will increase the cost of living among Malaysians and lead to an increase in loan applications.

In the end of 2022, the Group received approval from Bank Negara Malaysia to operate a physical money changer outlet in Sungei Wang Plaza, a shopping mall that is located in the city centre of Kuala Lumpur. The Group aims to open the Sungei Wang outlet by Q2 2024 and with this, the Group will have 2 money exchange outlets in operation. This is expected to contribute positively to the Group's electronic payment services and software licensing segment.

While for eFX platform, the Group is currently still in discussion with Bank Negara Malaysia to obtain approval to launch it in Malaysia.

Looking ahead to 2024, Miss J stands at the threshold of promising opportunities and continued growth. The Group's successful foray into the culinary realm with Miss J Cafe marks a strategic move to enhance the dining experience for a diverse clientele, including hotel guests, residents, and corporate professionals. The recent expansion to provide daily continental breakfast buffet services at Ascott Star Hotel further solidifies Miss J Cafe's presence within the hospitality sector, aligning with the brand's commitment to exceptional dining experiences.

In the florist segment, Miss J Florist's impressive online sales growth in Quarter 4 has positioned it for sustained success. Increased focus on digital advertising, strategic campaigns during festive seasons, and increased brand awareness will be pivotal in maintaining and expanding its standing in the competitive florist and gifting industry.

Miss J Events, riding high on the surge in wedding planning and decoration projects, anticipates a continued rise in demand for integrated wedding services in the year-end season. The thematic venue decorations for F&B segments have proven successful and are poised to contribute significantly to the Group's revenue stream.

As Miss J reflects on the achievements of 2023, optimism prevails for an upward sales trend into Quarter 1 of 2024. Festivities such as Chinese New Year and Valentine's Day positions the Group favorably for continued success. Miss J remains steadfast in its commitment to delivering exceptional experiences across its diverse portfolio, ensuring unparalleled service and quality for its valued customers and clients. The journey of growth and creativity continues, promising a flourishing future for Miss J in the vibrant landscape of florist, events, and cafe businesses.

In 2022, according to the report from Statista, the retail value of fast food or limited-service restaurants in Malaysia amounted to around RM12.5 billion, an increase from RM10.3 billion in the previous year. The sales value of fast food restaurants in Malaysia is expected to reach RM20.4 billion by 2026. This dynamic growth underscores the immense potential of the fast food industry in the country, and Saudi Burger, as the master franchise holder, is poised to capitalise on this growth.

In October 2023, war broke out in the Middle East in Gaza Strip between Israel and Hamas-led Palestinian militant groups. One of the consequences of this conflict has been the boycotting of certain fast food chains perceived to be supportive of the Israeli actions in the conflict.

By launching a new fast food brand, Saudi Burger, in Malaysia, the Group is confident that Saudi Burger will be able to seize the opportunity to fill the gap caused by the on-going boycott of those brands and become one of the top 3 fast food burger brands in Malaysia.

Overall, the Group is adopting a cautious approach while remaining flexible in executing its strategic plan to expand its existing businesses and identify new business opportunities. Premised on the above and after having considered all the relevant aspects including the overview and outlooks of the Malaysian economy, ICT and microfinancing industries in Malaysia, the Board is cautiously optimistic of the future prospectus of the Group.

ACKNOWLEDGEMENT

On behalf of the Management, we would like to extend our appreciation to our Board of Directors for their guidance, as well as to all our stakeholders for their continuous support and their loyalty alongside us through thick and thin.



CORPORATE SUSTAINABILITY STATEMENT

This Sustainability Statement (“**Statement**”) outlines NetX Holdings Berhad (“**Company**” or “**NetX**”) and its subsidiaries (collectively known as “**the Group**”) commitment to sustainability across all four key pillars of economic, environmental, social, and governance (“**EESG**”). The primary purpose of this statement is to provide stakeholders with a comprehensive overview of the Group’s sustainability objectives, strategies, efforts, and accomplishments of its businesses. The Group’s unwavering dedication to sustainable EESG is guided by its vision, mission and core values which serve as the fundamental corporate principles. NetX acknowledges that the effective integration of sustainability and ethical practices throughout its businesses is essential for the Group’s long-term success. NetX committed to upholding the highest standards of corporate governance, sustainability governance, and best practices as outlined in the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and Malaysian Code on Corporate Governance (“**MCCG**”). NetX’s EESG ethos encompass a range of objectives, including minimising its environmental impact and consuming resources and materials responsibly to protect the environment. Furthermore, the Group also aims to improve the quality of life for individuals and communities where it operates by meeting their social needs and supporting the underprivileged. The Group’s EESG efforts are anchored in its unwavering commitment to maintaining high standards of governance in its businesses.



REPORTING SCOPE AND PERIOD OF THIS STATEMENT

The Statement covers the reporting period from 1 December 2022 to 30 November 2023, in line with the Group’s financial year. The information presented encompasses the business operations and activities of NetX Group, where it has a majority of ownership unless otherwise stated.

Where possible, we aim to provide historical data for comparison to make our disclosure more meaningful for our stakeholders in accordance with Bursa Malaysia’s Sustainability Reporting Guide and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

LIMITATION AND DISCLAIMER

NetX recognises the limitations posed on the data compilation on a groupwide basis. Hence, the accuracy or comparability of some data reported may differ on a case-to-case basis and are highlighted, where relevant.

Any plans, targets and other forward-looking statements discussed herein are made based on reasonable current assumptions and may not be conclusive. Actual plans and results may differ according to changes in the operating scenario. Readers are advised not to place excessive reliance on such statements.

Corporate Sustainability Statement (Continued)

OUR SUSTAINABILITY APPROACH

The Board of Directors (“**Board**”) recognises sustainability as an integral value in doing business, with the aim of balancing long-term success with promoting sustainable practices for its business partners, employees, shareholders, community and the environment.

The Board is also accountable for overseeing sustainability across the NetX Group, supported by the Executive Director and Senior Management of respective business segments who are responsible for driving and managing key EES matters across the various business segments, and reporting this matter back to the Board.

STAKEHOLDER ENGAGEMENT

We believe that engagement with our stakeholders is crucial in making our sustainability focus known. We recognise the importance of identifying and addressing sustainability issues with our stakeholders and making well-informed decisions to achieve our sustainability goals. The needs and expectations of our stakeholders can be met through open two-way communication, which subsequently enhances trust from our stakeholders and promotes the Group’s accountability.

The table below lists the stakeholders that influence our business operations, followed by their respective areas of interests and the engagement methods undertaken by the Group to address these interests.

We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process.

Stakeholders	Focus Area	Engagement Platform
Shareholders	<ul style="list-style-type: none"> Financial performance Business sustainability Business direction and strategy Transparent reporting with credible data 	<ul style="list-style-type: none"> Annual and quarterly reports Annual general meetings Bursa Malaysia announcements Corporate website
Employees	<ul style="list-style-type: none"> Individual career growth and opportunities Work-life balance Remuneration and benefits Diversity and equality Workplace health and safety 	<ul style="list-style-type: none"> Continuous training and education Weekly management meeting sessions Events such as annual dinner, festive celebrations, and other employee engagement events Performance appraisal and feedback reviews
Customer & Merchant	<ul style="list-style-type: none"> Efficacy & effectiveness Innovative products Reliable service and on-time delivery Competitive pricing Customer convenience Ethical & efficient management & collection system 	<ul style="list-style-type: none"> Customer feedback surveys Customer visits/meetings Marketing campaigns Digital and social media platforms Brand websites
Suppliers	<ul style="list-style-type: none"> Product and service quality Licensing and certification Procurement practices Service coverage and capability 	<ul style="list-style-type: none"> Supplier and quality evaluation Price negotiation Relationship management
Government	<ul style="list-style-type: none"> Regulatory compliance Corporate governance 	<ul style="list-style-type: none"> Compliance with government legislative and regulatory body framework On-time periodic reporting
Communities	<ul style="list-style-type: none"> Community engagement Social and environmental concerns Impact of operations on surrounding environment 	<ul style="list-style-type: none"> Corporate social responsibility activities Employment and business opportunities






Corporate Sustainability Statement (Continued)

SUSTAINABILITY GOVERNANCE

A robust government system drives the success of NetX's sustainability efforts. NetX has produced a Corporate Social Responsibility (“CSR”) group, which comprises employees from all levels, including Heads of Departments (“HODs”) from different departments and business segments. The CSR group is tasked to explore ESG matters relevant to their respective operational areas according to the ESG guidelines issued by Bursa Securities, and at the same time acts as a moving committee towards the Company’s sustainability goals. Moreover, to cultivate openness and a responsible mindset amongst all levels, employees are encouraged to voice out their opinions to any potential findings that can lead to the enhancement of the three critical sustainability pillars of the Group. During the financial year ended 30 November 2023 (“FYE 2023”), all NetX directors and management attended a seminar on “MACC ACT 2009 & ESG”, whereby a framework on ESG formula shall be developed and applied across the Group.






KEY EES COMMITMENTS

NetX Group contributes to global sustainable development through a robust framework that targets the main three pillars of sustainability: Economic, Environment and Social. The strategies for each of the three focus areas are presented in the chart below.

Pillar	Key Material Matter	Why it Matters	Our Strategic Response	UNS DG Linkages
Pillar I - Sustainable Economic Performance	Procurement Practices	To support local businesses and create a sustainable partnership.	For all business segments in Malaysia, majority of our procurement orders are awarded to local distributors.	
	Customer Relationship Management	To understand customers’ needs and maintain long-term relationship.	Regular communication with our customers & merchants to ensure constant engagement and understanding.	
	Corporate Governance	To regulate business risks and ensure compliance with all laws and regulatory requirements.	Undertaking periodic enterprise risk assessment as part of internal control activities. Implementing appropriate internal control, policies and procedures are in place to minimise business sustainability risks.	
	Anti-Corruption Conduct	Operating businesses based on the highest standards of integrity, transparency, ethics and accountability and is against all forms of corruption.	All employees and directors are to strictly adhere to our Code of Business Conduct and Ethics. A whistleblowing channel is available for reporting of potential misconduct.	
Pillar II - Environment Conservation	Conservation of Energy & Water	To reduce unnecessary energy and water wastage.	Planning to monitor and track our energy consumption.	
	Material Consumption and Waste Management	To reduce resource consumption and minimise the impact on the environment.	Implementation of gradual digitalisation of our operations to reduce consumption.	

Corporate Sustainability Statement (Continued)

KEY EES COMMITMENTS (CONTINUED)

Pillar	Key Material Matter	Why it Matters	Our Strategic Response	UNS DG Linkages
Pillar III - Shared Economic and Social Values	Diversity, Equality, and Inclusion	To promote diversity, equality and inclusion to promote productivity, innovation and workplace solidity.	Human resources policies are in place to ensure fair treatment and equitable opportunities for all employees, regardless of their background.	
	Talent Management	To ensure personal growth, business continuity and succession planning.	We allocate significant efforts in talent attraction, acquisition, engagement, retention, training, development, and succession efforts to ensure a stable and sustainable talent pool is available for the NetX Group.	
	Employee Health & Wellbeing	To ensure a safe workplace environment where health and safety hazards are minimised.	Robust pandemic management procedures are implemented at our workplace to reduce the risk of potential Covid outbreak. Organise engagement events such as team building, monthly staff gathering and training to nurture good and healthy working environment.	 
	Community Investment	To support the underprivileged and the needy in our local communities.	We support our local communities through various forms that include donations in cash and in-kind, fundraising events and other CSR projects where possible.	

ECONOMIC SUSTAINABILITY

Procurement Practices

We aim to procure products and services locally where possible, for all our business segments. We believe that responsible procurement practices such as local sourcing help create a robust marketplace for local businesses to grow stronger. Local sourcing also allows us to secure sources for products and services that best fit our local customers’ needs. Currently, our existing suppliers are reputable organisations that specialises in their respective businesses which provides assurance that goods and services offered are of high standards.

Customer Relationship Management

NetX Group understands that client and users satisfaction are important material issues that have a direct impact on our reputation, brand and opportunity for future recurring business transactions. Given that our digitalisation solutions and services are customisable to meet specific client requirements, it is essential that we understand the market conditions and customer sentiments in our engagements.

We therefore, engage in regular communication with our clients, conducting product briefing sessions and seminars, where applicable.

Corporate Governance

NetX Group regards good corporate governance and ethics as a fundamental aspect in all our businesses. We have an established whistleblowing process in place where any incidents or concerns can be independently brought to the attention of the Board. In addition, we impart as part of our culture that NetX Group does not participate in nor condone any form of corruption in our businesses.

Customer data and privacy is of utmost importance to NetX Group. All customers data are stored, managed, and maintained by third party category 3 secured cloud server storage. NetX Group in FYE 2023 has not received any types of sustained complaints concerning breaches of customer privacy and losses of customer personal details and data.

Corporate Sustainability Statement (Continued)

Anti-Corruption Conduct

NetX Group has established a culture of zero tolerance policy against all forms of bribery and corruption, whereby bribery and corruption are not acceptable. The Group acknowledged and is committed to conduct the business dealing ethically with integrity, ensuring uncompromising adherence to professionalism, strong moral principles and laws and regulations enacted, countering bribery and corruption. Our website, <https://www.netx.com.my/corporate-governance> contains various corporate governance policies which keep check and balance within the organisation.

The Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy have been made known to the employees via internal circulation and at the meantime, embedded in the Company's Employee Handbook. Electronic version of the said policies are available at the Company's website.

Complaints and concerns of potential financial or malicious misconduct can be directed to compliance@netx.com.my, by completing the form stipulated in the Whistleblowing Policy.

During FYE 2023, all NetX directors and management attended a seminar on "MACC ACT 2009 & ESG". The learning outcome of this seminar is to be apprised of the implications of corporate liability on corruption, and to understand sustainability and how it impacts the Company's future.

ENVIRONMENTAL SUSTAINABILITY



Conservation of Energy & Water

As a Group, we aim to minimise our energy consumption through mindful usage of energy and resources. We have centralised most of our operations in one centralised location, to reduce resources consumption in several areas. We strongly encourage our employees to promptly turn off any unnecessary energy sources, especially when they are not in use.

Moving forward, the Group intends to implement energy and water saving action plan, while carefully monitoring into actual water and energy utilisation.

Material consumption and management

We are committed to minimise our own carbon footprint. Wherever possible, we source the materials, supplies and equipment required for our business operations from locations that offer the least impact on the environment. We also consolidate our back-office operations activities to ensure economies of scale both in terms of expenditure and logistics. We encourage employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing or to print on recycled papers. We also have implemented paper printing count system for all our printers to monitor actual paper and toner usage in our corporate office which aims to raise awareness of prudent printing to reduce unnecessary consumption of resources.



Corporate Sustainability Statement (Continued)



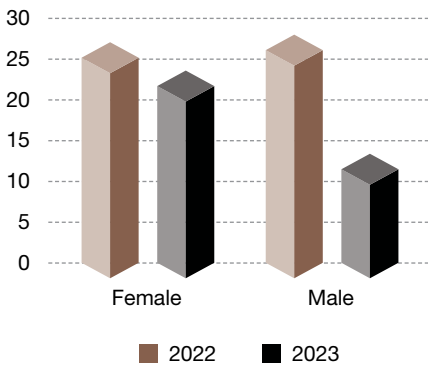
SOCIAL SUSTAINABILITY

Diversity, Equality, and Inclusion

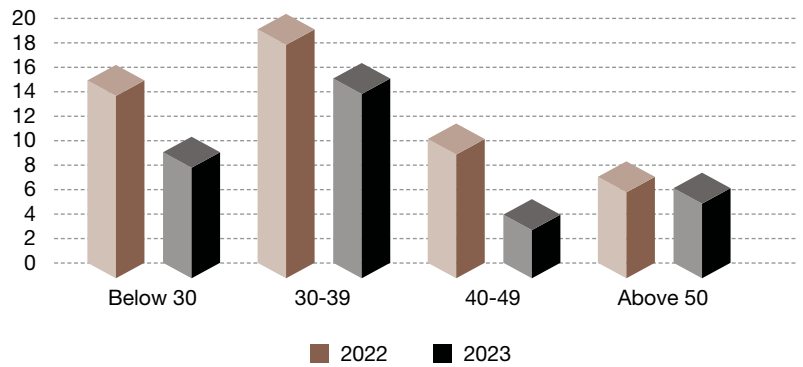
At NetX Group, we recognise and value the unique combination of talents, experiences and skills of each employee in driving our business success. We aim to promote an inclusive and non-discriminatory workforce with employees from diverse backgrounds with the skills and experience needed to bring us towards our vision and mission to be the leading digitisation specialist.

Recruitment and promotion of staff are based on merits, capabilities and experience and provide opportunities to our employees regardless of their age, gender, identity, ethnicity or religion.

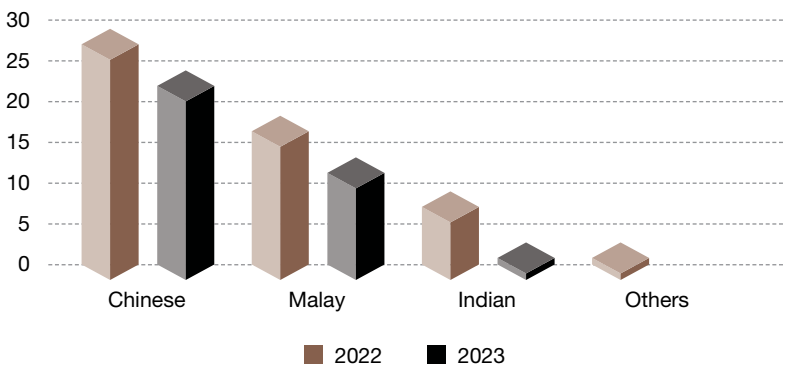
Employees by Gender



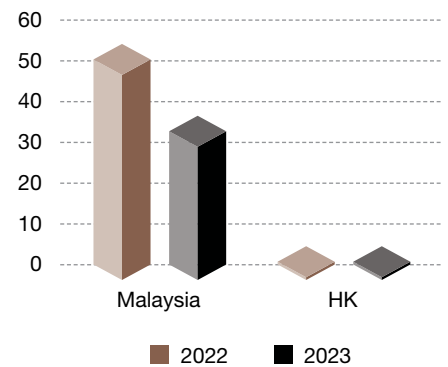
Employees by Age Group



Employees by Race



Employees by Nationality



Talent Management

NetX Group recognises that employees are the driving force of a strong business culture and growth. This can only be achieved with continual professional training, mindset development and right attitude to build a sustainable, engaging and innovative working environment. Relevant trainings and developments in professional and technical skills form important component of employees' development and their progress are tracked in their Annual Key Performance metrics. Employees in all divisions of the Group receive training in areas pertaining to their function and/or technical discipline.

The Group also maintains a competitive remuneration and benefit packages as part of its recruitment and retention strategy which takes into consideration the qualification, experience, aptitude and attitude, as well as the specific requirements of the vacancy. We periodically perform market assessments to benchmark the adequacy and competitiveness of our benefits on a country-specific basis to formulate the appropriate mix of compensation and benefits to stay attractive.

Corporate Sustainability Statement (Continued)

Employee Health & Well-being

At NetX, we prioritise our employees’ health, safety, and well-being. In addition to existing benefits covering health and wellbeing, time-off and insurance coverage, we have started a monthly gathering programme for all employees to participate in, with fun activities including karaoke competition and many more. The purpose of organising this programme is to ensure all employees are given the opportunity to build team spirit, improve communication and enhance engagement, and act as a stress relief. Regular feedback and adjustments are essential to ensure that these gatherings remain engaging and beneficial.

Furthermore, incorporating elements of a safe working environment and implementing strict safety protocols can help us to mitigate risks to employee’s physical health, making sure any future incidents can be taken care of in a rapid manner. In FYE 2023, a rehearsal for a fire drill was conducted within the Group to ensure all employees are familiarised with evacuation procedures during an emergency. To cultivate a safe working space, 2 of our employees have successfully attended health and safety standards training.

In the FYE 2023, NetX Group key matters additionally tracks; -

Key Matters Assessments	FYE 2023
No. of Work-Related Fatalities	0 incidents
No. of Lost Time Incident	0 incidents
No. of employees trained on Health and Safety Standards	2 first aid trained employees
Number of substantiated complaints concerning human rights violations	0 incidents

Community Investment

NetX Group has maintained a strong connection with the community. This includes offering educational opportunities to Malaysian talent through internship programmes, supporting local and small businesses by purchasing food, beverages, and office supplies for events, and actively participating in community-oriented CSR initiatives. These efforts encompass activities such as organising blood donation drives and engaging in charitable work, such as providing meals to the homeless.



CONCLUSION

In the coming financial year, NetX Group and the Board will continue to conduct a comprehensive materiality assessment by engaging its key internal and external stakeholders in order to ensure that all non-financial factors that pose a risk to the sustainability of the Group’s businesses are understood and that measures are taken to mitigate any such risks.

PROFILE OF DIRECTORS

DATO' SRI WAN AHMAD NAJMUDDIN BIN MOHD

Independent Non-Executive Chairman



Dato Sri Wan Ahmad Najmuddin Bin Mohd (“**Dato’ Sri Wan**”), was appointed as an Independent Non-Executive Chairman of NetX Holdings Berhad (“**NetX**” or “**the Company**”) on 19 June 2023. He has served in the police force for more than 40 years and in March 2019, he retired as the Director of Criminal Investigation Department (CID) at the Royal Malaysia Police (PDRM).

Prior to this, he was the Chief of Police for the state of Johor. He has also the privilege of serving as the Special Officer to the Minister of Home Affairs and Aide De Camp (ADC) to His Royal Highness Yang Di-Pertuan Agong.

He holds a Degree in Law from the International Islamic University Malaysia (IIUM) followed by a Master of Science (Police Studies) from the University Kebangsaan Malaysia (UKM). He is currently the Managing Partner at Messrs. Wan & Ting and serves as an Advocates and Solicitors of the High Court of Malaya.

Dato’ Sri Wan does not hold any shares in NetX. He is also a director of T7 Global Berhad. He has no relationship with any other Directors or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than the traffic offence, if any.

TAN SIK EEK

Executive Director



Mr Tan Sik Eek (“**Mr Tan**”) was appointed as an Executive Director of NetX on 21 April 2015. He majored in Economics and Political Science at the University of Sydney, Australia.

He has more than two decades of experience ranging from corporate finance advisory to private equity investments. He was previously a partner in a private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was specialising in securing funding from a series of established North American global opportunity funds, for companies listed on the regional capital markets.

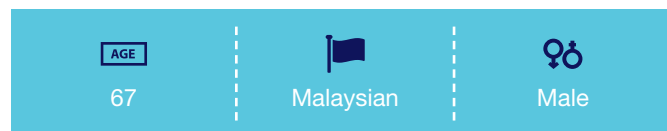
Since 2013, he has been engaged as the Director of several public companies to provide management strategy, day to day operational oversight, fund raising and business development planning of the various companies.

Mr Tan holds 40,000,000 ordinary shares in NetX. He is the Chairman of the Share Issuance Scheme Committee of the Company. He is also a director of Fintec Global Berhad, Mlabs Systems Berhad, XOX Bhd and Symphony Life Berhad. He has no relationship with any other Directors or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than the traffic offence, if any.

Profile of Directors (Continued)

YONG KET INN

Non-Independent Non-Executive Director



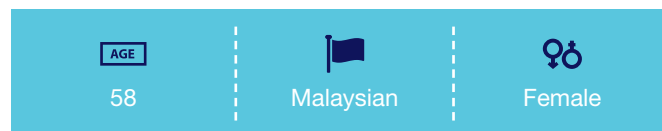
Mr Yong Ket Inn (“**Mr Yong**”) was appointed as an Independent Non-Executive Director of NetX on 9 June 2015. He was redesignated as a Non-Independent Non-Executive Director of the Company on 26 January 2021.

Mr Yong holds a Bachelor of Science honours degree in Management and Administrative Studies from the University of Aston in Birmingham, England. Mr Yong has been a Chartered Accountant of the Malaysian Institute of Accountants since 1987. He is also a fellow member of the Institute of Chartered Accountants in England and Wales and Malaysian Institute of Taxation. He started his career at a Chartered Accountants firm in England in 1981 and has since accumulated over 30 years of working experience in the field of accounting, audit and taxation. During his career, he heads the Finance of offshore engineering and shipbuilding company, integrated steel mill and IT companies.

Mr Yong does not hold any shares in NetX. He is a member of the Audit and Risk Management Committee and Nominating and Remuneration Committee of the Company. He is also a director of XOX Technology Berhad, Sanichi Technology Berhad and Symphony Life Berhad. He has no relationship with any other Directors or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than the traffic offence, if any.

ONG SIEW MIN

Independent Non-Executive Director



Ms Ong Siew Min (“**Ms Ong**”) was appointed as an Independent Non-Executive Director of NetX on 25 February 2022. She is a fellowship member of the Chartered Institute of Management Accountants, United Kingdom and a registered accountant with the Malaysian Institute of Accountants.

Ms Ong has more than 25 years of extensive experience ranging from the professional field of auditing, tax and consulting services for large corporations; moving on to the entertainment world of movies and television production, also TV and theatrical commercials.

She has valuable experience in activities such as mergers & acquisitions, receivership and due diligence assessment of new business opportunities and corporate restructuring while serving her term in the professional field.

When she was the Chief Financial Officer of the Vision Entertainment Group, she significantly contributed to the group’s overall performance in attaining its goals and objectives, especially in its continuous effort for expansion and listing effort. Work collaboratively with all levels of the management team of the group to achieve common goals, while maintaining responsibilities and commitments to the shareholders and business affiliates/partners in Malaysia and across the Asia region. She is currently taking on the role as consultant on a freelance basis.

Ms Ong does not hold any shares in NetX. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nominating and Remuneration Committee of the Company. She is also a director of Fintec Global Berhad and Genetec Technology Berhad. She has no relationship with any other Directors or Major Shareholders of the Company. She has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than the traffic offence, if any.

Profile of Directors (Continued)

CHEN CHEE PENG

Independent Non-Executive Director



Mr Chen Chee Peng (“**Mr Chen**”) was appointed as an Independent Non-Executive Director of NetX on 1 March 2023. He holds Bachelor of Science in Computer & Information Science from Ohio State University, Columbus Ohio, United States of America and a Master of Business Administration from Southern Cross University, Australia.

Mr Chen is an entrepreneur and currently is the director of Neurogine Sdn. Bhd.. Neurogine Sdn. Bhd. focuses on mobile banking application solution provider. Before starting Neurogine Sdn. Bhd., he was the Executive Director of DVM Technology Berhad (“**DVM**”). He joined the Group in 1998. He was instrumental in DVM listing in the ACE market in 2004.

Mr Chen does not hold any shares in NetX. He is the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company. He is also a director of Trive Property Group Berhad, Saudee Group Berhad, DGB Asia Berhad and XOX Technology Berhad. He has no relationship with any other Directors or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than the traffic offence, if any.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SIK EEK

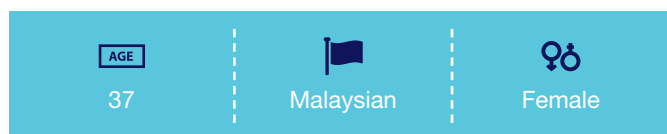
Executive Director



The profile of **Mr Tan Sik Eek** is outlined in the Profile of the Board of Directors on page 20.

CHARISSA LIM

Director & Chief Executive Officer of GEM Live Sdn. Bhd.



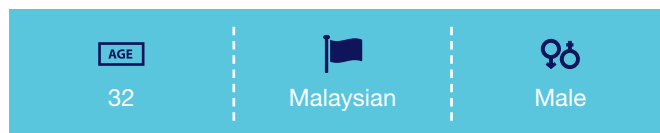
Ms Charissa Lim is the Director of GEM Live Sdn. Bhd. (“**GEM Live**”), a wholly owned subsidiary of NetX Holdings Berhad (“**NetX**”), appointed on 1 March 2023. She also sits as the Chief Executive Officer (“**CEO**”) of the company since its inception back in 1 March 2018. She is a graduate from Curtin University of Technology, Australia and holds a Bachelor of Commerce Degree with a double major in Accounting and Finance.

She started her career in Tax Services with Deloitte Touche Tohmatsu Malaysia in 2008 and subsequently joined the Market Research and Data Analytics industry with GFK Malaysia in 2011, spearheading the online e-commerce panel initiative during the boom of the e-commerce sector in Malaysia. She was then appointed Vice President of Business Development in NetX on 1 July 2015 which she co-founded and currently serves as the CEO of subsidiary GEM Live, a dynamic lifestyle brand that integrates the latest technological innovations to enhance contemporary passions, focusing on exciting dining concepts and the growing interest in novel lifestyle events centered around florist and gifting experiences.

She is also a Director of XOX Technology Berhad and Sinaran Advance Group Berhad. She does not have any family relationship with any Directors or Major Shareholders of the Company. She has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

CHAN KEE WONG (JACKY)

Director of Mountain Money Sdn. Bhd. Sungei Wang Plaza Sdn. Bhd. & Gem Pay Sdn. Bhd.



Mr Chan Kee Wong (“Jacky”) is the Director of Mountain Money Sdn. Bhd., Sungei Wang Plaza Sdn. Bhd. and Gem Pay Sdn. Bhd. wholly owned subsidiaries of NetX. Prior to joining Gem Pay, Jacky held the position of Head of Operations cum Product Manager in Gem Live, another subsidiary of NetX. He holds a Bachelor of Science (BSC (Hons) Computing) from Segi College.

Jacky has an extensive experience in operations. He started his career in operations in a technology startup in Penang. He then relocated to the Klang Valley to join Fave Asia where he was leading one of the operations teams in Fave Asia, in addition to project management that pioneered Fave Pay. Jacky was also part of the Fave Pay operations team. He was one of the pioneers in setting up the mobile payments scene in Klang Valley. After he left Fave Asia, he joined Tamago Live, a live-streaming company incubated by Astro Malaysia Holdings Bhd as the Country Manager of Malaysia. He oversaw operations, P&L management, partnerships & offline marketing initiatives of the company. During his time in Tamago Live, he managed to 10 fold company revenue within 6 months upon launching the product.

After Jacky left Tamago Live, he then joined Gem Live as Head of Operations cum Product Manager where he managed the operations team & oversaw products in the company, before he was appointed as Chief Operating Officer of Gem Pay.

He does not have any family relationship with any Directors or Major Shareholders of the Company. He has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

Profile of Key Senior Management (Continued)

TEOH KHAI CHIEN (ALEX TEOH)

General Manager of Emicro Capital (M) Sdn. Bhd. Group



Mr Alex Teoh is the General Manager of Emicro Capital (M) Sdn. Bhd. ("**Emicro**"), a 60% owned subsidiary of NetX, appointed on 1 January 2021. He is a graduate from Universiti Utara Malaysia (UUM), Malaysia in Bachelor of Business Mathematics Degree.

He is the co-founder of Emicro, a digital lending platform which launched in 2018 by offering short-term funds for urgent and unexpected financial needs in a quick and convenient manner that combines with technology to provide customers with better credit possibilities.

He does not have any family relationship with any Directors or Major Shareholders of the Company. He has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

FOO JEE HAI

Chief Executive Officer of Emicro Capital (M) Sdn. Bhd. Group



Mr Foo Jee Hai is the Chief Executive Officer of Emicro, a 60% owned subsidiary of NetX, appointed on 1 January 2021. In 1987 he founded his first company, Jefferson Fashion Design, a well-known tailor shop in Penang and converted to Jefferson Retail Shop in 2003 which has a total of 14 outlets in Malaysia, until he sold the Jefferson group to his brother in year 2011. Since then, he has actively invested in a number of ventures across Malaysia and he has extensive experience in business management and development such as identification of new business opportunities.

He co-founded Emicro in 2018, a digital lending platform that offers a convenient way to apply for loans quickly. Which user will be able to access financial services where it's easier, faster and more transparent than traditional financial channels.

He does not have any family relationship with any Directors or Major Shareholders of the Company. He has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of NetX Holdings Berhad (“**Company**” or “**NetX**” or “**Group**”) is pleased to present the report of the Audit and Risk Management Committee (“**ARMC**” or “**Committee**”) for the financial year ended 30 November 2023.

COMPOSITION AND MEETING ATTENDANCE

The current composition of the ARMC of the Company comprises two (2) Independent Non-Executive Directors and (1) Non-Independent Non-Executive Director, which is in line with Rule 15.09(1)(a) and (b) of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). The ARMC held five (5) meetings during the financial year ended 30 November 2023. The composition and the attendance by each member at the ARMC meeting during the financial year are as follows:

Member	Designation	Directorship	Attendance
Ong Siew Min	Chairperson	Independent Non-Executive Director	5/5
Yong Ket Inn	Member	Non-Independent Non-Executive Director	5/5
Chen Chee Peng (Appointed on 1 March 2023)	Member	Independent Non-Executive Director	4/4

Mr Yong Ket Inn, is a fellow member of the Institute of Chartered Accountants in England and Wales and Malaysian Institute of Taxation and also a member of the Malaysian Institute of Accountants since 1987. In addition, Ms Ong Siew Min is also a fellowship member of the Chartered Institute of Management Accountants, United Kingdom and a registered accountant with the Malaysian Institute of Accountants. Accordingly, the Company complies with Rule 15.09(1)(c) of the Listing Requirements.

Collectively, the members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the ARMC. The qualifications and experience of the individual ARMC members are disclosed in the Profile of Directors on pages 20 to 22 of this Annual Report. During the financial year ended 30 November 2023, all the members of the ARMC had undertaken the relevant training programmes to keep themselves abreast of the latest developments in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

The Terms of Reference of the ARMC which laid down its duties and responsibilities is accessible via the Company’s website at www.netx.com.my.

NetX recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company was a former key audit partner of the external auditors appointed by the Group. As recommended by the Malaysian Code on Corporate Governance (“**MCCG**”), the Company will need to observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group.

The performance of the ARMC and its members and their term of office are reviewed annually by the Nominating and Remuneration Committee (“**NRC**”) via a performance evaluation process, where the contribution of each member and their independence are assessed. The NRC will then recommend to the Board whether there is a need to change the composition of the ARMC based on the assessment conducted.

Audit and Risk Management Committee Report (Continued)

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Committee had carried out the following work during the financial year ended 30 November 2023 in discharging their duties and responsibilities:

1. Financial Reporting

- (a) Reviewed the quarterly financial statements as listed below, including the draft announcements pertaining thereto and made recommendations to the Board of Directors for approval of the same:

Date of Meetings	Review of Quarterly Financial Statements
30 January 2023	The unaudited quarterly results for the quarter ended 30 November 2022
27 April 2023	First quarter results for the quarter ended 28 February 2023
25 July 2023	Second quarter results for the quarter ended 31 May 2023
18 October 2023	Third quarter results for the quarter ended 31 August 2023

The ARMC reviewed and ensured that the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting as well as applicable disclosure provisions of the Listing Requirements.

- (b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Group and of the Company for the financial year ended 30 November 2022 at its meeting held on 20 March 2023, and ensured that it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements.

The ARMC considered and reviewed the integrity of information disclosed in the financial statements and quarterly reports, focusing particularly on any changes in accounting policies and practices, significant adjustments resulting from the audit, significant judgements made by management, significant and unusual events or transactions, going concern assumption, completeness of disclosures and compliance with accounting standards.

2. External Audit

- (a) Reviewed and discussed with the External Auditors, Messrs SBY Partners PLT ("SBY") and made recommendations to the Board, the Audit Review Memorandum for the financial year ended 30 November 2022 and had a private session with SBY without the presence of the Executive Director and Management at its meeting held on 30 January 2023. The Audit Review Memorandum outlined the audit status, significant audit and accounting issues and material weaknesses in internal control, in relation to the audit for the financial year ended 30 November 2022.
- (b) Discussed with SBY on the Audited Financial Statements and Audit Closure Memorandum for the financial year ended 30 November 2022 at its meeting held on 20 March 2023. The Audit Closure Memorandum outlined the audit opinion, Key Audit matters and Unadjusted Audit Differences in relation to the audit for the financial year ended 30 November 2022.
- (c) Evaluated the performance of SBY for the financial year ended 30 November 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence. The ARMC being satisfied with the independence, suitability and performance of SBY, had recommended to the Board for approval, the re-appointment of SBY as External Auditors for the financial year ended 30 November 2023 at its meeting held on 20 March 2023.
- (d) Reviewed and discussed with SBY at the meeting held on 18 October 2023, their audit plan for the financial year ended 30 November 2023, outlining the audit approach and timetable, audit materiality and multi-location scoping, areas of audit emphasis, and audit engagement team. SBY also updated the ARMC with new Malaysian Financial Reporting Standards and Listing Requirements in relation to financial reporting as well as the new Malaysian Approved Standards on Auditing.

Audit and Risk Management Committee Report (Continued)

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

3. Internal Audit

- (a) Reviewed the Enterprise Risk Management report for the financial year ended 30 November 2022 at its meeting held on 30 January 2023.
- (b) Reviewed and recommended to the Board for approval, the appointment of CAS Consulting Services Sdn. Bhd. as new Internal Auditors of the Company in place of Wensen Consulting (Asia) Sdn. Bhd. at its meeting held on 20 March 2023.
- (c) Reviewed and recommended to the Board for approval, the internal audit plan of the Group for the year 2023 at its meeting held on 20 March 2023.
- (d) Reviewed the Internal Audit reports relating to the Group's compliance with Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC") (Amendment) Act 2018 and revenue and collection cycle for Ariantec Sdn. Bhd.
- (e) Reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow-up reports to ensure that all key risks and control weaknesses were being properly addressed.

4. Related Party Transactions/Conflict of Interest Situations

- (a) Reviewed and considered transactions with Related Parties to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's business practices and policies, and not prejudicial to the interests of the Group and its minority shareholders and on terms which are generally no more favourable to the related parties (pursuant to Chapter 10 of the Listing Requirements).

The listing of related party transactions was presented for the ARMC's review quarterly at its meetings held during the financial year, together with the quarterly financial statements of the Group.

- (b) Reviewed any potential conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

5. Other activities

- (a) Reviewed and recommended to the Board for approval, the acquisition of shares in Mountain Money Sdn. Bhd. on 20 January 2023.
- (b) Reviewed and recommended to the Board for approval, the Management Discussion & Analysis, Overview Statement on Corporate Governance, ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report at its meeting held on 20 March 2023.
- (c) Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature at its meeting held on 20 March 2023.
- (d) Reviewed and verified the allocation of Share Issuance Scheme Options to the Directors and eligible employees at its meeting held on 20 March 2023.
- (e) Reviewed the terms of reference of the ARMC at its meeting held on 20 March 2023.

Audit and Risk Management Committee Report (Continued)

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consulting firm, CAS Consulting Services Sdn. Bhd. ("**CAS Consulting**") to provide the ARMC with an independent assessment of the adequacy and effectiveness of the Group's risk management and internal control system.

CAS Consulting engagement director in charge of the Group's internal audit is Mr Kong June Hon, a Chartered Accountant of the Malaysia Institute of Accountants and a Chartered Member of the Institute Internal Auditors Malaysia.

During the financial year under review, the internal audit personnel of CAS Consulting affirmed to the ARMC that they were free from any relationships or conflicts of interest, which could impair their objectivity and independence.

CAS Consulting reports functionally to the ARMC and administratively to the Board, and accomplishes its objectives by adopting a systematic and disciplined approach to evaluate and continuously improve the effectiveness of risk management, control and governance process of the Group. CAS Consulting carries out its function in accordance with the Internal Audit Standards outlined in the International Professional Practises Framework issued by the Institute of Internal Auditors and other nationally and internationally recognised frameworks.

The internal audit was carried out based on an audit plan approved by the ARMC. The audit plan took into consideration the Corporate and Divisional Risk Profiles and input from the senior management and the ARMC members. The ARMC works with CAS Consulting to ensure that the internal audit plan encompasses the audit of significant operating units in the Group and the follow-up audits.

The results of the audits in the internal audit reports were reviewed by the ARMC. CAS Consulting provides independent and objective reports on the state of the internal controls system, with recommendations for improvement, so that remedial actions can be taken in relation to weaknesses noted in the systems. The relevant management members are made responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframes. CAS Consulting will conduct follow-up audits to ensure that the corrective actions are implemented appropriately. In this respect, CAS Consulting has added value by enhancing the governance, risk management and control processes within the Group.

During the financial year, the following activities were carried out by CAS Consulting in discharge of its responsibilities:

- i. Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures on the following companies over the business process/area set out below:
 - (a) Enterprise Risk Management of the Group;
 - (b) The Group's compliance with Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC") (Amendment) Act 2018; and
 - (c) Revenue and collection cycle for Ariantec Sdn. Bhd.
- ii. Reviewed the status of the implementation for the previous audit reviews; and
- iii. Report to the ARMC the results of the internal audit reports and its findings and the implementation of the management responses to the findings.

The total cost incurred for the internal audit function for the financial year ended 30 November 2023 amounted to RM50,500.

Based on the internal audit review conducted by CAS Consulting, the ARMC and the Board are of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 30 November 2023.

The ARMC and the Board further agreed that the internal audit review was done in accordance with the audit plan and the coverage was adequate.

The ARMC and Board are satisfied with the performance of CAS Consulting and have in the interest of greater independence and continuity in the internal audit function, decided to continue with the outsourcing of the internal audit function.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“**Board**”) of NetX Holdings Berhad (“**Company**” or “**NetX**”) strives to ensure that a high standard of corporate governance practices is implemented and maintained throughout the Company and its subsidiaries (“**the Group**”) in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders’ value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance (“**MCCG**”) to enhance business prosperity and maximise shareholders’ value. The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate adopt and implement the best practices as enshrined in MCCG in the best interest of the shareholders of the Company.

This Overview Statement on Corporate Governance (“**CG Statement**”) sets out the manner in which the Group has applied and the extent of compliance with principles and recommendations as set out in the MCCG, throughout the financial year ended 30 November 2023 pursuant to Rule 15.25 of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This CG Statement shall be read together with the Corporate Governance Report 2023 (“**CG Report**”) of the Company which is available on the Company’s website at www.netx.com.my.

(A) BOARD LEADERSHIP AND EFFECTIVENESS

Composition of the Board

The Board currently consists of five (5) Directors:

Dato’ Sri Wan Ahmad Najmuddin Bin Mohd	<i>(Independent Non-Executive Chairman)</i>
Tan Sik Eek	<i>(Executive Director)</i>
Yong Ket Inn	<i>(Non-Independent Non-Executive Director)</i>
Ong Siew Min	<i>(Independent Non-Executive Director)</i>
Chen Chee Peng	<i>(Independent Non-Executive Director)</i>

The present size and composition of the Board is optimum and well balanced. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

Profile of the Board members is presented in the Profile of Directors in this Annual Report.

1. BOARD RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the Board Charter to discharge its stewardship and fiduciary responsibilities. The key matters reserved for approval by the Board are the quarterly financial results, audited financial statements, annual budget, significant expenditures, significant acquisitions and disposals, appointment of Directors/ Board Committee members, related party transactions, potential conflict of interest situations and other relevant matters affecting the Group’s businesses.

Generally, the Executive Director is responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the Board accountability by providing their independent views, advice and judgement in safeguarding the interests of the shareholders. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group’s strategic and corporate objectives, policies and decisions.

The Chairman is responsible for the Board’s effectiveness and conduct whilst the Executive Director has the overall responsibilities over the Group’s operating units, organisational effectiveness and implementation of Board’s policies and decisions. The Executive Director is the decision maker and is involved in a leadership role overseeing the day-to-day operations and management and is accountable for the conduct and performance of the Group’s businesses.

The Board has set the management authority limit and retained its authority of approval on significant matters.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.2 Roles and Responsibilities of the Board

The Board is ultimately responsible for the stewardship of the Group's strategic direction and development.

The major responsibilities of the Board as outlined in the Board Charter include amongst others, as follows:

i. Adopting and reviewing the strategic plan for the Group

The Board sets the Group's strategy, performance target and long-term goals of the Group businesses and ensures that resources are available to meet its objective. The Board reviewed the strategic plan of the Group and its businesses tabled by management at its meeting.

ii. Overseeing the conduct of the Group's business to evaluate whether the businesses are being properly managed and sustained

The day-to-day management is controlled by the Executive Director and a management team in managing the Group's businesses. The Board's role is to oversee the performance of management to determine whether the businesses are properly managed. The Board gets updates from management at the Board meeting on the review of the unaudited quarterly results and annual audited financial statements. During such meetings, the Board participated actively in the discussion of the performance of the Group.

iii. Identify principal risks and ensuring the implementation of appropriate internal control systems to manage these risks

The Board is assisted by the management in the implementation of the Board's policies and procedures on risk management by identifying and assessing the risks faced, and in the design, operation and monitoring suitable internal control to mitigate and control these risks.

Further details on the Risk Management Framework are presented in the Statement of Risk Management and Internal Control of this Annual Report.

iv. Review the adequacy and integrity of the Group's management information and internal control systems of Group

The internal audit function is outsourced to a professional service firm, tasked to assist the Board and the Audit and Risk Management Committee ("ARMC") in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system.

The effectiveness of the management information and system of internal controls is reviewed by the ARMC periodically during its quarterly meetings, based on recommendation by the outsourced internal auditor. Details of the Group's internal control system are presented in the Statement of Risk Management and Internal Control of this Annual Report.

v. Overseeing the development and implementation of shareholder communication policy for the Group

The Board has implemented Shareholder Communication Policy, which is available at the Company's website to ensure effective communication with its shareholders. The Company's website at www.netx.com.my also contains an Investor Relations section and contact email address where the shareholders could communicate with the Board.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.2 Roles and Responsibilities of the Board (Continued)

vi. Succession planning

The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption.

The Board has also formed different Board Committees, comprising mainly the Independent Non-Executive Directors, to support and provide independent oversight of management and to ensure that there are appropriate checks and balances in place. Currently, the various Board Committees are the ARMC and the Nominating and Remuneration Committee (“NRC”). Each of the Board Committee operates within its respective terms of reference that clearly define its respective functions and authorities.

1.3 Promoting Good Business Conduct and Corporate Structure

i. Code of Conduct and Ethics

The Group has put in place a Code of Conduct for the Directors and employees that sets the guidelines for their conduct. The ethical standards required all Directors and Employees to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group’s businesses and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Director’s Code of Conduct is available at the Company’s website at www.netx.com.my, while the employee’s code of conduct is set out in the Employee Handbook.

ii. Whistleblowing Policy

The Group has also put in place its Whistleblowing Policy and procedures by which an employee or stakeholder is able to raise concerns or disclose in good faith any unethical behaviour, malpractice, non-compliance and unethical business conduct and to enable prompt corrective actions and measures to resolve them effectively.

Any employees who has a reasonable belief that there is serious malpractice relating to the matter disclosed may direct such complaint and report to the ARMC in writing. The identity of the whistleblower will be kept confidential and protection is accorded against being disadvantaged in any way such as victimisation, retribution and harassment.

The Whistleblowing Policy are available at the Company’s website at www.netx.com.my.

iii. Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”)

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had on 22 May 2020 adopted the ABAC Policy.

The Company also conducted briefings and training for all employees of the Group to create awareness of the ABAC Policy to foster the commitment of the employees to instill the spirit of integrity and avoid all forms of corruption practices within the organisation.

The ABAC Policy are available at the Company’s website at www.netx.com.my. The ABAC Policy has also been incorporated in the Employee Handbook.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.3 Promoting Good Business Conduct and Corporate Structure (Continued)

iv. Directors' Fit and Proper Policy

The Board has established the Directors' Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner. The Directors' Fit and Proper Policy is accessible on the Company's website at www.netx.com.my.

v. Conflict of Interest Policy for Directors ("COI Policy")

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions (if any) will be submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

As part of the governance process, the Board has formalised and adopted the COI Policy. The purpose of the COI Policy is to ensure that actual, potential and perceived conflicts of interest are effectively identified and managed, and to provide guidance on how to deal with conflict of interest situations as they arise. A copy of the COI Policy is available on the Company's website at www.netx.com.my.

1.4 Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. The Company strives to achieve a sustainable long-term balance between meeting its business goals and compliance with relevant environmental and related legislation as well as ensuring a safe and healthy working environment.

The Corporate Social Responsibility Policy and Sustainability Policy can be found on the Company's website at www.netx.com.my. The details of the sustainability effort are presented in the Corporate Sustainability Statement of this Annual Report.

1.5 Board Charter

The Company has established a Board Charter which sets out the Board's functions and responsibilities, including the division of responsibilities between the Board, the different Board Committees, the Chairman and the Executive Director. A set of Directors' Code of Conduct has also been formalised which includes the key values, mission, principles and ethos of the Company.

The Board Charter serves as a reference and primary induction literature, providing Board members and management insights into the function of the NetX Board. The Board's reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.

Both the Board Charter and Directors' Code of Conduct are also available on the Company's website at www.netx.com.my. The Board Charter is subject to review from time to time and in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.6 Board Meetings and Access to Information and Advice

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. The Board on an annual basis would agree on the meeting dates for the whole year so that each member of the Board would be able to plan his/her schedule accordingly. During the year, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters mainly to review the Group's operations and the quarterly and annual financial statements.

The details of the attendance by the individual Directors during the financial year are as follows:

Name of Director	Total Meetings Attended
Dato' Sri Wan Ahmad Najmuddin Bin Mohd <i>(Appointed on 19 June 2023)</i>	2/2
Tan Sik Eek	6/6
Yong Ket Inn	6/6
Ong Siew Min	6/6
Chen Chee Peng <i>(Appointed on 1 March 2023)</i>	4/4

The agenda for the Board meetings, together with appropriate reports and information on the Group's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings, allowing for sufficient time so that all Directors are able to prepare, evaluate, obtain additional information or clarification prior to the meeting.

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, in a timely manner in order for the Board to discharge its responsibilities. When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

The proceedings and resolutions reached at each Board meeting are documented in the minutes and signed by the Chairman of the meeting. Besides Board meetings, the Board also exercises control on matters that require the Board's approval through circulation of Directors' Resolutions.

The Board has access to the advice and services of the Company Secretary who is suitably qualified and competent to support the Board. The Company Secretary is responsible for providing support and guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.

The Company Secretary provides support to the Chairman to ensure the effective functioning of the Board and also organises and attends all Board meetings and Board Committees meetings, ensuring that an accurate and proper record of deliberation of issues discussed, decisions and conclusions are taken.

The Company Secretary records, prepares and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, the Company Secretary also updates the Board regularly on amendments to the Listing Requirements, practices and guidance notes, circulars from Bursa Securities, legal and regulatory developments and impact, if any, to the Group.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION

The Board currently consists of five (5) members, comprising of an Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director.

The Board members with their diverse academic qualifications, backgrounds and experience enable the Board to provide clear and effective leadership to the Group as well as share experiences and ideas and make independent judgments on many aspects of the Group's strategy and performance to ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.

The Company has established two (2) Board Committees ("**Committees**") to assist in the performance of certain duties of the Board. The Board delegates specific responsibilities to the respective Committees, namely the ARMC and the NRC, each of which has clearly defined terms of reference and its functions, delegated roles, duties and responsibilities. The Board reviews the functions and terms of reference of Committees from time to time to ensure that they are relevant and updated with other related policies or regulatory requirements.

2.1 Board Independence

The current Board composition complies with Rule 15.02 of the Listing Requirements of at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors as well as the MCCG's recommendation of at least half of the Board members are Independent Directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with the Listing Requirements, the Board shall fill the vacancy within three (3) months from the date of that event.

The Independent Directors are responsible for bringing independent judgement as well as providing scrutiny to the Board's decision making and challenges to the management. They play an important role in corporate accountability and this is reflected by their membership and attendance at the various Board Committees of the Company.

None of the Independent Directors participate in the daily management of the Group to ensure that they are free from any relationship which could interfere with the exercise of independent judgement in the best interests of the Company and the shareholders.

2.2 The Chairman of the Board

During the financial year under review, the Board is chaired by an Independent Non-Executive Director who is not related to the Executive Director. The Board believes that the element of independence that currently exists is adequate to provide assurance that there is a balance of power and authority in the Board. In addition, the Chairman is not involved in the day-to-day management of the Group's businesses and has no relationship that could materially interfere with his judgement.

The Chairman is responsible for the Board's effectiveness and conduct, implementing the Group's policies, business plans and executive decision making and is assisted by the Executive Director. The Chairman also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and the management. Together with the other Non-Executive Directors, he leads the discussion on the strategies and policies recommended by the management.

At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, the Board and management.

In line with the recommendation of the MCCG, the Chairman is not a member of any of the Board Committees. This is to ensure checks and balances as well as that objectivity will not be influenced by the Chairman of the Board who also sits on Board Committee(s).

During the financial year under review, the Company also complied with the recommendation of the MCCG where different individuals hold the positions of the Chairman and the Executive Director, and the Chairman is a non-executive member of the Board.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.2 The Chairman of the Board (Continued)

The roles of the Chairman and the Executive Director are clearly defined and segregated, to ensure an appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman is not related to the Executive Director, and is responsible for leading the Board in the oversight and supervision of the Group's management; whilst the Executive Director is responsible for the day-to-day operations of the Group, which includes implementing the policies and decisions of the Board. The Executive Director reports to the Board with respect to matters concerning the Board members and the Group.

2.3 Audit and Risk Management Committees

The current composition of the ARMC comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The terms of reference and key functions of ARMC are available on the Company's website at www.netx.com.my. A summary of works of the ARMC during the financial year is presented separately in the ARMC Report in this Annual Report.

2.4 Nominating and Remuneration Committees

The current composition of the NRC comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The present members of the NRC of the Company are:

Designation	Name	Directorship
Chairman	Chen Chee Peng	Independent Non-Executive Director
Member	Yong Ket Inn	Non-Independent Non-Executive Director
Member	Ong Siew Min	Independent Non-Executive Director

Under its terms and reference, the functions of the NRC are as follows:

- assess the suitability of the candidates in terms of their competencies, commitment, contribution and performance;
- recommend to the Board the nomination of a person or persons to be a Board member(s) by the shareholder(s) or Director(s);
- recommend to the Board, Directors to fill the seats on Board Committees;
- assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual director and thereafter, recommend its findings to the Board;
- review the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board and thereafter, recommend its findings to the Board;
- review the Board's succession plans and training programs;
- facilitate Board induction and training programmes;
- review on an annual basis the term of office of each of the ARMC members and the performance of the ARMC and each of its members;
- recommend to the Board, the remuneration packages of the Executive Director of the Company in all its forms, drawing from outside advice as necessary; and
- recommend to the Board, the Directors' fees and other benefits payable to the Directors for shareholders' approval.

The terms of reference of NRC are available on the Company's website at www.netx.com.my.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.4 Nominating and Remuneration Committees (Continued)

The NRC met once during the financial year ended 30 November 2023. The summary of the activities of the NRC during the financial year are as follows:

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.
- Discussed and recommended the Directors' retirement by rotation.
- Assessed the performance of the ARMC, and its members and their term of office.
- Reviewed the remuneration package of the Executive Director.
- Recommended to the Board for approval, the Directors' fees and other benefits payable to the Directors for shareholders' approval.
- Reviewed the terms of reference of the NRC, Board Diversity Policy, Directors' Fits & Proper Policy, Directors' Nomination Process & Evaluation on Independence of Directors and Remuneration Policy.
- Reviewed and recommended the adoption of Succession Planning Policy.
- Reviewed and recommended the payment of a bonus to the Executive Director.
- Reviewed and recommended the payment of ex-gratia Directors' fees to the Non-Executive Directors of the Company.
- Reviewed and recommended the appointment of Mr Chen Chee Peng as Independent Non-Executive Director of the Company and member of the ARMC and the Chairman of the NRC.
- Reviewed and recommended the appointment of Dato' Sri Wan Ahmad Najmuddin Bin Mohd as Independent Non-Executive Chairman of the Company.

2.5 Appointment and Re-election of Directors

The NRC has been entrusted with the responsibility to identify and review candidates for appointment to the Board. The Board has established a nomination process of Board members to facilitate and provide a guide for the NRC to identify, evaluate, select and recommend to the Board, the candidate to be appointed as a Director of the Company. The NRC is responsible for identifying and recommending suitable candidates to fill vacancies arising from resignation, retirement or if there is a need to appoint an additional Director with the required skill or profession to the Board to close the competency gap in the Board.

Upon receiving a nomination for a new Director, the review process entails the assessment of the candidate's background, experience, knowledge and skills critical to the Group's businesses. Other criteria such as integrity, wisdom, independence of the candidates, existing commitments, potential risk and/or conflict of interest are also considered in the assessment of the suitability of candidates for appointment to the Board.

Upon the evaluation of the candidates, the NRC shall report to the Board its findings and recommendations. The Board would then, based on the recommendation of the NRC, proceed to approve or decline the appointment of the candidates as the new Director of the Company.

Currently, the sources to identify suitably qualified candidates for appointment of directors are recommendations from existing Board members, senior management or major shareholders. However, the Board and NRC would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

The procedure for re-election of Directors who retire by rotation is set out in the Company's Constitution. At each annual general meeting of the Company, one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of the three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NRC before a recommendation is made to the Board and shareholders for consideration. Appropriate assessment and recommendations by the NRC are based on the yearly assessment conducted.

The Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.6 Annual Assessment

The NRC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors.

The NRC evaluates Board effectiveness in the areas of composition, roles and responsibilities, and whether the respective Board Committees effectively discharged their functions and duties in accordance with their terms of reference. The evaluation process involved a self-review assessment, where Directors will assess their own performance.

The criteria used by the NRC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year ended 30 November 2023, the Board and the NRC are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members. The assessment and evaluation are properly documented.

2.7 Assessment of Independence of Directors

The Board conducts an assessment of the independence of the Independent Directors annually. During the financial year, the Board obtained confirmation of independence from the Independent Directors and none of the Independent Directors disclosed any relationships that could materially interfere with or be perceived to materially interfere with their independent judgement and ability to act in the best interests of NetX. The Board is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the Listing Requirements.

2.8 Tenure of Independent Directors

In line with the MCCG, the Board has adopted the nine (9) years policy for Independent Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as an Independent Director after the latter has served a cumulative term of nine (9) years, the Board will justify the decision and seek annual shareholders' approval through a two-tier voting process.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

As at 30 November 2023, none of the Independent Non-Executive Directors of the Company has served the Board for a cumulative term of more than nine (9) years.

2.9 Directors' Training

As at 30 November 2023, all the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to attend continuous education programs, conferences, seminars or forums to keep abreast with the latest developments in the marketplace as well as to further enhance their business acumen and professionalism in discharging their duties to the Group. In addition, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretary during the Committees and Board meetings.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.9 Directors' Training (Continued)

The Directors individually will determine their training needs continuously. The Board ensures that its members have access to appropriate continuing education programs.

The seminars, conferences and training programs attended by the Directors during the financial year ended 30 November 2023 are as follows:

Name of Director	Seminars / Conference / Forum Attended
Dato' Sri Wan Ahmad Najmuddin Bin Mohd	<ul style="list-style-type: none"> • MACC ACT 2009 & ESG
Tan Sik Eek	<ul style="list-style-type: none"> • 2023 Budget Seminar • 5G Introduction for Management • MACC ACT 2009 & ESG
Yong Ket Inn	<ul style="list-style-type: none"> • 5G Introduction for Management • MACC ACT 2009 & ESG • Shared Responsibility in strengthening AML/CFT Compliance: Risks, Challenges and Collaborations
Ong Siew Min	<ul style="list-style-type: none"> • 5G Introduction for Management • MACC ACT 2009 & ESG
Chen Chee Peng	<ul style="list-style-type: none"> • 5G Introduction for Management • MACC ACT 2009 & ESG • Recent amendments to the ACE marketing listing requirements of Bursa Malaysia Securities Berhad relating to sustainability training for Directors, conflict of interest, and other amendments • Mandatory Accreditation Programme Part II: Leading for Impact

2.10 Boardroom Diversity

The Board recognises the merits of Boardroom Diversity in adding value to collective skills, perspectives and strengths to the Board. As such, the Board has adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of NetX. The Board endeavors to have a diversity of the Board and its workforce in terms of gender, experience, qualification, ethnicity and age. The NRC is responsible for ensuring that diversity objective is adopted in Board recruitment, Board performance evaluation and succession planning processes whereas diversity in the workforce shall be decided by the management.

The Board also recognises that gender diversity is of importance to the boardroom and will continue to encourage and propose women candidates subject to the identification of suitable candidates with appropriate skills.

Currently, our Board comprises one (1) female Director, representing 20% of the total number of the Board. In line with the MCCG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as consider the appointment of additional female directors onto the Board in the future to bring about a more diverse perspective.

2.11 Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's businesses and does not affect the discharge of his/her duty as a Director of the Company.

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.11 Time Commitment and Directorship in Other Public Listed Companies (Continued)

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence and be notified to the Chairman and/or the Company Secretary, where applicable.

During the financial year ended 30 November 2023, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section above.

3. REMUNERATION

3.1 Directors' Remuneration

The Board has established a Remuneration Policy to facilitate the NRC to review, consider and recommend to the Board for decision on the Directors' remuneration. The Board believes in a Remuneration Policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective is to offer a competitive remuneration package to attract, develop and retain talented individuals to serve as Directors. A copy of the Remuneration Policy is available on the Company's website at www.netx.com.my.

The NRC recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Director(s) to manage the businesses of the Group. Executive Director is remunerated based on the Group's performance, market conditions and responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and level of responsibilities assumed in Committees and the Board.

The remuneration packages of Non-Executive Directors should be determined by the Board as a whole subject to the shareholders' approval.

The Directors' remuneration paid or payable to all Directors of the Company (by Company and by Group) for the financial year ended 30 November 2023 were as follows:

Company:

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total RM
Dato' Sri Wan Ahmad Najmuddin Bin Mohd <i>(Appointed on 19 June 2023)</i>	30,000	-	-	5,200	-	-	35,200
Tan Sik Eek	-	378,000	110,500	-	-	57,859	546,359
Yong Ket Inn	48,000	-	-	15,400	-	-	63,400
Ong Siew Min	48,000	-	-	15,400	-	-	63,400
Chen Chee Peng <i>(Appointed on 1 March 2023)</i>	36,000	-	-	11,800	-	-	47,800
Chu Chee Peng <i>(Resigned on 1 January 2023)</i>	4,000	-	-	200	-	-	4,200
Total	166,000	378,000	110,500	48,000	-	57,859	760,359

Overview Statement on Corporate Governance (Continued)

(A) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. REMUNERATION (CONTINUED)

3.1 Directors' Remuneration (Continued)

The Directors' remuneration paid or payable to all Directors of the Company (by Company and by Group) for the financial year ended 30 November 2023 were as follows: (Continued)

Group:

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total RM
Dato' Sri Wan Ahmad Najmuddin Bin Mohd <i>(Appointed on 19 June 2023)</i>	30,000	-	-	5,200	-	-	35,200
Tan Sik Eek	876,040	378,000	110,500	-	-	57,859	1,422,399
Yong Ket Inn	111,550	-	-	15,400	-	-	126,950
Ong Siew Min	48,000	-	-	15,400	-	-	63,400
Chen Chee Peng <i>(Appointed on 1 March 2023)</i>	36,000	-	-	11,800	-	-	47,800
Chu Chee Peng <i>(Resigned on 1 January 2023)</i>	12,000	-	-	200	-	-	12,200
Total	1,113,590	378,000	110,500	48,000	-	57,859	1,707,949

The Company notes the need for transparency in the disclosure of its key senior management remuneration. The Company is of the view that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with requisite knowledge, technical expertise and working experience in the Group's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

The Company is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the key senior management on a named basis.

The number of key senior management in office at the end of the financial year and the total remuneration from the Group categorised into the various bands were as follows:

	Total
RM150,001 - RM200,000	2
RM200,001 - RM250,000	1
RM300,001 - RM350,000	1

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined similarly as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top four (4) senior management received for the financial year ended 30 November 2023 was RM0.95 million representing 28% of the total employees' remuneration of the Group.

The Board is of the view that disclosure of remuneration of the Directors of the Board and key senior management by appropriate components and the top four (4) senior management's total combined remuneration package should meet the intended objectives of the MCCG.

Overview Statement on Corporate Governance (Continued)

(B) EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Financial Reporting

The Board through the ARMC endeavors to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects, through the annual audited financial statements, quarterly financial reports, and corporate announcements on significant developments affecting the Group in accordance with the Listing Requirements of Bursa Securities.

The Board is also responsible for ensuring that financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. The statement of Directors' responsibility in respect of the annual audited financial statements is presented in the section of Directors' Responsibility Statement on Financial Statements in this Annual Report.

The Board is assisted by the ARMC in overseeing the Group's financial reporting process and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations. The ARMC reviewed the quarterly and annual audited financial statements of the Group and of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or shareholders. A full ARMC Report detailing its composition, and a summary of activities and work during the financial year are set out in ARMC Report in this Annual Report.

4.2 Relationship and Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. The ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Group's financial statements. The External Auditors would share with the ARMC any significant issues on the financial statements and regulatory updates. In addition, the ARMC will also have private meetings with the External Auditors without the presence of the executive management team to enable the exchange of views on issues requiring attention.

In presenting the Audit Planning Memorandum to the ARMC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the ARMC and the Board for the financial year ended 30 November 2023.

The ARMC has in place, a policy to assess the performance, independence and quality of External Auditors on an annual basis and report to the Board its recommendation for the re-appointment of the External Auditors at the Annual General Meeting.

As part of the evaluation process, the ARMC will obtain feedback from the management team on the quality of the audit service of the External Auditors. The External Auditors assure the ARMC that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

To assess or determine the suitability and independence of the External Auditors, the ARMC has taken into consideration, among others, the following:

- i) The adequacy of the experience and resources of the External Auditors;
- ii) The External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) The nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Overview Statement on Corporate Governance (Continued)

(B) EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

4. AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

4.2 Relationship and Assessment of External Auditors (Continued)

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the ARMC and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statements. The shareholders of the Company had at the Annual General Meeting held on 2 May 2023 approved the re-appointment of Messrs SBY Partners PLT as the External Auditors of the Company.

Upon reviewing the suitability, objectivity and independence of Messrs SBY Partners PLT in respect of the financial year ended 30 November 2023, the ARMC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs SBY Partners PLT as the External Auditors of the Company for the financial year ending 30 November 2024.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management Framework

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the ARMC, the External Auditors and the Internal Auditors, who will report directly to the ARMC on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

Further details of the risk management framework and the system of internal control of the Group are presented in the Statement of Risk Management and Internal Control of this Annual Report.

5.2 Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to provide the ARMC with an independent assessment of the adequacy and effectiveness of the Group's system of internal control. The outsourced internal auditors report functionally to the ARMC and administratively to the Board. Its responsibilities include providing independent and objective reports on the state of internal controls of the significant operation units in the Group to the ARMC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

The ARMC works with the Internal Auditors to ensure that the internal audit plan encompasses the audit of the essential services and the follow-up on the audits. The internal auditors are required to perform periodic testing of the internal control systems to ensure that the system is robust.

Information on the Company's risk management framework and internal control system is presented in the Statement of Risk Management and Internal Control of this Annual Report.

(C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. It ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.

The Company has adopted a Corporate Disclosure Policy aiming at effectively handling and disseminating corporate information timely and accurately to its shareholders, stakeholders, and the investing public in general as required by Bursa Securities. The Corporate Disclosure Policy is available on the Company's website at www.netx.com.my.

Overview Statement on Corporate Governance (Continued)

(C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS (CONTINUED)

6. COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

The Board ensures that all material information and corporate disclosures are discussed with the management prior to dissemination to ensure compliance with the Listing Requirements. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities corporate disclosure guides as published by Bursa Securities from time to time. The Board delegated the authority to the Executive Director to ensure that the Corporate Disclosure Policy is being adhered to by the management and Company Secretary. The Executive Director is also given the authority to approve all announcements.

The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Group, Annual Reports, Quarterly reports, Corporate policies and contact information.

7. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") is the main delivery channel for dialogue with all shareholders. As recommended by the MCGG, the notice of AGM will be despatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have sufficient time to go through the Annual Report and make the necessary attendance and voting arrangements. Shareholders are encouraged and are given ample opportunities to review the annual report, to appoint proxies and to collate questions to be asked at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published at least in a major local newspaper. The Board will ensure that each item of special businesses included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors will be able to make the necessary arrangements to attend the planned AGM. The Twenty-Second (22nd) AGM of the Company which was held on 2 May 2023 was conducted by way of a virtual basis and online remote voting using the Remote Participation and Voting Facilities and has been attended by all the Directors of the Company.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to poll voting. A scrutineer is appointed to validate the votes casted at the general meeting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of votes received, both for and against for each separate resolutions. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

During the AGM, the shareholders are invited to raise questions relating to the financial performance, the business activities of the Group and matters tabled at the general meeting. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders. Suggestions and comments by shareholders in the AGM will be noted by the Board for consideration.

In line with the recommendation of MCGG, the minutes of the AGM or any general meeting will be posted on the Company's website for public viewing within thirty (30) business days after the AGM or general meeting.

Information on the Shareholder Communication Policy relating to general meetings is available at www.netx.com.my.

(D) COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report and CG Report, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCGG and all other applicable laws, where applicable and appropriate.

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“**Board**”) of NetX Holdings Berhad (“**NetX**” or “**Company**”) is committed to maintaining a comprehensive and sound system of risk management and internal control as part of good corporate governance. The Company is pleased to provide the following Statement on Risk and Management and Internal Control (“**Statement**”) which outlines the scope and nature of risk management and the internal controls of the Company and the subsidiaries (“**Group**”) for the financial year ended 30 November 2023. This Statement is prepared pursuant to Rule 15.26(b) of the ACE market Listing Requirement issued by Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility and commitment to maintain a sound risk management and internal control system within the Group to safeguard the shareholders' investments and the Group's assets. The Board has established an on-going process to continuously review the adequacy and effectiveness of the Group's risk management framework and system of internal control.

The Board through its Audit and Risk Management Committee (“**ARMC**”) supported by the Internal Auditors that are independent of the activities it audits, conducted periodic assessments during the financial year to ensure proper risk governance and determine the nature and extent of the significant risks that may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled. Audit issues as well as actions agreed by the Management to address them were tabled and deliberated by Internal Auditors during the ARMC meetings, the minutes of which are then presented to the Board.

The Board is assisted by the Management in the implementation of the Board's policies and procedures on risks and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal control to mitigate and control these risks.

The system of risk management and internal control covers not only the financial aspect but also the operational and compliance aspects of the Group. Due to the limitations inherent in any risk management and internal control system, such systems are designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives and to improve the corporate governance process. Therefore, the system can only provide a reasonable and not an absolute assurance against the occurrence of material misstatement loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Board and the ARMC review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports regularly.

At the strategic level, business plans, business strategies and investment proposals with risk consideration are formulated by the Executive Director and management team and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite.

The framework is continually monitored to ensure it is responsive to the changes in the business environment and communicated to all levels. Exceptions and improvement opportunities have been reported to the ARMC to enhance the effectiveness of the governance risk management and internal control processes of the Group. The development and documentation of risk management processes will continue to be enhanced and the Board will report on the status of the said development in due course.

Statement of Risk Management and Internal Control (Continued)

INTERNAL CONTROL

The Board regularly reviews reports from the Management on key financial data, performance indicators and regulatory matters, to ensure issues are highlighted for review, deliberation and decision on a timely basis. Issues relating to the business operations are also highlighted during the Board meetings, whereas independent assurance is provided by the Group's External Auditors, internal audit function and the ARMC to the Board.

The key features of the Group's systems of internal control are as follows:

- **Organisational Structure**

A formal organisational structure and discretionary authority limits are in place with defined lines of reporting, to align with business and operational requirements. Formal limits of authority delegation are implemented for planning, executing, controlling and monitoring business operations. The authority limit is summarised in the authority matrix.

- **Policy and Procedure**

The Management develops and maintains documented process flow for key business processes and standard operating procedures, ensuring that internal policies, processes and procedures are drawn up, and revised as and when required and necessary.

- **Board Committees**

Board Committees are set up by the Group to uphold corporate governance and transparency with its specific terms of reference and authority. The Board Committees comprise the ARMC and the Nominating and Remuneration Committee (collectively as "**Committees**"). These Committees report to the Board and provide relevant recommendations for the Board's decision.

The ARMC, which comprised entirely of the Non-Executive Directors, was maintained throughout the financial year. The ARMC convenes meetings at least once every quarter and discusses among others the financial results, internal audit findings, related party transactions, risk management and the External Auditors' appointment and their external audit plan and results.

- **Human Resource Management**

The Group has established consistent human resource practices that govern the Group's ability to operate effectively and efficiently by employing and retaining adequate competent employees possessing the necessary knowledge, skill and experience to carry out their duties and responsibilities assigned. Further, an employee handbook is provided to employees of the Group. It guides the employees in carrying out their duties and responsibilities covering areas such as compliance with applicable local laws and regulations, integrity, conduct in the workplace, business conduct, and protection of the Group's assets, confidentiality and conflict of interest.

INTERNAL AUDIT

The Group's internal audit, which is outsourced to a professional service firm to assist the Board and the ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

The outsourced Internal Auditors report independently to the ARMC and internal audit proposals are tabled to the ARMC for review and approval to ensure adequate coverage. The responsibilities of the Internal Auditors include conducting audits, submitting findings and independent reports to the ARMC on the Group's systems of internal control. The Internal Auditors also focus on high-risk areas and ensure that an adequate action plan is in place to improve internal controls. Hence, risks are mitigated by the internal controls.

The internal audit function also aims to advise the Management on areas for improvement. The Internal Auditors highlight significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care.

During the financial year under review, several internal control weaknesses have been identified, all of which have been or are being addressed by the Management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

Statement of Risk Management and Internal Control (Continued)

CONCLUSION

The Board has obtained assurance from the Executive Director and management team that the risk management and internal control systems are operating adequately and effectively, in all material aspects for the financial year under review. No material control failure would have any material adverse effect on the financial results of the Group for the financial year under review and up to the date of issuance of the financial statements.

The Board plays an active role in reviewing and deliberating the business plans, strategies performance and risks faced by the Company. Quarterly financial statements are presented to the Board for their review and approval, and when necessary, put in place appropriate action plans to further enhance the internal control systems.

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report for financial year ended 30 November 2023. Their review was performed in accordance with Audit and Assurance Practice Guide 3 (Revised) ("AAPG 3"): *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board and management thereon. The report from the External Auditors was made solely to the Board of Directors in connection with their compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities and for no other purpose or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this Statement.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

a. Share Issuance to Macquarie Bank Limited

On 16 June 2017, the Company entered into a conditional subscription agreement with Macquarie Bank Limited (“**Macquarie Bank**”) in relation to the proposed issuance and allotment of up to 500 million new ordinary shares in NetX to Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement (“**Share Issuance**”).

The Shares Issuance was completed on 19 January 2018. The 500 million new ordinary shares under the Share Issuance have been fully subscribed by Macquarie Bank raising RM21,103,000 for the Company.

MPEX has been enhanced to be a P2P digital wallet and currency exchange application that allows users to exchange currencies at competitive commission rates. MPEX has been renamed as eFX application. The balance of proceeds available will be channelled towards the development and marketing of eFX application.

As at 30 November 2023, the summary of the utilisation of proceeds was as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Development and marketing of eFX System	20,000	10,850	9,150	Within 84 months
Working capital	323	323	-	Within 24 months
Expenses for the Share Issuance	780	780	-	Immediate
	21,103	11,953	9,150	

b. Share Consolidation and Rights Issue with Warrants

On 14 August 2020, the Company proposed to undertake the corporate exercise relating to the consolidation of every 25 ordinary shares in NetX Shares into 1 NetX Share and renounceable rights issue of up to 629,491,596 new Shares (“**Rights Shares**”) together with up to 314,745,798 free detachable warrants in NetX (“**Warrants C**”) on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Share (after the Share Consolidation) held by the entitled shareholders (“**Rights Issue with Warrants**”). The Rights Issue with Warrants was completed on 3 November 2020 following the listing and quotation of 626,136,825 Rights Shares and 313,068,412 Warrants C, raising RM81,397,787 for the Company.

As at 30 November 2023, the summary of the utilisation of proceeds was as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of a food and beverage e-commerce	5,000	5,000	-	Within 18 months
Marketing of GemSpot and GemSpot Lite	25,000	2,670	22,330	Within 48 months
Development and integration of business intelligence and data analytics system	8,000	-	8,000	Within 48 months
Investment or partnership in other complementary businesses or assets	25,000	24,219	781	Within 48 months
Working capital	17,498	17,498	-	Within 36 months
Expenses for the Right Issue with Warrants	900	900	-	Immediate
	81,398	50,287	31,111	

Other Compliance Information (Continued)

1. UTILISATION OF PROCEEDS

c. Private Placement of Up to 20% of the Total Number of Issued Shares to Third Party Investor(S)

On 2 December 2021, the Company proposed to undertake the private placement of up to 167,193,400 new ordinary shares, representing up to approximately 20% of the total number of issued shares of the Company to third party investor(s) (“**Private Placement**”). Bursa Securities has, vide its letter dated 23 December 2021, approved the listing and quotation of the placement shares to be issued pursuant to the Private Placement. Pursuant to the said approval granted by Bursa Securities, the Company may utilise it to issue the new shares until 31 December 2021, after which, the 10% general mandate will be reinstated pursuant to Rule 6.04(1) of the Listing Requirements. The Private Placement was completed on 8 June 2023 following the listing and quotation of 83,596,700 placement shares on the ACE Market of Bursa Securities, raising RM3,761,852 for the Company.

As at 30 November 2023, the summary of the utilisation of proceeds was as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Additional funds for the microfinancing business	3,586	1,000	2,586	Within 12 months
Expenses for the Private Placement	176	176	-	Immediate
	3,762	1,176	2,586	

2. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees paid/payable to the External Auditors by the Group and the Company respectively for the financial year ended 30 November 2023 were as follows:

	Group RM	Company RM
Audit Services Rendered	225,870	82,000
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	8,000	8,000
	233,870	90,000

3. MATERIAL CONTRACTS AND CONTRACTS RELATED TO LOAN INVOLVING DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts or contracts related to loans entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial period.

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE NATURE

The Company is seeking approval from shareholders for the proposed new shareholders' mandate and renewal of the existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature at the forthcoming Annual General Meeting to be held on 29 April 2024.

Other Compliance Information (Continued)

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE NATURE (CONTINUED)

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 30 November 2023 are as follows:

Related Party and its Principal Activities	NetX Group - Transacting Party	Nature of Transaction with NetX Group	Value of Transaction (RM)	Nature of relationship between NetX Group and the Related Party
Fintec Global Berhad and its subsidiary companies (“ Fintec Group ”) –Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertilizer and probiotic effective microorganisms	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of hardware such as network switches, WiFi access points, network routers, and network monitoring & security solutions, provision of software and hardware maintenance and support services by NetX Group	-	Fintec Global Berhad is a Major Shareholder of NetX with a shareholding of 20.68%. Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.27%. He is also the Managing Director and shareholder of Fintec Global Berhad with a shareholding of 0.01%.
		Renting of office premises to Fintec Group	27,600	
		Provision of management services such as property management services, legal services or any shared services to NetX Group	-	
		Provision of management services such as property management services, legal services or any shared services by NetX Group	-	
		Provision of celebration events planning and gifting services by NetX Group	13,149	
XOX Bhd and its subsidiary companies (“ XOX Group ”) – Mobile telecommunication, fintech, mobile application, mobile cellular, wireless telecommunication	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of hardware such as network switches, WiFi access points, network routers, and network monitoring & security solutions, provision of software and hardware maintenance and support services by NetX Group	505,974	Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.27%. He is also the Executive Director of XOX Bhd.
		Provision of mobile and wireless telecommunication products and services to NetX Group	1,880	
		Provision of management services such as property management services, legal services or any shared services by NetX Group	14,400	
		Provision of advertising services by NetX Group	-	

Other Compliance Information (Continued)

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE NATURE (CONTINUED)

Related Party and its Principal Activities	NetX Group - Transacting Party	Nature of Transaction with NetX Group	Value of Transaction (RM)	Nature of relationship between NetX Group and the Related Party
		Provision of advertising services to NetX Group	-	
		Provision of celebration events planning and gifting services by NetX Group	1,239	
Mlabs Systems Berhad and its subsidiary companies (“ Mlabs Group ”) - Research and development of mobile applications and software, trading of multimedia video conferencing system and equipment, e-commerce, kitchen appliances, food and beverage, event management, employment sourcing and training services, business management consultancy, trading of household appliances, computer hardware, software and peripherals and film production	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of hardware such as network switches, WiFi access points, network routers, and network monitoring & security solutions, provision of software and hardware maintenance and support services by NetX Group	2,995,985	NetX is a Major Shareholder of Mlabs Systems Berhad with a shareholding of 15.75%. Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.27%. He is also the Executive Director and shareholder of Mlabs Systems Berhad with a shareholding of 0.05%.
		Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of hardware such as network switches, WiFi access points, network routers, and network monitoring & security solutions, provision of software and hardware maintenance and support services to NetX Group	6,800	
		Renting of office premises and/ or retail lots to Mlabs Group	110,400	
		Provision of software development and maintenance, website maintenance, cloud related services, video conferencing services and related products or services by NetX Group	-	
		Provision of software development and maintenance, website maintenance, cloud related services, video conferencing services and related products or services to NetX Group	-	
		Provision of management services such as property management services, legal services or any shared services to NetX Group	-	
		Provision of management services such as property management services, legal services or any shared services by NetX Group	21,600	

Other Compliance Information (Continued)

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE NATURE (CONTINUED)

Related Party and its Principal Activities	NetX Group - Transacting Party	Nature of Transaction with NetX Group	Value of Transaction (RM)	Nature of relationship between NetX Group and the Related Party
		Provision of celebration events planning and gifting services by NetX Group	23,368	
		Provision of Blockchain & Digital Assets Advisory Services, Fintech Technology Research & Development, High-Frequency & Quant Trading Solutions, Investment Managed Account Services by Mlabs Group	525,290	
Symphony Life Berhad and its subsidiary companies (“Symphony Group”) – Property Development and Investment, Property Management and Management Services, and Quarrying and Construction	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of hardware such as network switches, WiFi access points, network routers, and network monitoring & security solutions, provision of software and hardware maintenance and support services by NetX Group	-	Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.27%. He is also the Executive Director of Symphony Life Berhad.
		Renting of retail space from Symphony	131,490	

5. SHARE ISSUANCE SCHEME (“SIS”)

The SIS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 21 January 2016 and is governed by the SIS By-Laws.

The SIS was implemented on 24 November 2016 and shall be in force for a period of five (5) years and may be extended to such further period, at the sole and absolute discretion of the Board upon the recommendation by the Option Committee, provided always that the Initial Scheme Period above and such extension of the scheme made pursuant to the SIS By-Laws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities from the effective date of the SIS. On 9 November 2021, the Board approved the extension of the SIS which was expiring on 23 November 2021 for another five (5) years until 23 November 2026 in accordance with the terms of the SIS By-Laws.

At the date of printing of this Annual Report, a total of 780,368,166 options were offered to eligible employees under SIS.

The total number of SIS options granted, exercised and outstanding as at 30 November 2023 are set out in the table below :

Total number of options/ shares outstanding as at 30 November 2022	Total number of options exercised during the financial year ended 30 November 2023	Total number of options/shares granted during the financial year ended 30 November 2023	Total number of options/shares lapsed during the financial year ended 30 November 2023	Total options/shares outstanding as at 30 November 2023
Nil	Nil	Nil	Nil	Nil

Other Compliance Information (Continued)

5. SHARE ISSUANCE SCHEME ('SIS') (CONTINUED)

Options granted to Directors and Chief Executive

	Percentage
Aggregate options granted	None
Aggregate options exercised	None
Aggregate options outstanding	None

Options granted to Directors and Senior Management

	Percentage
Aggregate maximum allocation	80
Actual percentage granted during the financial year	Nil
Actual percentage granted since the commencement of the SIS	25

A breakdown of the options offered to and exercised by non-executive Directors pursuant to SIS in respect of the financial year are as follows:

Name of Directors	Amount of Options Granted	Amount of Options Exercised
Dato' Sri Wan Ahmad Najmuddin Bin Mohd <i>(Appointed on 19 June 2023)</i>	Nil	Nil
Yong Ket Inn	Nil	Nil
Ong Siew Min	Nil	Nil
Chen Chee Peng <i>(Appointed on 1 March 2023)</i>	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In the preparation of financial statements, the Directors consider:

- The Company has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates have been made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors have general responsibilities for taking such steps that are reasonably available to them to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, as well as to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 November 2023, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

55	Directors' Report
59	Statement by Directors
59	Statutory Declaration
60	Independent Auditors' Report
65	Statements of Financial Position
66	Statements of Profit or Loss and Other Comprehensive Income
67	Statements of Changes In Equity
68	Statements of Cash Flows
71	Notes to the Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 November 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as set out in *Note 9* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year		
Attributable to:		
Owners of the Company	(13,524,734)	(1,333,848)
Non-controlling interests	(750,308)	-
	<hr/>	<hr/>

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year ended 30 November 2023, the Company has issued the following:

- (a) the issuance of 83,596,700 new ordinary shares at an issue price of RM0.045 each arising from the exercise of private placement; and
- (b) the issuance of 18,388,604 new ordinary shares at an issue price of RM0.13 each arising from the exercise of free detachable warrants ("Warrant C").

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

There was no issuance of debentures by the Company during the financial year.

WARRANTS 2020/2023

On 3 November 2020, the Company listed and quoted 313,068,412 free detachable Warrant C 2020/2023 ("Warrants C") pursuant to the Rights Issue with Warrants exercise on the basis of three (3) Warrants for every six (6) rights shares subscribed.

The Warrants were constituted by the Deed Poll dated 18 September 2020.

During the financial year, 18,388,604 of Warrants C were exercised at an issue price of RM0.13 per warrant.

As at 26 October 2023, being the maturity date of the Warrant C, 294,679,808 Warrant C remained unexercised and ceased to be valid.

The salient features of the Warrants C are disclosed in *Note 20(a)* to the financial statements.

Directors' Report (Continued)

SHARE ISSUANCE SCHEME ("SIS")

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of SIS of up to 30% of the issued share capital of the Company at any point in time throughout the duration of the scheme to eligible employees of the Company and its subsidiaries (excluding dormant subsidiaries) under a contract of service or for service. The directors of the Company do not qualify to participate in the SIS.

In accordance with Rule 6.44(1) of the Listing Requirements of Bursa Malaysia, the SIS became effective for a period of 5 years from 24 November 2016, being the date of full compliance of the SIS.

On 9 November 2021, the Company approved the extension of its existing SIS which was expiring on 23 November 2021 for another 5 years until 23 November 2026 in accordance with the terms of the SIS By-Laws.

No SIS was granted or exercised during the financial year ended 30 November 2023. As at 30 November 2023, the outstanding SIS are amounted to 780,368,166 number of options.

The salient features and terms of the SIS are as follows:

- (a) The total number of SIS to be offered and issued shall not exceed thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the SIS;
- (b) An executive or non-executive director does not qualify for participation in the SIS;
- (c) The price payable by the SIS Option holder upon the exercise of the SIS Options shall be the higher of the 5 days volume weighted average price of the Company's shares immediately preceding the offer date, with a discount of not more than ten percent (10%) or the par value of the Company's shares;
- (d) The SIS shall be in force for a period of five (5) years from the effective date, subject to any extension for a further period of maximum five (5) years;
- (e) The SIS Options shall not carry any rights to vote at any general meeting and shall not in any event be entitled to any dividends, rights, allotments and/or other distributions on the unexercised SIS Options; and
- (f) The new shares to be allotted and issued pursuant to the SIS will not be subject to any retention period.

OPTIONS GRANTED OVER UNISSUED SHARES

No option has been granted during the financial year to take up the unissued shares of the Company except for the SIS offered to eligible employees.

DIRECTORS

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

Tan Sik Eek	
Yong Ket Inn	
Ong Siew Min	
Chen Chee Peng	(appointed on 01.03.2023)
Dato' Sri Wan Ahmad Najmuddin Bin Mohd	(appointed on 19.06.2023)

The directors of the subsidiaries in office since the beginning of the financial year to the date of this report, excluding directors who are also directors of the Company are:

Lynch Stephen Joseph Chor	
Teoh Khai Chien	
Foo Jee Hai	
Tai, Raymond Li Jin	
Charissa Lim Zhu Ai	
Chan Kee Wong	
Patrick Ting	(appointed on 23.08.2023)

Directors' Report (Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of director who held office at the end of the financial year in the shares in the Company and its related corporation during the financial year is as follows:

	<i>Balance</i> <i>01.12.2022</i>	<i>No. of Ordinary Shares</i>		<i>Balance</i> <i>30.11.2023</i>
		<i>Bought</i>	<i>Sold</i>	
Tan Sik Eek	40,000,000	-	-	40,000,000

By virtue of the director interests in the ordinary shares of the Company and pursuant to Section 8 of the Company Act 2016 in Malaysia, Mr. Tan Sik Eek is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors, other than Mr. Tan Sik Eek, holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (*other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown under Directors' Remuneration section below, or the fixed salary of a full-time employee of the Company*) 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.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors' remuneration				
- fees	876,040	799,394	-	-
- other emoluments	959,774	640,314	546,359	518,422
	1,835,814	1,439,708	546,359	518,422
Non-executive Directors' remuneration				
- fees	237,552	362,494	166,000	158,000
- other emoluments	48,000	34,500	48,000	34,500
	285,552	396,994	214,000	192,500
Total directors' remuneration	2,121,366	1,836,702	760,359	710,922

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised 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 (Continued)

OTHER STATUTORY INFORMATION (CONTINUED)

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
- (d) 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.

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

- (a) 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
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year, except as disclosed in *Note 36* to the financial statements.

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 affect the ability of the Group and of the Company to meet their 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 EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events during the financial year and significant events subsequent to the financial year are disclosed in *Note 38* to the financial statements.

AUDITORS

The auditors' remuneration for the financial year ended 30 November 2023 of the Group and of the Company amounted to RM225,870 (2022: RM215,040) and RM82,000 (2022: RM80,000) respectively.

The auditors, Messrs SBY Partners PLT, Chartered Accountants, have expressed their willingness to continue in office.

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

TAN SIK EEK
Director

ONG SIEW MIN
Director

Kuala Lumpur,
Date: 20 March 2024

STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 65 to 126 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 November 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in Kuala Lumpur on 20 March 2024.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

TAN SIK EEK*Director***ONG SIEW MIN***Director***STATUTORY DECLARATION**

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

I, Tan Sik Eek, being the director primarily responsible for the financial management of NetX Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 65 to 126 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, TAN SIK EEK at
Kuala Lumpur on 20 March 2024.

Before me

TAN SIK EEK**AMIR BIN ISMAIL**

License No: W800

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of NetX Holdings Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NetX Holdings Berhad, which comprise the statements of financial position as at 30 November 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 126.

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 November 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Risk area and rationale	Our response
<p>Intangible assets (<i>Note 8 to the financial statements</i>)</p> <p>The carrying amount of intangible assets as at 30 November 2023 is amounted to RM5,628,956 and comprises of application software, development costs and trademark amounted to RM5,090,894, RM525,840 and RM12,222 respectively.</p> <p>During the financial year, the management has provided the following:</p> <p>(i) Impairment loss on intangible assets amounted to RM1,079,598; and</p> <p>(ii) Amortisation of application software amounted to RM4,159,449.</p> <p>We determined this to be a key audit matter because it requires significant judgments and estimates on the future results and key assumptions that is applied across the cash flow projections of the cash-generating-units (CGU) in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates, operating profits margins and appropriate pre-tax discount rate.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - checked to the source documents and evaluated the appropriateness of the development costs to be capitalised as additions to intangible assets; - sighted to the trademark certificates issued by the approving authorities; - compared prior periods forecast to actual outcomes to assess reliability of management's forecasting process; - assessed and evaluated the key assumptions used in forecasting revenues, operating profits margins and growth rates; - assessed appropriateness of pre-tax discount rate used by the management by comparing to the market data, the market weighted average cost of capital and the relevant risk factors; - agreed the input data used by management to supporting evidence by verifying the actual results and financial budgets that is approved by the management; and - performed sensitivity analysis to stress test the key assumptions used in the cash flow projections to evaluate the impact on the impairment assessment.

Independent Auditors' Report

To the members of NetX Holdings Berhad
(Incorporated in Malaysia)
(Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Risk area and rationale	Our response
<p>Goodwill (Note 11 to the financial statements)</p> <p>The carrying amount of Goodwill as at 30 November 2023 is amounted to RM5,939,511.</p> <p>We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates on the future results and key assumptions that is applied across the cash flow projections of the cash-generating-units (CGU) in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates, operating profit margins, and as well as determining an appropriate pre-tax discount rate used for each CGU.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - compared prior periods forecast to actual outcomes to assess reliability of management's forecasting process; - assessed and evaluated the key assumptions used in forecasting revenues, operating profits margins and growth rates; - assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, the market weighted average cost of capital and the relevant risk factors; - challenged and made enquiries on the management on the key inputs used in the measurement methods; - performed sensitivity analysis to stress test the key assumptions used in the cash flow projections to evaluate the impact on the impairment assessment; and - agreed the input data used by management to supporting evidence by verifying the actual results and financial budgets approved by the management.
<p>Trade receivables and other receivables, deposits and prepayments (Notes 13 and 14 to the financial statements)</p> <p>The carrying amount of Group's trade receivables and other receivables, deposits and prepayments as at 30 November 2023 amounted to RM13,337,020 and RM9,941,907 respectively.</p> <p>During the financial year, the management has provided the followings:</p> <p>(i) Reversal of impairment losses on trade receivables amounted to RM4,330; and</p> <p>(ii) Impairment loss on trade receivables amounted to RM1,377,711.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> - recomputed the probability of default using the historical data and forward-looking information adjustment; - challenged and made enquiries on the management on the key inputs used in the measurement methods and the rationale underlying the relationship between the forward-looking information used by the Company; - tested the accuracy and completeness of data used in the computation of the expected credit losses; - assessed the ageing analysis of trade receivables; and - reviewed the collection of trade receivables, other receivables and deposits subsequent to the financial year.

Independent Auditors' Report

To the members of NetX Holdings Berhad
(Incorporated in Malaysia)
(Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Risk area and rationale	Our response
<p>Investment Properties (Note 6 to the financial statements)</p> <p>As at 30 November 2023, the Group's investment properties is amounted to RM39,456,355. The valuation of the Group's investment properties for freehold building (Sungai Wang Plaza) were performed by independent external valuers on 24 March 2023 based on income approach method.</p> <p>The Group's other freehold and leasehold building's fair value was assessed for impairment based on the Directors' assessment of the current year price in an active market for the respective properties within each vicinity.</p> <p>We determined this to be a key audit matter because of the complexities in determining the fair value of the investment properties, in which significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - obtained and read the updated valuation report issued by independent external valuer. Based on this report, we discussed the valuation methodologies and assumptions used in the valuation report with the independent external valuer; - made reference and refer to full valuation report that was prepared by the external valuer in previous year to assess on the reference made in the current desktop valuation report; - agreed rental rates, rental period, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable and held discussion with valuer to understand the factors they have considered in adopting the inputs, including any market factors; - discussed with valuer to understand the basis of parameters applied to transacted price per square foot; - challenged the valuer on the certain key inputs and estimates used; - performed sensitivity analysis to stress test the key inputs and estimates; - ensured that the Directors select the close by properties (within the vicinity) that is available for sale as a benchmark to compute the market value; and - recomputed the computation on the adjustments made to reflect the differences in land or floor size.

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report

To the members of NetX Holdings Berhad
(Incorporated in Malaysia)
(Continued)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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:

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

Independent Auditors' Report

To the members of NetX Holdings Berhad
(Incorporated in Malaysia)
(Continued)

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in *Note 9* to the financial statements.

Other Matters

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

SBY PARTNERS PLT

Reg. No: 202106000003 (LLP0026726-LCA) AF: 0660
Chartered Accountants

SUKHPAL SINGH A/L KAUR SINGH

03494/05/2024 J
Chartered Accountant

Kuala Lumpur,
Date: 20 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 30 November 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
NON-CURRENT ASSETS					
Plant and equipment	5	3,388,271	2,925,383	7,202	152,168
Investment properties	6	39,456,355	40,874,897	-	-
Right-of-use assets	7	2,197,609	1,759,040	-	-
Intangible assets	8	5,628,956	9,865,405	-	-
Investment in subsidiaries	9	-	-	51,648,269	40,022,994
Other investments	10	5,207,124	6,714,703	-	-
Goodwill	11	5,939,511	5,936,049	-	-
		61,817,826	68,075,477	51,655,471	40,175,162
CURRENT ASSETS					
Inventories	12	201,635	38,403	-	-
Trade receivables	13	13,337,020	9,608,683	-	-
Other receivables, deposits and prepayments	14	9,941,907	12,048,277	14,817	17,067
Contract assets	15	859,879	1,304,157	-	-
Amount owing by subsidiaries	16	-	-	1,000,000	-
Current tax assets		84,500	59,845	-	-
Short-term investments	17	97	7,066,937	97	7,066,937
Cash and bank balances	18	65,012,643	62,888,025	785,880	1,376,577
		89,437,681	93,014,327	1,800,794	8,460,581
TOTAL ASSETS		151,255,507	161,089,804	53,456,265	48,635,743
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	212,029,088	205,876,718	212,029,088	205,876,718
Reserves	20	(97,036,517)	(79,418,759)	(158,679,223)	(157,345,375)
Total equity attributable to owners of the Company		114,992,571	126,457,959	53,349,865	48,531,343
Non-controlling interests		(4,454,135)	(5,143,527)	-	-
TOTAL EQUITY		110,538,436	121,314,432	53,349,865	48,531,343
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	25	1,454,229	1,309,612	-	-
Term loan	21	19,504,837	26,617,349	-	-
Deferred tax liabilities	22	126,989	126,989	-	-
		21,086,055	28,053,950	-	-
CURRENT LIABILITIES					
Trade payables	23	5,041,291	950,385	-	-
Other payables, accruals and deposits received	24	5,299,052	3,307,623	106,400	104,400
Contract liabilities	15	2,375,625	1,477,253	-	-
Lease liabilities	25	807,213	458,434	-	-
Term loan	21	6,107,807	5,527,635	-	-
Current tax liabilities		28	92	-	-
		19,631,016	11,721,422	106,400	104,400
TOTAL LIABILITIES		40,717,071	39,775,372	106,400	104,400
TOTAL EQUITY AND LIABILITIES		151,255,507	161,089,804	53,456,265	48,635,743

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

As at 30 November 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
REVENUE	26	16,831,630	13,653,617	-	-
COST OF SALES		(8,406,674)	(9,258,641)	-	-
GROSS PROFIT		8,424,956	4,394,976	-	-
OTHER OPERATING INCOME		12,118,397	9,374,450	67,073	301,118
ADMINISTRATIVE EXPENSES		(26,935,122)	(18,968,591)	(1,255,955)	(1,171,556)
OTHER OPERATING EXPENSES		(5,824,540)	(8,737,274)	(144,966)	(145,518)
LOSS FROM OPERATIONS		(12,216,309)	(13,936,439)	(1,333,848)	(1,015,956)
FINANCE COSTS	27	(2,058,733)	(2,162,657)	-	-
LOSS BEFORE TAXATION	28	(14,275,042)	(16,099,096)	(1,333,848)	(1,015,956)
INCOME TAX CREDIT	29	-	5,773	-	-
LOSS FOR THE FINANCIAL YEAR		(14,275,042)	(16,093,323)	(1,333,848)	(1,015,956)
OTHER COMPREHENSIVE LOSS					
<u>Items that are reclassified</u>					
<u>subsequently to profit or loss</u>					
- exchange differences on translation of the financial statements of foreign subsidiaries		(2,802,967)	(2,789,117)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(17,078,009)	(18,882,440)	(1,333,848)	(1,015,956)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(13,524,734)	(15,631,210)		
Non-controlling interests		(750,308)	(462,113)		
		(14,275,042)	(16,093,323)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(16,094,624)	(18,200,991)		
Non-controlling interests		(983,385)	(681,449)		
		(17,078,009)	(18,882,440)		
LOSS PER SHARE (Sen)					
Basic	30	(1.56)	(1.87)		
Diluted	30	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 November 2023

GROUP	Note	← Attributable to owners of the Company →		← Non-Distributable →		Distributable		Total equity
		Share capital	Warrant reserve	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	
		RM	RM	RM	RM	RM	RM	RM
At 30 November 2021/1 December 2021		205,876,718	19,226,263	(456,933)	(79,987,098)	144,658,950	(4,640,578)	140,018,372
<u>Transactions with owners:</u>								
Acquisition of subsidiary		-	-	-	-	-	178,500	178,500
Loss after taxation		-	-	-	(15,631,210)	(15,631,210)	(462,113)	(16,093,323)
Other comprehensive income:								
Foreign currency translation reserve		-	-	(2,569,781)	-	(2,569,781)	(219,336)	(2,789,117)
Total comprehensive loss for the financial year		-	-	(2,569,781)	(15,631,210)	(18,200,991)	(681,449)	(18,882,440)
At 30 November 2022/1 December 2022		205,876,718	19,226,263	(3,026,714)	(95,618,308)	126,457,959	(5,143,527)	121,314,432
<u>Transactions with owners:</u>								
Acquisition of subsidiary		-	-	-	-	-	(2,347)	(2,347)
Change in ownership interests in a subsidiary company		-	-	-	(1,523,134)	(1,523,134)	1,185,124	(338,010)
Issuance of shares pursuant to exercise of private placement	19	3,761,851	-	-	-	3,761,851	-	3,761,851
Issuance of shares pursuant to exercise of detachable Warrant C	19	2,390,519	-	-	-	2,390,519	-	2,390,519
Reversal of warrant reserves due to exercise of detachable Warrant C	19	-	(2,390,519)	-	2,390,519	-	-	-
Expiration of detachable Warrant C	20	-	(16,835,744)	-	16,835,744	-	-	-
Subscription of additional equity share by NCI		-	-	-	-	-	490,000	490,000
		6,152,370	(19,226,263)	-	17,703,129	4,629,236	1,672,777	6,302,013
Loss after taxation		-	-	-	(13,524,734)	(13,524,734)	(750,308)	(14,275,042)
Other comprehensive loss:								
Foreign currency translation reserve		-	-	(2,569,890)	-	(2,569,890)	(233,077)	(2,802,967)
Total comprehensive loss for the financial year		-	-	(2,569,890)	(13,524,734)	(16,094,624)	(983,385)	(17,078,009)
At 30 November 2023		212,029,088	-	(5,596,604)	(91,439,913)	114,992,571	(4,454,135)	110,538,436

Company	Note	← Accumulated losses is distributable →			Total equity
		Share capital	Warrant reserve	Accumulated losses	
		RM	RM	RM	RM
At 30 November 2021/1 December 2021		205,876,718	19,226,263	(175,555,682)	49,547,299
Total comprehensive loss for the financial year		-	-	(1,015,956)	(1,015,956)
At 30 November 2022/1 December 2022		205,876,718	19,226,263	(176,571,638)	48,531,343
<u>Transactions with owners:</u>					
Issuance of shares pursuant to exercise of private placement	19	3,761,851	-	-	3,761,851
Issuance of shares pursuant to exercise of detachable Warrant C	19	2,390,519	-	-	2,390,519
Reversal of warrant reserves due to exercise of detachable Warrant C	19	-	(2,390,519)	2,390,519	-
Expiration of detachable Warrant C	20	-	(16,835,744)	16,835,744	-
Total transactions with owners		6,152,370	(19,226,263)	19,226,263	6,152,370
Total comprehensive loss for the financial year		-	-	(1,333,848)	(1,333,848)
At 30 November 2023		212,029,088	-	(158,679,223)	53,349,865

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 November 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(14,275,042)	(16,099,096)	(1,333,848)	(1,015,956)
<i>Adjustments for:</i>					
Amortisation of intangible assets	8	4,159,449	989,995	-	-
Bad debts written off	14	-	10,407	-	-
Depreciation of plant and equipment	5	1,648,585	2,392,241	144,966	145,518
Depreciation of investment properties	6	1,418,542	1,404,681	-	-
Depreciation of right-of-use assets	7	617,686	202,114	-	-
Dividend income		-	(57,353)	-	(57,353)
Fair value losses on other investments	10	2,860,290	4,560,731	-	-
Reversal of other payables		(480,000)	-	-	-
Fair value gain on short-term investments		(47,269)	(221,163)	(47,269)	(221,163)
Gain on disposal of short-term investments		(17,352)	(16,345)	(17,352)	(16,345)
Loss on disposal of other investments		505,777	-	-	-
Unrealised gain on foreign exchange		(6,099,584)	(5,515,372)	-	-
Impairment losses on intangible assets	8	1,079,598	3,517,728	-	-
Impairment losses on trade receivables	13	1,377,711	842,625	-	-
Interest expenses		2,058,733	2,162,657	-	-
Interest income		(2,431,460)	(1,149,026)	(2,452)	(6,257)
Inventories written off	12	1,165	9,024	-	-
Plant and equipment written off	5	-	17,922	-	-
Reversal of impairment losses on trade receivables	13	(4,330)	(17,140)	-	-
Reversal of over accrual of interest expense		(1,119,257)	-	-	-
<i>Operating loss before working capital changes</i>		(8,746,758)	(6,965,370)	(1,255,955)	(1,171,556)
Changes in contract assets/contract liabilities		1,342,651	(3,808)	-	-
Increase in inventories		(164,397)	(34,854)	-	-
Increase in trade receivables		(5,101,718)	(5,182,688)	-	-
Decrease/(Increase) in other receivables, deposits and prepayments		1,768,322	2,960,177	2,250	(1,702)
Increase in trade payables		4,090,906	354,519	-	-
Increase/(Decrease) in other payables, accruals and deposits received		5,694,837	2,209,332	2,000	(5,262)
Cash used in operating activities		(1,116,157)	(6,662,692)	(1,251,705)	(1,178,520)
Interest received		2,431,460	1,149,026	2,452	6,257
Tax refunded		5,000	8,563	-	-
Tax paid		(29,719)	(12,248)	-	-
<i>Net cash generated from/(used in) operating activities</i>		1,290,584	(5,517,351)	(1,249,253)	(1,172,263)

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

Statements of Cash Flows

For the financial year ended 30 November 2023
(Continued)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	8	(683,849)	(297,673)	-	-
Acquisition of subsidiary	9	(1,020)	-	-	-
Acquisition of additional equity interest in subsidiaries		(338,010)	-	-	-
Additions in other investments	10	(3,431,035)	(4,888,296)	-	-
Advance to subsidiaries		-	-	(1,000,000)	-
Dividend received		-	57,353	-	57,353
Investment in subsidiaries	32 (c)	-	-	(11,625,275)	(17,155,461)
Proceeds from disposal of other investments		1,554,154	-	-	-
Proceeds from disposal of short-term investments	32 (d)	6,749	21,935	6,749	21,935
Proceeds from disposal of plant and equipment		1,418	-	-	-
Purchase of plant and equipment	5	(2,093,792)	(990,358)	-	-
Purchase of investment properties	6	-	(4,158,189)	-	-
Subscription of additional equity share by non-controlling interests		490,000	178,500	-	-
<i>Net cash used in investing activities</i>		(4,495,385)	(10,076,728)	(12,618,526)	(17,076,173)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest expenses	32 (b)	-	(2,121)	-	-
Interest paid on term loan	32 (b)	(1,939,918)	(2,149,690)	-	-
Interest paid on lease liabilities	32 (b)	(118,815)	(10,846)	-	-
Withdrawal of short-term investments	32 (d)	7,124,712	18,786,144	7,124,712	18,786,144
Proceeds from exercise of warrants		2,390,519	-	2,390,519	-
Proceeds from issuance of shares pursuant to private placement		3,761,851	-	3,761,851	-
Payment of lease liabilities	32 (b)	(562,859)	(197,024)	-	-
Repayment of term loan	32 (b)	(5,413,083)	(1,902,914)	-	-
<i>Net cash generated from financing activities</i>		5,242,407	14,523,549	13,277,082	18,786,144
Net increase/(decrease) in cash and cash equivalents		2,037,606	(1,070,530)	(590,697)	537,708
<i>Cash and cash equivalents at the beginning of the financial year</i>		62,888,025	64,403,793	1,376,577	838,869
<i>Effect of exchange differences</i>		87,012	(445,238)	-	-
<i>Cash and cash equivalents at the end of the financial year (Note A)</i>		65,012,643	62,888,025	785,880	1,376,577

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

Statements of Cash Flows

For the financial year ended 30 November 2023
(Continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
NOTES TO STATEMENTS OF CASH FLOWS				
(A) Cash and cash equivalents comprise:				
Short-term investments	97	7,066,937	97	7,066,937
Cash and bank balances	65,012,643	62,888,025	785,880	1,376,577
	65,012,740	69,954,962	785,977	8,443,514
Less: Short-term investments	(97)	(7,066,937)	(97)	(7,066,937)
	65,012,643	62,888,025	785,880	1,376,577

(B) Cash outflows for right-of-use assets are as follow:

	Group	
	2023 RM	2022 RM
<u>Included in net cash used in operating activities:</u>		
- Interest paid in relation to lease liabilities	118,815	10,846
- Payment relating to low-value assets	15,945	16,686
- Payment relating to short-term lease	221,139	181,032
<u>Included in net cash used in financing activities:</u>		
- Payment for the principal portion of lease liabilities	562,859	197,024
Total cash outflow for leases	918,758	405,588

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

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The address of the registered office of the Company is 22-09, Menara 1MK, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiaries are set out in *Note 9*.

The address of the principal place of business of the Company is Lot 13.2, 13th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in *Note 3* to the financial statements on significant accounting policies.

At the beginning of the financial year, the Group and the Company have adopted the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 December 2022:

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above Amendments to MFRSs did not have any material impacts on the financial statements of the Group and of the Company.

MFRSs and Amendments to MFRSs that have been issued but are not yet effective

The MFRSs and amendments to MFRSs that have been issued and applicable to the Group and the Company but are not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards when they become effective.

MFRSs and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements - Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure-Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of these MFRSs and Amendments to MFRSs that have been issued but are not yet effective is not expected to have a material impact to the financial statements of the Group and of the Company.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) *Acquisition method of accounting for non-common control business combinations*

Acquisition of subsidiaries is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) *Non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the statements of profit or loss and other comprehensive income and within equity in the statements of financial position, separately from equity attributable to owners of the Company.

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

(b) Investment in subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, where applicable.

Plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

EFTPOS terminals	8 years
Office equipment	3 - 10 years
Furniture and fittings	2 - 10 years
Machinery	2 years
Software and hardware	5 years
Renovation	2 - 10 years
Equipment and kitchen utensils	3 years

The residual values, useful lives and depreciation method of plant and equipment are reviewed at the end of each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss in determining profit from operations.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The Group uses the cost model to measure its investment properties after initial recognition.

Investment properties are derecognised either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the financial year in which they arise.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Leasehold building	97 years
Freehold building	30 years

(e) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess i.e. bargain purchase is recognised as income immediately in profit or loss.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets - Research and development costs

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

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite useful life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

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

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

Application software development costs

Costs associated with developing application software programmes that are considered to be capable of generating future economic benefits are capitalised in the financial statements, otherwise they are expensed off in the profit or loss. The development costs consist of staff costs directly incurred in the development of the application software. Application software development costs recognised as assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Application software development costs, which are regarded to have finite useful lives are amortised on a straight-line basis over their estimated useful lives of 10 years.

The carrying amount of these costs is reviewed annually and will be written down when their value had deteriorated or when they cease to have any economic useful life.

Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, the ability of the asset to generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

(g) Impairment of non-financial assets

The carrying amount of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying value of the assets with their recoverable amount. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets (Continued)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on the first-in-first-out basis and is the aggregate of the original cost of purchases plus the cost of bringing the inventories to their present conditions and locations.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(i) Financial assets

All regular way of purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) *Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) *Amortised cost and effective interest method*

At initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

(ii) *Amortised cost and effective interest method (Continued)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial assets from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “investment income” line item.

(iii) *Debt instruments classified as FVTOCI*

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the assets are derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements of gains or losses in the carrying amount are taken through other comprehensive income (‘OCI’), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Accumulated OCI is reclassified from equity to profit or loss and recognised in other gains/losses upon derecognition of the financial assets. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss within other gains/losses in the period in which it arises.

(iv) *Equity instruments*

The Group and the Company subsequently measure all equity instruments at fair value. Where the Group’s and the Company’s management have elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments. Dividends from such instruments continue to be recognised in profit or loss as other income when the Group’s and the Company’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gain/losses in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVTOCI are not reported separately from other changes in fair value.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

(v) *Financial assets at FVTPL*

This category comprises only in-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor do they voluntarily classify any financial assets as being at FVTPL.

(vi) *Impairment of financial assets*

The Group and the Company recognise a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Any impairment gain or loss arising from such changes is to be recognised in profit or loss.

The Group and the Company recognise lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group’s and the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) *Derecognition of financial assets*

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expired, or the Group and the Company transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and the Group and the Company do not retain control of the financial asset.

In the event the Group and the Company enter into transactions whereby the Group and the Company transfer assets recognised in statements of financial position, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) *Financial liabilities at FVTPL*

This category comprises only out-of-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss. The Group and the Company do not have any liabilities held for trading nor have the Group and the Company designated any financial liabilities as being at FVTPL.

(ii) *Other financial liabilities*

Other financial liabilities include the following items:

- bank borrowings, where such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding; and
- payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) *Derecognition of financial liabilities*

The Group and the Company derecognise a financial liability when their contractual obligations are discharged or cancelled, or expired. The Group and the Company also derecognise a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(k) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

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

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Contract assets and contract liabilities

(i) *Contract assets*

Contract asset represents service contracts cost which comprise of cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract costs includes direct labour, expenses and an appropriate proportion of contract overheads.

Revenue from work done on service contract is recognised based on the stage of completion method. The stage of completion is determined based on proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, the contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as contract assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(ii) *Contract liabilities*

Contract liabilities represents the Group's obligation to transfer goods or services to customers for which the Group has received the consideration or has billed to the customer. The contract liabilities of the Group comprise of deferred revenue where the Group has billed or has collected the payment before services are provided to the customers.

(m) Lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what the purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, the Group and the Company have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Lease (Continued)

Recognition And Measurement

(i) *Initial measurement*

As a Lessor

When the Group or the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To clarify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on stand-alone selling prices.

When the Group and the Company are the intermediate lessor, they account for their interest in the head lease and the sublease separately. They assess the lease classification of a sublease with reference to the right-of-use assets arising from head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then they classify the sublease as an operating lease.

As a Lessee

The Group and the Company recognise right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying assets or the site on which they are located, less any lease incentives received.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group's and Company's incremental borrowing rates are used. Generally, the Group and the Company use their incremental borrowing rates as the discount rates.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group or the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group or the Company is reasonably certain not to early terminate the contract.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying assets from the lease liabilities. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether the Group and the Company are reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and lease of low-value assets. 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 present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statements of financial position.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Lease (Continued)

Recognition And Measurement (Continued)

(ii) *Subsequent measurement*

As a Lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

As a Lessee

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether the Group and the Company will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding to the right-of-use assets, one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liabilities. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount that commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use assets and remeasure the lease liabilities to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use assets.

(n) Revenue recognition

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange for those goods or services.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue Recognition (Continued)

Recognition and measurement

At the inception of each contract with customer, the Group and the Company assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and in the Company's customary business practices. Goods or services are distinct if:

- the customer can benefit from the goods or services either on its own or together with other resources that are readily available to the customer; and
- the Group's and the Company's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract.

If goods or services are not distinct, the Group and the Company combine them with other promised goods or services until the Group and the Company identify a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in contract with a customer and excludes amounts collected on behalf of third parties such as sales and service taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group and the Company estimate the amount of consideration that they expect to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Controls over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performances create or enhance a customer-controlled asset; or
- the Group and the Company performances do not create an asset with alternative use to the Group and the Company and the Group and the Company have a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies of the Group's and of the Company's major activities are described below:

(i) Revenue from services rendered

Revenue from services rendered is recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services rendered.

(ii) Revenue from sales of software and hardware

Revenue from sales of software and hardware is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and there is no continuity management involvement with the goods.

(iii) Revenue from software license

Revenue from software license is recognised when a customer's right to the intellectual property of the Group is established.

(iv) Interest income from money lending business

Interest income from money lending business is recognised on an accrual basis using the interest rate based on Moneylenders Act, 1951.

(v) Revenue from foreign currency trading

Revenue from foreign currency trading is derived from the net proceeds received upon sales.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(p) Interest income

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

(q) Employee benefits

(i) *Short-term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company and its subsidiaries. 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 and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) *Defined contribution plans*

The Company's and its subsidiaries' contributions to defined contribution plans regulated and managed by the government are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company and its subsidiaries have no further financial obligations.

(r) Income tax expense

Income taxes for the financial year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity).

A related party is:

- (i) a person or a close member of that person's family if that person:
 - a. has control or joint control of the reporting entity;
 - b. has significant influence over the reporting entity; or
 - c. is a member of the key management personnel of the reporting entity or of a holding company of the reporting entity.
- (ii) related to a reporting entity if any of the following conditions applies:
 - a. the entity and the reporting entity are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - b. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - c. both entities are joint ventures of the same third party.
 - d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - e. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - f. the entity is controlled or jointly controlled by a person identified in (i).
 - g. a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of the holding company of the entity).
 - h. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the holding company of the reporting entity.

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and of the subsidiaries either directly or indirectly. The key management personnel include all the directors of the Company and directors of the subsidiaries, members of senior management as well as members of senior management and chief executive officers of major subsidiaries of the Group.

(t) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Functional and foreign currency

(i) *Functional and presentation currency*

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

(ii) *Foreign currency transactions and balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting date are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Functional and foreign currency (Continued)

(iii) *Foreign operations*

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting date. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial year. All exchange differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(v) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(x) Borrowing costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time that the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

(y) Earnings per ordinary share ("EPS")

The Group presents basic and diluted earnings per share 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 year, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

Notes to the Financial Statements

30 November 2023
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Operating segments

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

(ab) Warrant reserve

Amount allocated in relation to the issuance of warrants is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to share capital or retained profits upon the exercise or expiry of the warrants respectively.

(ac) 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 by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- 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.
- Level 3 : fair value is estimated using unobservable inputs for the financial assets and liabilities.

Notes to the Financial Statements

30 November 2023
(Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have significant risks of causing material adjustments to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of plant and equipment and investment properties

The estimates for residual values, useful lives and related depreciation charges for the plant and equipment and investment properties are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their plant and equipment and investment properties will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amounts of plant and equipment and investment properties are disclosed in *Note 5* and *Note 6*.

(b) Amortisation of intangible assets

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

(c) Impairment of investment in subsidiaries

The carrying value of investment in subsidiaries is reviewed for impairment. In the determination of the value-in-use of the investment in subsidiaries, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiaries recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax 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 period in which such determination is made.

(e) Provision for expected credit losses of trade 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, and coverage by letters of credit and other forms of credit insurance).

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. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes to the Financial Statements

30 November 2023
(Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group for matters in the ordinary course of business.

(g) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. It also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(h) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(i) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

(j) Impairment of other receivables

The loss allowances for other financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting date.

(k) Impairment of non-financial assets

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

Notes to the Financial Statements

30 November 2023
(Continued)

5. PLANT AND EQUIPMENT

The details of plant and equipment are as follows:

Group	EFTPOS terminals RM	Office equipment RM	Furniture and fittings RM	Machinery RM	Software and hardware RM	Renovation RM	Equipment and kitchen utensils RM	Total RM
<i>Cost</i>								
At 1 December 2021	5,490	658,525	159,476	38,800	7,714,949	1,346,790	-	9,924,030
Additions	-	77,872	73,510	42,239	-	796,737	-	990,358
Written off	-	(25,603)	-	-	-	-	-	(25,603)
Translation differences	-	(176)	-	-	200,113	-	-	199,937
At 30 November 2022/								
1 December 2022	5,490	710,618	232,986	81,039	7,915,062	2,143,527	-	11,088,722
Additions	-	26,994	83,629	-	-	1,566,082	417,087	2,093,792
Disposal	-	(4,225)	-	-	-	-	-	(4,225)
Translation differences	-	630	2,163	-	186,800	18,014	-	207,607
At 30 November 2023	5,490	734,017	318,778	81,039	8,101,862	3,727,623	417,087	13,385,896
<i>Accumulated depreciation</i>								
At 1 December 2021	3,688	387,286	90,791	37,183	4,154,867	960,421	-	5,634,236
Charge for the financial year	685	95,918	18,511	8,473	2,074,810	193,844	-	2,392,241
Written off	-	(7,681)	-	-	-	-	-	(7,681)
Translation differences	-	(101)	(69)	-	144,950	(237)	-	144,543
At 30 November 2022/								
1 December 2022	4,373	475,422	109,233	45,656	6,374,627	1,154,028	-	8,163,339
Charge for the financial year	685	92,884	32,459	21,120	927,986	550,170	23,281	1,648,585
Disposal	-	(2,807)	-	-	-	-	-	(2,807)
Translation differences	-	241	378	-	184,500	3,389	-	188,508
At 30 November 2023	5,058	565,740	142,070	66,776	7,487,113	1,707,587	23,281	9,997,625
<i>Net carrying amount</i>								
At 30 November 2023	432	168,277	176,708	14,263	614,749	2,020,036	393,806	3,388,271
At 30 November 2022	1,117	235,196	123,753	35,383	1,540,435	989,499	-	2,925,383

Notes to the Financial Statements

30 November 2023
(Continued)

5. PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM	Renovation RM	Total RM
<i>Cost</i>			
At 30 November 2022/ 30 November 2023	30,396	710,432	740,828
<i>Accumulated depreciation</i>			
At 1 December 2021	16,884	426,258	443,142
Charge for the financial year	3,432	142,086	145,518
At 30 November 2022/1 December 2022	20,316	568,344	588,660
Charge for the financial year	2,878	142,088	144,966
At 30 November 2023	23,194	710,432	733,626
<i>Net carrying amount</i>			
At 30 November 2023	7,202	-	7,202
At 30 November 2022	10,080	142,088	152,168

6. INVESTMENT PROPERTIES

Group	Freehold building RM	Leasehold building RM	Total RM
<i>Cost</i>			
At 1 December 2021	37,643,139	6,353,030	43,996,169
Additions	4,158,189	-	4,158,189
At 30 November 2022/ 30 November 2023	41,801,328	6,353,030	48,154,358
<i>Accumulated depreciation</i>			
At 1 December 2021	5,239,526	635,254	5,874,780
Charge for the financial year	1,258,464	146,217	1,404,681
At 30 November 2022/1 December 2022	6,497,990	781,471	7,279,461
Charge for the financial year	1,272,325	146,217	1,418,542
At 30 November 2023	7,770,315	927,688	8,698,003
<i>Net carrying amount</i>			
At 30 November 2023	34,031,013	5,425,342	39,456,355
At 30 November 2022	35,303,338	5,571,559	40,874,897

Included in freehold buildings are 6 strata retail units of Sungei Wang with a carrying amount of RM30,025,290 as at 30 November 2023.

Notes to the Financial Statements

30 November 2023
(Continued)

6. INVESTMENT PROPERTIES (CONTINUED)

Assets pledged as securities to financial institutions

Group

The carrying amount of investment properties of the Group pledged as security for term loan as disclosed in *Note 21* is:

	Group	
	2023	2022
	RM	RM
Freehold building	30,025,291	31,214,452
Leasehold building	4,712,843	4,769,059
As 30 November	34,738,134	35,983,511

The fair value of investment properties of the Group is:

	Group	
	2023	2022
	RM	RM
Freehold building	37,000,000	37,000,000
Leasehold building	5,469,568	6,074,571
	42,469,568	43,074,571

Group	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2023				
Investment properties				
- Freehold building	-	32,800,000	4,200,000	37,000,000
- Leasehold building	-	-	5,469,568	5,469,568
2022				
Investment properties				
- Freehold building	-	32,800,000	4,200,000	37,000,000
- Leasehold building	-	-	6,074,571	6,074,571

In the previous financial year, the valuations of freehold building are performed by an independent accredited valuer. The fair value of the investment properties has been determined using the income approach method. The fair value method adopted is as follows:

Level 2 fair value

Fair value of freehold building has been determined using the income approach method as the subject property are rental income generating.

The investment method of valuation is an income approach which capitalises the net annual rental income of the properties, at market rates/yields consistent with the type and quality of the property, to arrive at the market value. The rental income is capitalised after deducting expenses/outgoings.

Notes to the Financial Statements

30 November 2023
(Continued)

6. INVESTMENT PROPERTIES (CONTINUED)

Level 3 fair value

The fair value of the Group's freehold and leasehold building has been estimated by the directors based on directors' assessment of the current year price in an active market for the respective properties within each vicinity. In estimating the fair values, adjustments have been made to these listing prices to reflect differences in land or floor sizes, designs, location, and other features between the freehold and leasehold building and the comparable properties. The fair value represents 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. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfer in between of the fair value measurement hierarchy for the financial year ended 30 November 2023 and 30 November 2022.

The rental income earned by the Group from its investment properties which are leased out under operating leases, amounting to RM870,801 (2022: RM1,619,262). Direct operating expenses pertaining to the investment properties amounting to RM389,512 (2022: RM325,337).

7. RIGHT-OF-USE ASSETS

The details of right-of-use assets are as follows:

Group	Office buildings RM
<i>Cost</i>	
At 1 December 2021	790,431
Additions	1,518,304
Expiry of lease contract	(83,791)
At 30 November 2022/1 December 2022	2,224,944
Additions	1,044,593
Expiry of lease contract	(113,762)
Translation differences	17,021
At 30 November 2023	<u>3,172,796</u>
<i>Accumulated depreciation</i>	
At 1 December 2021	347,581
Charge for the financial year	202,114
Expiry of lease contract	(83,791)
At 30 November 2022/1 December 2022	465,904
Charge for the financial year	617,686
Expiry of lease contract	(113,762)
Translation differences	5,359
At 30 November 2023	<u>975,187</u>
<i>Net carrying amount</i>	
At 30 November 2023	<u>2,197,609</u>
At 30 November 2022	<u>1,759,040</u>

The Group leases office buildings for their office space and operation site. The leases for office space and operation site have lease terms ranging from 2 to 3 years (2022: 1 to 3 years) with extension options ranging from 2 to 3 years (2022: 1 to 3 years).

Notes to the Financial Statements

30 November 2023
(Continued)

8. INTANGIBLE ASSETS

The details of intangible assets are as follows:

Group	Application software RM	Development costs RM	Trademark RM	Total RM
<i>Cost</i>				
At 1 December 2021	5,601,310	18,626,516	-	24,227,826
Additions	227,809	58,040	11,824	297,673
Translation differences	252,102	1,024,214	-	1,276,316
At 30 November 2022/1 December 2022	6,081,221	19,708,770	11,824	25,801,815
Reclassification	19,708,770	(19,708,770)	-	-
Additions	158,009	525,840	-	683,849
Translation differences	1,178,939	-	398	1,179,337
At 30 November 2023	27,126,939	525,840	12,222	27,665,001
<i>Accumulated amortisation</i>				
At 1 December 2021	-	-	-	-
Charge for the financial year	989,995	-	-	989,995
Translation differences	16,688	-	-	16,688
At 30 November 2022/1 December 2022	1,006,683	-	-	1,006,683
Charge for the financial year	4,159,449	-	-	4,159,449
Translation differences	162,493	-	-	162,493
At 30 November 2023	5,328,625	-	-	5,328,625
<i>Accumulated impairment</i>				
At 1 December 2021	-	10,773,088	-	10,773,088
Additions	3,517,728	-	-	3,517,728
Translation differences	47,120	591,791	-	638,911
At 30 November 2022/1 December 2022	3,564,848	11,364,879	-	14,929,727
Reclassification	11,364,879	(11,364,879)	-	-
Additions	1,079,598	-	-	1,079,598
Translation differences	698,095	-	-	698,095
At 30 November 2023	16,707,420	-	-	16,707,420
<i>Net carrying amount</i>				
At 30 November 2023	5,090,894	525,840	12,222	5,628,956
At 30 November 2022	1,509,690	8,343,891	11,824	9,865,405

Group

The development costs relate to the development of application software.

The Group capitalised costs on development work of new software. The directors have forecasted the cash flows based on their expectations of market development. There are no reasonably possible changes in key assumptions that may have significant effect to the recoverable amount.

Application software are intangible assets with 10 years useful lives that are measured after initial recognition at cost less any accumulated amortisation and any impairment losses.

Impairment loss recognised

Impairment loss is recognised based on the recoverable amount that is computed from the forecasted cash flow projections.

Notes to the Financial Statements

30 November 2023
(Continued)

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
<i>Unquoted shares, at cost</i>		
In Malaysia		
At 1 December 2022/2021	45,521,477	45,521,477
Additions	517,020	-
At 30 November	46,038,497	45,521,477
Outside Malaysia		
At 1 December 2021/30 November 2022/1 December 2022/30 November 2023	49,908	49,908
	46,088,405	45,571,385
<i>Less: Accumulated impairment losses</i>		
At 1 December 2022/2021	(44,484,156)	(44,484,156)
Additions	-	-
At 30 November	(44,484,156)	(44,484,156)
	1,604,249	1,087,229
Equity contribution to subsidiaries	158,177,340	147,069,085
Less: Accumulated impairment losses	(108,133,320)	(108,133,320)
	50,044,020	38,935,765
At 30 November	51,648,269	40,022,994

Equity contribution to subsidiaries represents amount owing by subsidiaries which is non-trade in nature and interest-free. The settlement of the amount is neither planned nor likely to occur in the near foreseeable future as it is the intention of the Company to treat the amount as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the net investment in subsidiaries, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2023 %	2022 %	
Direct holding:				
Ariantec Sdn. Bhd. ("Ariantec")	Malaysia	100	100	Provision of turnkey solutions on the network infrastructure, security management and rental of EFTPOS terminals; general trading of all kinds of machinery and equipment.
Sungei Wang Plaza Sdn. Bhd. ("SWP")	Malaysia	100	100	Property and investment holding.
Sungei Wang Holdings Sdn. Bhd. ("SWH")	Malaysia	100	100	Property and investment holding.
GEM Pay Sdn. Bhd. ("GEM Pay")	Malaysia	100	99.31	Provision of Master Merchant and sub-contractor services.
First United Technology Limited ("FUTL")*	Hong Kong	90	90	Provision of software licensing, maintenance and support services.
e-FX Sdn. Bhd. ("e-FX")	Malaysia	100	100	Provision of services relating to information technology including trading of computer software and hardware and investing and trading in currencies and precious commodities.
Saudi Burger Holdings Sdn. Bhd. ("SBHSB")	Malaysia	51	-	Operating fast food restaurants and franchising.

Notes to the Financial Statements

30 November 2023
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2023 %	2022 %	
Indirect holding:				
Subsidiaries of Ariantec:				
GEM Live Sdn. Bhd. ("GEM Live")	Malaysia	100	100	Business of consultation, supply and commissioning of information technologies relating to provision of lifestyle mobile application; management of local entertainments/ lifestyle talents, influencers, key opinion leaders; distribution and trading of food and beverage.
NetX Digital Limited ("NDL")#	Republic of Seychelles	100	100	Trading of information technology related hardware and software equipment.
Indirect holding:				
Subsidiary of GEM Pay:				
Emicro Capital (M) Sdn. Bhd. ("E-Capital")	Malaysia	60	60	Investment holding company and management advisory.
Indirect holding:				
Subsidiaries of e-FX:				
Mountain Money Sdn. Bhd. ("MMSB")	Malaysia	100	49	Money services business.
EFX Global Pty Ltd ("EFX Global")*	Australia	100	100	Fintech travel related services.
Indirect holding:				
Subsidiary of GEM Live:				
Gem Excite Sdn. Bhd. ("GEM Excite")	Malaysia	100	100	Provision of the rental services for all kinds of machinery and equipment.
Indirect holding:				
Subsidiary of NDL:				
NetX Digital Taiwan Limited*	Taiwan	100	100	Trading of information technology related hardware and software equipment.
Indirect holding:				
Subsidiaries of E-Capital:				
Estamp Solutions Sdn. Bhd. ("E-Solutions")	Malaysia	60	60	Engaged in computer-programming activities; business of processing of documentation for business to business and business to consumer; trading of motor vehicles.
Emicro Services Sdn. Bhd. ("E-Services")	Malaysia	60	60	Business of licensed moneylenders and other related services; trading of motor vehicles.

* Subsidiaries not audited by SBY Partners PLT

The financial statements of this subsidiary were reviewed by SBY Partners PLT for consolidation purposes. There is no legal requirement for the entity to be audited in the country of its incorporation.

The Company does not have any subsidiary that has non-controlling interest which is individually material to the Group as at the end of the financial year.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

On 20 January 2023, e-FX, a wholly-owned subsidiary of the Company, acquired 790,500 ordinary shares in MMSB, representing 51% equity interest of MMSB from Mr. Tan Sik Eek for a total cash consideration of RM332,010. On 24 February 2023, e-FX completed the acquisition of shares in MMSB. The total equity interest of e-FX in MMSB increased from 49% to 100% and MMSB becomes an indirect wholly-owned subsidiary of the Company.

Notes to the Financial Statements

30 November 2023
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

On 1 March 2023, the Company acquired 40,000 ordinary shares in GEM Pay representing 0.69% equity interest of GEM Pay from Mr. Chen Chee Peng for a total cash consideration of RM6,000. On 10 March 2023, the Company completed the acquisition of shares in GEM Pay. The total equity interest of the Company in GEM Pay increased from 99.31% to 100% and GEM Pay becomes a wholly-owned subsidiary of the Company.

On 16 October 2023, the Company acquired 816,001 ordinary shares in Saudi Burger Holdings Sdn. Bhd. ("SBHSB"), representing 51% equity interest of SBHSB for a total cash consideration of RM1,020.

The fair values of the identifiable assets and liabilities of SBHSB at the date of acquisition were as follows:

	Fair value recognised on acquisition RM
Non-trade payables	(4,789)
Net assets acquired	(4,789)
Less: Non-controlling interest	2,347
	(2,442)
Total purchase consideration	1,020
Goodwill on acquisition	3,462
	RM
The purchase consideration was satisfied by:	
Cash consideration	1,020
	RM
The effect of the acquisition on cash flow was as follows:	
Purchase consideration satisfied by cash	1,020
Cash and bank balances of subsidiary acquired	-
Net cash outflow on acquisition of the subsidiary	1,020

Impairment loss recognised

Impairment loss was provided for investment in subsidiaries in which the subsidiaries had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, financial performance and cash flows of these subsidiaries are not expected to generate sufficient recoverable amount to justify the carrying amount of the investments in these subsidiaries.

10. OTHER INVESTMENTS

	Group	
	2023 RM	2022 RM
<i>Quoted shares in Malaysia at FVTPL</i>		
At 1 December 2022/2021	6,666,703	6,567,058
Additions	3,431,035	4,888,296
Disposals	(2,059,931)	-
Fair value changes	(2,860,290)	(4,560,731)
Gain on foreign exchange - unrealised	(286,994)	(584,163)
Translation differences	268,601	356,243
At 30 November	5,159,124	6,666,703
<i>Other investments at cost</i>		
At 1 December 2022/2021/30 November	48,000	48,000
At 30 November	5,207,124	6,714,703

Group

Included in the other investments are golf club membership and collectible items.

Notes to the Financial Statements

30 November 2023
(Continued)

11. GOODWILL

	Group	
	2023 RM	2022 RM
At 1 December 2022/2021	34,024,069	34,024,069
Acquisition of subsidiaries	3,462	-
At 30 November	34,027,531	34,024,069
<i>Less: Accumulated impairment losses</i>		
At 1 December 2022/2021	(28,088,020)	(28,088,020)
At 30 November	5,939,511	5,936,049

Group

The goodwill arose from the acquisition of E-Capital, E-Services, SWP, SWH, MMSB and SBHSB. The amount of goodwill initially recognised was determined based on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

The carrying amount of the goodwill is assessed for impairment on an annual basis. The recoverable amount of the goodwill is determined based on the assessment of the value-in-use of the respective cash-generating-units, using cash flow projections on financial budgets approved by the directors for five years period. The future cash flows are based on the management's five years business plan, which is the best estimate of future performance.

For the purpose of impairment testing, carrying amount of the goodwill has been allocated to the Group's cash-generating units, identified according to the business segments as follow:

	Group	
	2023 RM	2022 RM
Money lending services - E-Capital and its subsidiaries	1,525,533	1,525,533
Investment holding - SWP and SWH	4,244,836	4,244,836
Electronic payment services - MMSB	165,680	165,680
Fast food chain - SBHSB	3,462	-
	5,939,511	5,936,049

The recoverable amounts of goodwill on consolidation are determined based on the value-in-use calculations using the cash flow projections using the following assumptions:

	Revenue growth	Gross margin	Pre-tax discount rate
2023			
Money lending services - E-Capital and its subsidiaries	8% - 41%	39% - 57%	6%
Investment holding - SWP and SWH	0% - 22%	88%	8%
Electronic payment services - MMSB	8% - 45%	100%	6%
Fast food chain - SBHSB	10% - 100%	51%	6%
2022			
Money lending services - E-Capital and its subsidiaries	8% - 44%	82%	6%
Investment holding - SWP and SWH	0% - 36%	81%	8%
Electronic payment services - MMSB	4% - 177%	100%	6%

- (i) Budgeted revenue - Revenue growth is projected based on management's estimation taking into consideration secured contracts, anticipated identified future contracts, historical growth rates and market outlook;
- (ii) Budgeted gross margin - Gross margin is based on historical margin achieved margins and management's expectation of input prices;
- (iii) Growth rates - Growth rate is based on the nature of goods and services, estimated market demand and customers' acceptance of the Group's goods and services; and
- (iv) Pre-tax discount rate - Discount rates ranged from 6.00% to 8.18% (2022: 6.00% to 8.18%), represent the weighted average cost of capital of the cash-generating-units.

The value assigned to the key assumptions which represents directors' assessment of future production lines, pricing mechanism, target margin and the market pricing based on both external sources and internal sources.

Sensitivity to changes in assumptions

The directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying amount of the goodwill to materially exceed their recoverable amount.

Notes to the Financial Statements

30 November 2023
(Continued)

12. INVENTORIES

	Group	
	2023 RM	2022 RM
<i>At cost:</i>		
Finished goods	53,146	38,403
Food and beverage	148,489	-
	201,635	38,403
<u>Recognised in profit or loss</u>		
Inventories recognised as cost of sales	-	-
Inventories written off (<i>Note 28</i>)	1,165	9,024
	1,165	9,024

13. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
Trade receivables	20,532,856	15,221,691
Less: Accumulated impairment losses	(7,195,836)	(5,613,008)
	13,337,020	9,608,683

Trade receivables are non-interest bearing and are generally on 30 to 180 days (2022: 30 to 180 days) credit terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the accumulated impairment losses are as follows:

	Group	
	2023 RM	2022 RM
At 1 December 2022/2021	5,613,008	4,560,410
Additions	1,377,711	842,625
Reversal	(4,330)	(17,140)
Translation differences	209,447	227,113
At 30 November	7,195,836	5,613,008

In the previous financial year, the Group recognised an impairment loss of RM789,289 representing outstanding rental receivable from a customer as the Group expects that the collection of rental is not forthcoming. The Group had filed a litigation suit to collect the outstanding amount from the tenant as disclosed in *Note 37* to the financial statements.

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.

Based on the Group's historical collection experience, the amount 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 amount provided for collection losses is inherent in the net trade receivables.

Notes to the Financial Statements

30 November 2023
(Continued)

13. TRADE RECEIVABLES (CONTINUED)

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	2023 RM	2022 RM
RM	15,961,883	10,860,165
United States Dollar ("USD")	4,570,973	4,361,526
	20,532,856	15,221,691

The information about the credit exposure is disclosed in Note 35(a)(iv) to the financial statements.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	5,618,675	4,572,427	980	1,500
Less: Written off	-	(10,407)	-	-
	5,618,675	4,562,020	980	1,500
Deposits	1,462,522	1,165,338	-	-
Prepayments	2,860,710	6,320,919	13,837	15,567
	9,941,907	12,048,277	14,817	17,067

Group

Other receivables that are individually determined to be impaired relate to receivables that are in significant financial difficulties and have defaulted on payments and the directors are of the opinion that these receivables are not recoverable.

The Group entered into a 2 years subscription agreement for access to a F&B E-commerce website platform provided by a service provider. Included in prepayments is the outstanding amount of RM2,699,114 (2022: RM5,942,562) in regards to the said subscription.

The foreign currency exposure profile of other receivables, deposits and prepayments is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables				
- Australian Dollar ("AUD")	43,666	81,774	-	-
- Hong Kong Dollar ("HKD")	-	4,256,392	-	-
- Taiwan Dollar ("TWD")	201	65	-	-
- United States Dollar ("USD")	3,068,217	-	-	-
- RM	2,506,591	223,789	980	1,500
Deposits				
- RM	1,462,522	1,165,338	-	-
Prepayments				
- HKD	2,677,145	5,960,803	-	-
- RM	183,565	360,116	13,837	15,567
	9,941,907	12,048,277	14,817	17,067

Notes to the Financial Statements

30 November 2023
(Continued)

15. CONTRACT ASSETS/ (CONTRACT LIABILITIES)

	Group	
	2023	2022
	RM	RM
<i>Shown under current assets</i>		
Deferred costs of services (a)	859,879	1,304,157
<i>Shown under current liabilities</i>		
Deferred income (b)	(2,375,625)	(1,477,253)

(a) Deferred costs of services

These costs will be used in satisfying the performance obligation in the future and will be recognised in profit or loss upon services rendered.

(b) Deferred income

Deferred income represents advance billings to customers in respect of services which are yet to be provided. The deferred income will be recognised as revenue when the related services are rendered.

Movements in the deferred income are as follows:

	Group	
	2023	2022
	RM	RM
At 1 December 2022/2021	1,477,253	2,052,275
Add: Advance billings	3,738,589	116,683
Less: Recognised in profit or loss	(2,840,217)	(691,705)
At 30 November	2,375,625	1,477,253

16. AMOUNT OWING BY SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Amount owing by subsidiaries	37,239,444	36,239,444
Less: Accumulated impairment losses	(36,239,444)	(36,239,444)
	1,000,000	-

Amount owing by subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

Impairment loss recognised

Impairment loss was provided for amount owing by subsidiaries in which these subsidiaries had accumulated losses and had deficits in their shareholders' equity.

Notes to the Financial Statements

30 November 2023
(Continued)

17. SHORT-TERM INVESTMENTS

Group and Company

The short-term investments represent investment in highly liquid money market funds, placed with financial institutions in Malaysia and are redeemable with one (1) day notice.

18. CASH AND BANK BALANCES

Group and Company

The foreign currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Australian Dollar	8,251,731	513,387	-	-
Brunei Dollar	4,845	5,364	-	-
Canadian Dollar	357	8,210	-	-
Chinese Renminbi	7,892	19,540	-	-
EURO Dollar	101,570	14,416	-	-
Hong Kong Dollar	271,694	52,276,283	-	-
Indian Rupee	13,600	8,419	-	-
Indonesian Rupiah	8,315	11,761	-	-
Japanese Yen	27,304	3,156	-	-
Korean Won	6,457	10,320	-	-
Macanese Pataca	-	20	-	-
Malaysian Ringgit	3,988,382	3,495,261	785,880	1,376,577
New Zealand Dollar	15,210	3,031	-	-
Taiwan Dollar	830,836	819,821	-	-
Philippine Pesos	6,123	6,464	-	-
Pound Sterling	10,196	6,328	-	-
Saudi Arabian Riyal	478	8,122	-	-
Singapore Dollar	29,089	39,912	-	-
Thai Baht	5,541	38,716	-	-
Turkish lira	-	5,420	-	-
United Arab Emirates Dirham	1,613	-	-	-
United States Dollar	51,425,230	5,588,554	-	-
Vietnam Dong	6,180	5,520	-	-
	65,012,643	62,888,025	785,880	1,376,577

19. SHARE CAPITAL

	Group and Company			
	2023 Number of ordinary shares	2022 Number of ordinary shares	2023 RM	2022 RM
Issued share capital:				
At 1 December 2022/2021	835,967,337	835,967,337	205,876,718	205,876,718
Issuance of shares pursuant to exercise of private placement	83,596,700	-	3,761,851	-
Issuance of shares pursuant to exercise of warrants	18,388,604	-	2,390,519	-
At 30 November	937,952,641	835,967,337	212,029,088	205,876,718

Notes to the Financial Statements

30 November 2023
(Continued)

19. SHARE CAPITAL (CONTINUED)

During the financial year ended 30 November 2023, the Company issued the following:

- a. 83,596,700 new ordinary shares at an issue price of RM0.045 each under private placement to third party investors; and
- b. 18,388,604 new ordinary shares at a conversion price of RM0.13 each pursuant to the conversion from warrants.

The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

Share Issuance Scheme ("SIS")

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of SIS of up to 30% of the issued share capital of the Company at any point in time throughout the duration of the scheme to eligible employees of the Company and of its subsidiaries (excluding dormant subsidiaries) under contract of service or for service. The directors of the Company do not qualify for participation in the SIS.

In accordance with Rule 6.44(1) of the ACE Market Listing Requirements of Bursa Malaysia, the SIS became effective for a period of 5 years from 24 November 2016, being the date of full compliance of the SIS.

On 9 November 2021, the Company approved the extension of its existing SIS which was expiring on 23 November 2021 for another 5 years until 23 November 2026 in accordance with the terms of the SIS By-Laws.

No SIS was granted or exercised during the financial year ended 30 November 2023. As at 30 November 2023, the outstanding SIS amounted to 780,368,166 number of options.

The salient features and terms of the SIS are as follows:

- (a) The total number of SIS to be offered and issued shall not exceed thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the SIS;
- (b) Executive or non-executive directors do not qualify for participation in the SIS;
- (c) The price payable by the SIS Option holders upon the exercise of the SIS Options shall be the higher of the 5-days volume-weighted average price (VWAP) of the Company's shares immediately preceding the offer date, with a discount of not more than ten percent (10%) or the par value of the Company's shares;
- (d) The SIS shall be in force for a period of five (5) years from the effective date, subject to any extension for a further period of maximum five (5) years;
- (e) The SIS Options shall not carry any rights to vote at any general meeting and shall not in any event be entitled to any dividends, rights, allotments and/or other distributions on the unexercised SIS Options; and
- (f) The new shares to be allotted and issued pursuant to the SIS will not be subject to any retention period.

Notes to the Financial Statements

30 November 2023
(Continued)

20. RESERVES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Warrant reserve	(a)	-	19,226,263	-	19,226,263
Accumulated losses		(91,439,913)	(95,618,308)	(158,679,223)	(176,571,638)
Foreign currency translation reserve	(b)	(5,596,604)	(3,026,714)	-	-
		<u>(97,036,517)</u>	<u>(79,418,759)</u>	<u>(158,679,223)</u>	<u>(157,345,375)</u>

(a) Warrant reserve

On 3 November 2020, the Company listed and quoted 313,068,412 free detachable warrants (“Warrants C”) pursuant to the Rights Issue with Warrants exercise on the basis of three (3) Warrants C for every six (6) rights shares subscribed.

The Warrants C were constituted by the Deed Poll dated 18 September 2020 (“Deed Poll”).

Salient features of the Warrants C are as follows:

- (i) Each Warrant C entitles the registered holder thereof (“Warrant holder(s)”) to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.13 during the 3-year period expiring on 26 October 2023 (“Exercise Period”), subject to the adjustments in accordance with the Deed Poll constituting the Warrants C;
- (ii) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purpose;
- (iii) The Warrant C holders are not entitled to any voting rights or participation in any distribution and/or offer of securities in the Company, until and unless such holders exercise their rights into new ordinary shares; and
- (iv) The new ordinary shares to be issued upon exercise of the Warrants C shall, upon issue and allotment, rank *pari passu* in all respects with the existing ordinary shares of the Company except that they will not be entitled to dividends, rights allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new ordinary shares to be issued pursuant to the exercise of the Warrants C.

Fair value from the issuance of Warrants C is credited to warrant reserve which is non-distributable. In arriving at the related fair value, the fair value of the Warrants C was determined using the Trinomial Option pricing model.

When the Warrants C are exercised or expired, the warrant reserve will be reversed.

As at 30 November 2023, total numbers of Warrants C that remain unexercised amounted to 294,679,808 had lapsed.

In the prior financial year, the total numbers of Warrants C that remain unexercised stood at 313,068,412.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the foreign subsidiaries’ financial statements in which their functional currencies are different from the Group’s presentation currency.

Notes to the Financial Statements

30 November 2023
(Continued)

21. TERM LOAN

The term loan is repayable as follows:

	Group	
	2023 RM	2022 RM
<i>Shown under current liabilities</i>		
Within 1 year		
- secured	6,107,807	5,527,635
<i>Shown under non-current liabilities</i>		
Between 2 to 5 years		
- secured	19,504,837	26,617,349
	25,612,644	32,144,984

The term loan from licensed bank is denominated in RM and is secured and guaranteed as follows:

- (a) legal charge over the freehold and leasehold buildings of the Group as disclosed in *Note 6*;
- (b) an assignment over all rents and other monies under the tenancies executed and/ or to be executed with respect to the properties;
- (c) pledge of 60,002 ordinary shares of a subsidiary; and
- (d) corporate guarantee by the Company and third parties.

The term loan bears effective interest rates ranging from 5.31% to 6.70% (2022: 5.06% to 6.20%) per annum.

22. DEFERRED TAX LIABILITIES

	Group	
	2023 RM	2022 RM
At 1 December 2022/2021	126,989	132,989
Realised in profit or loss (<i>Note 29</i>)	-	(6,000)
At 30 November	126,989	126,989

The deferred tax liabilities are in respect of taxable temporary differences arising from the total capital allowances claimed in respect to the Group's qualifying plant and equipment in excess of the corresponding accumulated depreciation.

23. TRADE PAYABLES

Group

Trade payables are non-interest bearing and are generally on 60 to 150 days (2022: 60 to 150 days) credit terms.

The foreign currency exposure profile of trade payables is as follows:

	Group	
	2023 RM	2022 RM
RM	5,041,291	726,211
USD	-	224,174
	5,041,291	950,385

Notes to the Financial Statements

30 November 2023
(Continued)

24. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	3,873,132	2,336,538	-	-
Accruals	1,246,076	701,047	106,400	104,400
Deposits received	179,844	270,038	-	-
	<u>5,299,052</u>	<u>3,307,623</u>	<u>106,400</u>	<u>104,400</u>

The foreign currencies exposure profile of other payables, accruals and deposits received is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
AUD	25,334	4,270	-	-
HKD	41,947	40,025	-	-
RM	4,692,651	3,243,174	106,400	104,400
TWD	11,912	11,533	-	-
USD	527,208	8,621	-	-
	<u>5,299,052</u>	<u>3,307,623</u>	<u>106,400</u>	<u>104,400</u>

25. LEASE LIABILITIES

The lease liabilities are repayable as follows:

Group	Future instalments payable RM	Undue interest RM	Principal payable RM
2023			
<i>Shown under current liabilities</i>			
Within 1 year	832,994	(25,781)	807,213
<i>Shown under non-current liabilities</i>			
Between 2 to 5 years	1,466,992	(12,763)	1,454,229
	<u>2,299,986</u>	<u>(38,544)</u>	<u>2,261,442</u>
2022			
<i>Shown under current liabilities</i>			
Within 1 year	463,052	(4,618)	458,434
<i>Shown under non-current liabilities</i>			
Between 2 to 5 years	1,310,054	(442)	1,309,612
	<u>1,773,106</u>	<u>(5,060)</u>	<u>1,768,046</u>

Notes to the Financial Statements

30 November 2023
(Continued)

25. LEASE LIABILITIES (CONTINUED)

Movement of lease liabilities for the financial years are as follows:

	Group	
	2023 RM	2022 RM
Total lease liabilities recognised:		
At 1 December 2022/2021	1,768,046	446,766
Additions	1,044,593	1,518,304
Accretion of interest	118,815	10,846
Lease payments - principal portion	(562,859)	(197,024)
Interest paid	(118,815)	(10,846)
Translation differences	11,662	-
At 30 November	2,261,442	1,768,046

Group

The lease terms of the Group's office buildings are ranging from 2 to 3 years (2022: 1 to 3 years) with extension options ranging from 2 to 3 years (2022: 1 to 3 years).

The lease liabilities bear effective interest rates at 3.36% to 5.00% (2022: 3.36% to 3.52%) per annum.

The Group as lessor

The Group had entered into lease arrangements on its leasehold buildings.

The aggregate future minimum lease receivables as at the end of each reporting period are as follows:

	Group	
	2023 RM	2022 RM
Leasehold buildings		
- within 1 year	821,886	614,066
- between 2 to 5 years	1,953,072	1,914,672
	2,774,958	2,528,738

26. REVENUE

	Group	
	2023 RM	2022 RM
Interest income	1,930,855	896,757
Rendering of services		
- Electronic transaction processing	22,430	31,140
- Foreign currency trading	247,356	137,600
- Rental of EFTPOS terminals	-	314,065
- Solutions and services	4,191,043	4,109,128
- Software licensing fees	-	79,097
Rental income	538,501	1,257,761
Sales of software and hardware	9,901,445	6,828,069
	16,831,630	13,653,617
Timing and recognition		
- At a point in time	12,227,583	10,363,550
- Over time	4,604,047	3,290,067
Total revenue	16,831,630	13,653,617

Notes to the Financial Statements

30 November 2023
(Continued)

26. REVENUE (CONTINUED)

Nature of goods and services	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Interest income from money lending business	Interest income from money lending business is recognised on an accrual basis using the interest rate based on Moneylenders Act, 1951.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Services in relation to payment solutions and services	Revenue from payment solutions and services is recognised at over time when the services are rendered and the customer receives and consumes the benefits provided by the Group.	Credit period of 30 days from the invoice date.	The remaining performance obligation will be recognised monthly as per the agreement.	Not applicable.	Not applicable.
Electronic transaction processing	Processing fee is recognised at a point in time when the payment terminal services are rendered and the customer receives and consumes the benefits provided by the Group.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Foreign currency trading	Revenue from sales of currencies is derived from the net proceeds received upon sales. The performance obligation is satisfied when the foreign currency notes is accepted by the customers.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Sales of software and hardware	Revenue from sale of software and hardware is recognised when the transfer of significant risks and rewards of ownership of the goods to the customer and there is no continuity management involvement with the goods.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.

The revenue information based on the geographical location of customers is disclosed in Note 33.

27. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expenses on:		
- Lease liabilities	118,815	10,846
- Term loan	1,939,918	2,149,690
- Others	-	2,121
	2,058,733	2,162,657

Notes to the Financial Statements

30 November 2023
(Continued)

28. LOSS BEFORE TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Loss before taxation is stated after charging:</i>				
Auditors' remuneration				
- statutory audit	225,870	215,040	82,000	80,000
- other services	8,000	8,000	8,000	8,000
Amortisation of intangible assets	4,159,449	989,995	-	-
Bad debts written off	-	10,407	-	-
Depreciation of plant and equipment	1,648,585	2,392,241	144,966	145,518
Depreciation of investment properties	1,418,542	1,404,681	-	-
Depreciation of right-of-use assets	617,686	202,114	-	-
Fair value losses on other investments	2,860,290	4,560,731	-	-
Impairment losses on intangible assets	1,079,598	3,517,728	-	-
Impairment losses on trade receivables	1,377,711	842,625	-	-
Inventories written off	1,165	9,024	-	-
Loss on disposal of other investments	505,777	-	-	-
Realised loss on foreign exchange	29,328	-	-	-
Plant and equipment written off	-	17,922	-	-
IT server expenses	95,850	302,500	-	-
Expense relating to lease of low-value assets	15,945	16,686	-	-
Expense relating to short-term lease	221,139	181,032	-	-
Share-based payment expenses	-	60,000	-	60,000
Employee benefits (Note 31)	7,677,119	6,724,293	779,466	733,813
<i>and crediting:</i>				
Dividend income	-	57,353	-	57,353
Fair value gain on short-term investments	47,269	221,163	47,269	221,163
Reversal of other payables	480,000	-	-	-
Gain on disposal of short-term investments	17,352	16,345	17,352	16,345
Gain on foreign exchange				
- realised	-	511,974	-	-
- unrealised	6,099,584	5,515,372	-	-
Interest income	2,431,460	1,149,026	2,452	6,257
Rental income	244,000	289,100	-	-
Reversal of impairment loss on trade receivables	4,330	17,140	-	-
Reversal of over accrual of interest expense	1,119,257	-	-	-
Wages subsidy by government	-	13,435	-	-

Notes to the Financial Statements

30 November 2023
(Continued)

29. INCOME TAX CREDIT

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysian income tax:				
- current year provision	-	60	-	-
- under provision in respect of prior year	-	167	-	-
	-	227	-	-
Deferred tax (Note 22):				
- origination and reversal of temporary differences	-	-	-	-
- over provision in respect of prior year	-	(6,000)	-	-
	-	(6,000)	-	-
	-	(5,773)	-	-

Income tax is calculated based on the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before taxation	(14,275,042)	(16,099,096)	(1,333,848)	(1,015,956)
Income tax expense at Malaysian statutory tax rate of 24% (2022: 24%)	(3,426,010)	(3,863,783)	(320,124)	(243,829)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	1,902,422	13,102,188	8,622	316,097
- income not subject to tax	(142,652)	(10,757,358)	-	(72,268)
- different tax rates in overseas subsidiaries	-	578,929	-	-
- deferred tax assets not recognised during the financial year	1,769,088	1,120,612	311,502	-
- utilisation of deferred tax assets not recognised in respect of prior year	(102,848)	(180,528)	-	-
	3,426,010	3,863,843	320,124	243,829
• Under provision of taxation in respect of prior year	-	167	-	-
• Over provision of deferred taxation in respect of prior year	-	(6,000)	-	-
	-	(5,773)	-	-

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Excess of accumulated depreciation claimed over corresponding capital allowances	(57,482)	(56,659)	-	-
Unutilised capital allowances	1,982,161	2,050,066	-	-
Unabsorbed business losses	47,290,658	40,283,717	6,878,387	5,580,462
	49,215,337	42,277,124	6,878,387	5,580,462

Notes to the Financial Statements

30 November 2023
(Continued)

29. INCOME TAX CREDIT (CONTINUED)

The potential deferred tax assets in respect of these items have not been recognised as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiaries can utilise the benefits. The unabsorbed business losses and unutilised capital allowances of the Company and of the Group are available for offsetting against future taxable profits of respective subsidiaries, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and subject to the relevant provision of Income Tax Act 1967.

The expiry terms of the unabsorbed business losses of the Group and of the Company have been extended to 10 years, therefore the unabsorbed business losses will now be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years period, the unabsorbed business losses will be disregarded. The expiry terms of the unabsorbed business losses of the Group and of the Company is until 2032.

30. LOSS PER SHARE

Loss Per Share

The basic loss per ordinary share as at 30 November 2023 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2023	2022
Loss attributable to owners of the Company (RM)	(13,524,734)	(15,631,210)
Weighted average number of ordinary shares (units)	864,552,713	835,967,337
Basic loss per share (Sen)	(1.56)	(1.87)

Diluted Loss Per Share

In the previous financial year, the Group has no dilution in its loss per ordinary share as there are no dilutive potential ordinary shares.

In the current financial year, the outstanding Warrants have been excluded from the computation of diluted loss per ordinary share as the exercise of Warrants to ordinary shares would be anti-dilutive.

31. EMPLOYEE BENEFITS

The employee benefits recognised in profit or loss are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonus, wages and allowances	5,324,444	4,605,979	488,500	462,000
Defined contribution plan	533,115	457,103	56,700	55,440
Other employee benefits	1,819,560	1,661,211	234,266	216,373
	7,677,119	6,724,293	779,466	733,813

Included in employee benefits are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remuneration				
- fees	1,113,592	1,161,888	166,000	158,000
- other emoluments	1,007,774	674,814	594,359	552,922
	2,121,366	1,836,702	760,359	710,922

Notes to the Financial Statements

30 November 2023
(Continued)

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

- a) The table below details changes in the liabilities of the Group arising from the financing activities, including both cash and non-cash changes as follows:

	At 01.12.2022	Net Cash Flows	Non-cash transaction cost	At 30.11.2023
	RM	RM	RM	RM
<i>Group</i>				
Term loan	32,144,984	(5,413,083)	(1,119,257)	25,612,644
Lease liabilities	1,768,046	(562,859)	1,056,255	2,261,442
<hr/>				
	At 01.12.2021	Net Cash Flows	Non-cash transaction cost	At 30.11.2022
	RM	RM	RM	RM
<i>Group</i>				
Term loan	34,047,898	(1,902,914)	-	32,144,984
Lease liabilities	446,766	(197,024)	1,518,304	1,768,046

- b) The reconciliation of the liabilities of the Group arising from the financing activities for term loan and lease liabilities, are as follows:

	Term loan RM	Lease liabilities RM
<i>Group</i>		
2023		
As at 1 December 2022	32,144,984	1,768,046
<u>Changes in financing cash flows</u>		
Proceeds from drawdown	-	1,056,255
Repayment of borrowing	(5,413,083)	(562,859)
Repayment of interest	(1,939,918)	(118,815)
<u>Non-cash transaction cost</u>		
Finance charges recognition in profit and loss	1,939,918	118,815
Reversal of over accrual of interest expense	(1,119,257)	-
As at 30 November 2023	25,612,644	2,261,442
<hr/>		
2022		
As at 1 December 2021	34,047,898	446,766
<u>Changes in financing cash flows</u>		
Proceeds from drawdown	-	1,518,304
Repayment of borrowing	(1,902,914)	(197,024)
Repayment of interest	(2,149,690)	(10,846)
<u>Non-cash transaction cost</u>		
Finance charges recognition in profit and loss	2,149,690	10,846
As at 30 November 2022	32,144,984	1,768,046

Notes to the Financial Statements

30 November 2023
(Continued)

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

- c) The reconciliation of the liabilities arising from amount owing by subsidiaries, are as follows:

	Amount owing by subsidiaries RM
<i>Company</i>	
2023	
As at 1 December 2022	-
<u>Changes in financing cash flows</u>	
Amount owing by subsidiaries	(1,000,000)
As at 30 November 2023	<u>(1,000,000)</u>

- d) The reconciliation of the liabilities arising from the financing activities for short-term investments, as follows:

	Short-term investments RM
<i>Group and Company</i>	
2023	
As at 1 December 2022	7,066,937
<u>Changes in financing cash flows</u>	
Withdrawal of short-term investments	(7,124,712)
Proceeds from disposal of short-term investments	(6,749)
<u>Non-cash transaction cost</u>	
Fair value loss on short-term investments	47,269
Gain on disposal of short-term investments	17,352
As at 30 November 2023	<u>97</u>
2022	
As at 1 December 2021	25,637,508
<u>Changes in financing cash flows</u>	
Withdrawal of short-term investments	(18,786,144)
Dividend received	(57,353)
Proceeds from disposal of short-term investments	(21,935)
<u>Non-cash transaction cost</u>	
Dividend received	57,353
Fair value loss on short-term investments	221,163
Gain on disposal of short-term investments	16,345
As at 30 November 2022	<u>7,066,937</u>

Notes to the Financial Statements

30 November 2023
(Continued)

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Director as 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 products and services, which comprise electronic payment services and software licensing, non-electronic payment services provided, Great Experience Matters (“GEM”) and others.

The Group is organised into main business segments as follows:

(a) Electronic Payment Services and Money Services

Involved in provision of payment terminal and payment solutions, money exchange services, and its related software licensing and services.

(b) Non-electronic Payment Services

Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, integration and installation and provision of IT services.

(c) Money Lending Services

Involved in provision of money lending business, trading of motor vehicle and other related services.

(d) GEM

Involved in provision of reservation and planning services and its related solutions.

(e) Fast Food Chain

Operating fast food restaurants and master franchise of fast food chain.

(f) Others

Other segments comprise investment holding and dormant companies.

For the purpose of making decisions about resource allocation, the Executive Director assesses the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The management is of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm’s length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

Business segments

Group	Electronic payment services RM	Non-electronic payment services RM	Money lending services RM	GEM RM	Investment holding RM	Fast food chain RM	Elimination RM	Total RM
2023								
Revenue								
External revenue	358,262	9,901,445	4,118,674	1,824,041	626,801	2,407	-	16,831,630
Inter-company	-	-	-	22,984	-	-	(22,984)	-
Total revenue	358,262	9,901,445	4,118,674	1,847,025	626,801	2,407	(22,984)	16,831,630

Notes to the Financial Statements

30 November 2023
(Continued)

33. OPERATING SEGMENTS (CONTINUED)

Geographical information

Revenue information based on the geographical location of customers is as follow:

Group	Revenue	
	2023 RM	2022 RM
Malaysia	16,831,630	13,574,520
Hong Kong	-	79,097
	<u>16,831,630</u>	<u>13,653,617</u>

34. RELATED PARTY DISCLOSURE

(a) Identities of related parties

- (i) The Group has related party relationship with companies in which directors have financial interest and its key management personnel; and
- (ii) The Company has related party relationships with its subsidiaries and key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year as follows:

(i) Transactions with related parties of which a director of the Company has financial interest:

	Group	
	2023 RM	2022 RM
Purchase	8,680	96,830
Software development services	52,590	55,730
Sales	(37,756)	(179,130)
Service revenue	(3,501,959)	(6,194,663)
Service rendered	(37,584)	988,592
Rental income	(138,000)	(169,054)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

(ii) Compensation of key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Short-term employee benefits</u>				
Executive Directors:				
- fees	876,040	799,394	-	-
- other emoluments	959,774	640,314	546,359	518,422
	<u>1,835,814</u>	<u>1,439,708</u>	<u>546,359</u>	<u>518,422</u>
Non-executive Directors:				
- fees	237,552	362,494	166,000	158,000
- other emoluments	48,000	34,500	48,000	34,500
	<u>285,552</u>	<u>396,994</u>	<u>214,000</u>	<u>192,500</u>
	<u>2,121,366</u>	<u>1,836,702</u>	<u>760,359</u>	<u>710,922</u>

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to interest rate risk, foreign currency risk, equity price risk, credit risk, and liquidity and cash flows risks. The Company's activities are exposed to credit risk and liquidity and cash flows risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management 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 the Company's businesses whilst managing their interest rate risk, foreign currency risk, equity price risk, credit risk, and liquidity and cash flows risks. The Group's and the Company's policies in respect of the major areas of treasury activities are as follows:

(i) Interest Rate Risk

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

The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available.

Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate financial instruments is not disclosed as the interest-bearing financial instruments carry fixed interest rate and are measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting date, with all other variables held constant:

	Group	
	2023 Increase/ (Decrease) RM	2022 Increase/ (Decrease) RM
Effects on loss after taxation/equity		
Increase of 100 basis points	(194,562)	(244,278)
Decrease of 100 basis points	194,562	244,278

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Group's entities.

The currencies giving rise to this risk are primarily USD, HKD, RMB, TWD and AUD. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets/(liabilities) of the Group that are not denominated in RM are as follows:

	USD	
	2023 RM	2022 RM
<i>Group</i>		
Trade receivables	4,570,973	4,361,526
Other receivables, deposits and prepayments	3,068,217	-
Cash and bank balances	51,425,230	5,588,554
Trade payables	-	(224,147)
Other payable, accruals and deposits received	(527,208)	(8,621)
Currency exposure	58,537,212	9,717,312

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(ii) Foreign Currency Risk (Continued)

	HKD	
	2023	2022
	RM	RM
<i>Group</i>		
Other receivables, deposits and prepayments	2,677,145	10,217,195
Cash and bank balances	271,694	52,276,283
Other payables, accruals and deposits received	(41,947)	(40,025)
Currency exposure	2,906,892	62,453,453
	RMB	
	2023	2022
	RM	RM
<i>Group</i>		
Cash and bank balances	7,892	19,540
Currency exposure	7,892	19,540
	TWD	
	2023	2022
	RM	RM
<i>Group</i>		
Other receivables, deposits and prepayments	201	65
Cash and bank balances	830,836	819,821
Other payables, accruals and deposits received	(11,912)	(11,533)
Currency exposure	819,125	808,353
	AUD	
	2023	2022
	RM	RM
<i>Group</i>		
Other receivables, deposits and prepayments	43,666	81,774
Cash and bank balances	8,251,731	513,387
Other payables, accruals and deposits received	25,334	4,270
Currency exposure	8,320,731	599,431

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(ii) Foreign Currency Risk (Continued)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting date with all other variables held constant:

	Group	
	2023 RM	2022 RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on loss after taxation/equity		
Strengthened by 10%		
- USD	3,908,317	738,516
- HKD	20,649	4,746,462
- RMB	600	1,485
- TWD	63,144	61,435
- AUD	627,132	45,232
Weakened by 10%		
- USD	(3,908,317)	(738,516)
- HKD	(20,649)	(4,746,462)
- RMB	(600)	(1,485)
- TWD	(63,144)	(61,435)
- AUD	(627,132)	(45,232)

(iii) Equity Price Risk

The Group is exposed to equity price risk arising from its investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Malaysia Securities Berhad. The Group does not have exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (2022: 10%) increase in the market price of the quoted shares as at the end of the reporting date would have increased equity by RM515,912 (2022: RM666,670). A 10% (2022: 10%) decrease in market price would have equal but opposite effect on equity.

(iv) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from trade and other receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees. There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group's and Company's maximum exposure to credit risk is represented by:

- (a) the carrying amount of each class of financial assets recognised in the statements of financial position; and
- (b) the financial guarantees and undertakings provided by the Company to financial institutions to receive the borrowings of certain subsidiaries.

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(iv) *Credit Risk (Continued)*

The Company monitors the financial performance (including the timeliness of loan repayments) of the subsidiaries on an on-going basis.

The maximum credit risk that the Company is exposed to from corporate guarantees and undertakings provided amounted to:

	2023	2022
	RM	RM
Company	25,600,263	32,144,984

The above represents the maximum amount that the company could be obliged to pay if the guarantees were called on.

Generally, the Company considers the financial guarantees to be of low credit risk as the guarantees are provided as credit enhancement to the subsidiaries for secured borrowings.

As at the reporting date, there were no losses arising from the financial guarantees and undertakings provided by the Company.

The fair value of the above financial guarantees has not been recognised since the fair value on initial recognition was not material.

- Trade and other receivables, deposits and prepayments

Risk management objectives, policies and processes for managing the risk

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

At the end of each reporting date, the Group assesses whether any of the trade and other receivables, deposits and prepayments are credit impaired.

The gross carrying amount of credit impaired trade and other receivables, deposits and prepayments are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts that are subject to write off. Nonetheless, trade and other receivables, deposits and prepayments that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting date.

Concentration of credit risk

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables at the reporting date.

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(iv) Credit Risk (Continued)

- Trade and other receivables, deposits and prepayments (Continued)

Recognition and measurement of impairment loss

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 geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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. At the end of each 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 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 following table provides information about the exposure to credit risk for trade receivables as at the end of the reporting date:

	Group	
	2023	2022
	RM	RM
Not past due	1,553,232	1,814,383
Past due but not impaired:		
- 1 to 90 days	5,807,235	5,548,479
- 91 to 180 days	3,475,914	1,632,708
- more than 180 days	2,500,639	613,113
	11,783,788	7,794,300
Impaired	7,195,836	5,613,008
	20,532,856	15,221,691

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

At the end of the reporting date, trade receivables and other receivables, deposits and prepayments that are individually impaired were those that have defaulted in payments. These receivables are not secured by any collateral or credit enhancement.

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(iv) Credit Risk (Continued)

- Advances to subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting date.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

The Company considers a subsidiary's advances to be credit impaired when the subsidiary is unlikely to repay its advances to the Company in full or the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

- Other receivables, deposits and prepayments

No impairment losses were recognised for other receivables, deposits and prepayments.

(v) Liquidity and Cash Flows Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flows risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(v) Liquidity and Cash Flows Risks (Continued)

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting date based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting date):

Group 2023	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
Trade payables	-	5,041,291	5,041,291	5,041,291	-
Other payables, accruals and deposits received	-	5,299,052	5,299,052	5,299,052	-
Contract liabilities	-	2,375,625	2,375,625	2,375,625	-
Lease liabilities	3.36 - 5.00	2,261,442	2,299,986	832,994	1,466,992
Term loan	5.31 - 6.70	25,612,644	28,754,725	7,652,604	21,102,121
		40,590,054	43,770,679	21,201,566	22,569,113
2022					
Trade payables	-	950,385	950,385	950,385	-
Other payables, accruals and deposits received	-	3,307,623	3,307,623	3,307,623	-
Contract liabilities	-	1,477,253	1,477,253	1,477,253	-
Lease liabilities	3.36 - 3.52	1,768,046	1,773,106	463,052	1,310,054
Term loan	5.06 - 6.20	32,144,984	37,452,033	7,352,604	30,099,429
		39,648,291	44,960,400	13,550,917	31,409,483
Company 2023					
Other payables, and accruals	-	106,400	106,400	106,400	-
2022					
Other payables, and accruals	-	104,400	104,400	104,400	-

In respect of those undiscounted repayment obligations arising from financial guarantees and undertakings provided by the Company, as disclosed in *Notes 35(a)(iv)* to the financial statements, there was no indication that as at reporting date that the subsidiaries that were granted the financial guarantees would default. In the event of a default by the subsidiaries, the financial guarantees could be called on demand.

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debts for the Group and the Company are calculated as trade and other payables plus accruals plus deposits received plus lease liabilities and term loan less short-term investments and cash and bank balances.

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Capital Risk Management (Continued)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	5,041,291	950,385	-	-
Other payables, accruals and deposits received	5,299,052	3,307,623	106,400	104,400
Lease liabilities	2,261,442	1,768,046	-	-
Term loan	25,612,644	32,144,984	-	-
	38,214,429	38,171,038	106,400	104,400
Less: Short-term investments	(97)	(7,066,937)	(97)	(7,066,937)
Less: Cash and bank balances	(65,012,643)	(62,888,025)	(785,880)	(1,376,577)
	(26,798,311)	(31,783,924)	(679,577)	(8,339,114)
Total equity	110,538,436	121,314,432	53,349,865	48,531,343
Debt-to-equity ratio	N/A	N/A	N/A	N/A

N/A: The cash and cash equivalents of the Group and of the Company are sufficient to settle all the debts of the Group and of the Company as at the financial year end.

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

(c) Classification of Financial Instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Measured at FVTPL</u>				
Other investments				
- Investment in quoted shares	5,159,124	6,666,703	-	-
<u>Measured at amortised cost</u>				
Other investments				
- Golf club membership	48,000	48,000	-	-
Trade receivables	13,337,020	9,608,683	-	-
Other receivables and deposits	7,081,084	5,727,358	980	1,500
Short-term investments	97	7,066,937	97	7,066,937
Cash and bank balances	65,012,643	62,888,025	785,880	1,376,577
	85,478,844	85,339,003	786,957	8,445,014
Financial Liabilities				
<u>Measured at amortised cost</u>				
Trade payables	5,041,291	950,385	-	-
Other payables, accruals and deposits received	5,299,052	3,307,623	106,400	104,400
Lease liabilities	2,261,442	1,768,046	-	-
Term loan	25,612,644	32,144,984	-	-
	38,214,429	38,171,038	106,400	104,400

Notes to the Financial Statements

30 November 2023
(Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the relatively short-term nature, except for investment in quoted shares which is measured at FVTPL.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 November 2023 are as follows:

- (i) Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- (ii) 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.
- (iii) Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	5,159,124	-	-	5,159,124
Short-term investments	97	-	-	97
Investment properties				
- Freehold building	-	32,800,000	4,200,000	37,000,000
- Leasehold building	-	-	5,469,568	5,469,568
	<u>5,159,221</u>	<u>32,800,000</u>	<u>9,669,568</u>	<u>47,628,789</u>
2022				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	6,666,703	-	-	6,666,703
Short-term investments	7,066,937	-	-	7,066,937
Investment properties				
- Freehold building	-	32,800,000	4,200,000	37,000,000
- Leasehold building	-	-	6,074,571	6,074,571
	<u>13,733,640</u>	<u>32,800,000</u>	<u>10,274,571</u>	<u>56,808,211</u>

36. CONTINGENT LIABILITIES

	Company	
	2023 RM	2022 RM
Financial guarantees given to a financial institution for banking facilities granted to subsidiaries		
- Secured	25,600,263	32,144,984

Notes to the Financial Statements

30 November 2023
(Continued)

37. MATERIAL LITIGATION

In the previous financial year, two (2) of the Group's subsidiaries, namely Sungei Wang Plaza Sdn. Bhd. and Sungei Wang Holdings Sdn. Bhd. (collectively known as "the Subsidiaries") initiated multiple legal actions before the Kuala Lumpur Sessions Court and Kuala Lumpur High Court to recover unpaid rentals amounting to RM789,289 from a tenant. The outstanding rental amounting to RM789,289 was fully impaired in the previous financial year.

Kuala Lumpur Sessions Court

On 26 September 2022, the Subsidiaries obtained an Order to commence distress procedures against the tenant. On 27 October 2022, the Bailiff took possession of the premise and subsequently, a public auction was carried out on 16 March 2023, where all the goods and equipment within the premise were sold to successful bidders.

On 10 October 2023, the Subsidiaries obtained Judgement in Default of Appearance against the Tenant and took possession of the premise on 23 November 2023. The tenant then proceeded to file an application to set aside the Judgement in Default of Appearance obtained by the Subsidiaries; the decision of the application to set aside the Judgment in Default of Appearance is (as of the date of this report) scheduled to take place on 25 March 2024.

Court of Appeal

On 16 August 2023, the Kuala Lumpur High Court allowed the tenants' appeal and set aside the Order given by the Kuala Lumpur Sessions Court, i.e., setting aside the Order to commence distress procedures against the tenants.

On 29 August 2023, the Subsidiaries filed an appeal against the said decision of the Kuala Lumpur High Court. The Hearing of the appeal is now scheduled to take place on 7 May 2024.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- (a) During the financial year, the Company announced the following in relation to the increase of its issued and paid-up ordinary share capital pursuant to the private placement:

An issuance of up to 83,596,700 new ordinary shares ("Placement Shares"), representing up to 10% of the total number of issued shares of the Company announced and issued on 8 June 2023 at an issue price of RM0.045 per Placement Share.

- (b) On 19 June 2023, Gem Pay Sdn. Bhd., a subsidiary of the Company completed the subscription of second tranche of RCPS in Emicro Capital (M) Sdn. Bhd., comprising 1,000,000 RCPS of RM1.00 each pursuant to the new Shares Subscription Agreement dated 16 January 2023.
- (c) On 22 June 2023, GEM Excite Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, entered into a Collaboration Agreement with Meimaii Technology Co. Ltd ("Meimaii") to explore the collaboration with each other for the localisation and integration of Meimaii online platform in Malaysia and any other countries.
- (d) On 3 October 2023, the Company entered into a Joint Venture Agreement with Saudi Cold Storage Sdn. Bhd. ("SCS") for the purpose of setting up and operate the Saudi fast-food outlet under the brand name of SAUDI BURGER. The Company and SCS intend to venture into a mutual business in order to operate SAUDI BURGER flagship store as well as future expansion plan including franchising outlet by incorporating a joint venture company or acquiring shares in an existing dormant company which is free from any encumbrances and any liability, at the shareholding structure of 51% and 49% respectively.
- (e) Subsequent to the financial year, on 11 January 2024, the Company announced its intention to undertake a proposed bonus issue of up to 468,976,320 warrants ("Warrants D") on the basis of 1 Warrant D for every 2 existing ordinary shares held by the entitled shareholders on an entitlement date to be determined and announced later.

The proposed bonus issue of warrants is subject to approvals being obtained from the Bursa Malaysia Securities Berhad and shareholders at an EGM to be convened.

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 20 March 2024 by the Board of Directors.

LIST OF PROPERTIES

No.	Location	Postal address	Description	Current use	Tenure	Land area / Built-up Area	Date of acquisition	NBV as at 30 November 2023
1.	PN 89089/M2/1/47 with Accessory Parcel No. A42, Lot 53747, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan	1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.	Renovated Stratified four storey corner terraced shop office with lift	Tenanted	Leasehold, expires on 21 February 2107	990 sq. metres	13 April 2010	5,425,343
2.	Geran 60861/M1D/1/199, Lot 58690, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	A4-G2-3A, Solaris Dutamas (BLK-A4), Jalan Dutamas 1, Off Jalan Duta, 50480 Kuala Lumpur.	Office Lot	Vacant	Freehold	116 sq. metres	28 April 2022	4,005,722
3.	Geran 11043/M1/B1/6, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot LG 001-D, Sungei Wang Plaza, Jalan Sultan Ismail, 55100 Kuala Lumpur.	Retail Unit	Vacant	Freehold	218 sq. metres	3 September 2021	11,584,966
4.	Geran 11043/M1/1/26, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot LG 001-2, Sungei Wang Plaza, Jalan Sultan Ismail, 55100 Kuala Lumpur.	Retail Unit	Vacant	Freehold	109 sq. metres	3 September 2021	5,792,508
5.	Geran 11043/M1/1/27, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot LG 001-1, Sungei Wang Plaza, Jalan Sultan Ismail, 551000 Kuala Lumpur.	Retail Unit	Tenanted	Freehold	98 sq. metres	3 September 2021	5,207,910
6.	Geran 11043/M1/1/28, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot LG 001, Sungei Wang Plaza, Jalan Sultan Ismail, 55100 Kuala Lumpur.	Retail Unit	Vacant	Freehold	61 sq. metres	3 September 2021	3,241,675
7.	Geran 11043/M1/1/29, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot LG 001(A)&(B), Sungei Wang Plaza, Jalan Sultan Ismail, 55100 Kuala Lumpur.	Retail Unit	Tenanted	Freehold	26 sq. metres	3 September 2021	1,381,686
8.	Geran 11043/M1/5/640, Lot 1197 Section 67, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot T-136, Sungei Wang Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur.	Retail Unit	Tenanted	Freehold	53 sq. metres	3 September 2021	2,816,545

ANALYSIS OF SHAREHOLDINGS

AS AT 1 MARCH 2024

Issued Share Capital	937,952,641 ordinary shares
Class of Shares	Ordinary shares
Voting Rights	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

(Based on Record of Depository)

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	1,013	11.24	37,912	#
100 - 1,000	1,700	18.86	820,730	0.09
1,001 - 10,000	3,700	41.04	16,187,876	1.73
10,001 - 100,000	2,265	25.13	75,887,727	8.09
100,001 to less than 5% of issued shares	329	3.65	246,022,896	26.23
5% and above of issued shares	7	0.08	598,995,500	63.86
Total	9,014	100.00	937,952,641	100.00

Note:

Less than 0.01%

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Fintec Global Limited	193,990,000	20.68	-	-
Fintec Global Berhad	-	-	193,990,000	20.68 ⁽¹⁾
Morgan Stanley	51,606,475	5.50	-	-
Mitsubishi UFJ Financial Group, Inc ("MUFG")	-	-	51,606,475	5.50 ⁽²⁾

Notes:

⁽¹⁾ Deemed interested in the shares held by Fintec Global Limited pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interest in the shares of NetX Holdings Berhad held by Morgan Stanley Group by virtue of MUFG holding more than 20% interest in shares of Morgan Stanley Group.

DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholding)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Sri Wan Ahmad Najmuddin Bin Mohd	-	-	-	-
Tan Sik Eek	40,000,000	4.27	-	-
Yong Ket Inn	-	-	-	-
Ong Siew Min	-	-	-	-
Chen Chee Peng	-	-	-	-

Analysis of Shareholdings

As at 1 March 2024

(Continued)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(Based on Record of Depository)

		No. of Shares	% of Shares
1.	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	120,696,700	12.87
2.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	110,383,800	11.77
3.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES HONG KONG LIMITED (FOREIGN CLIENT)	107,033,425	11.41
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (GCHK-LAZARUS)	99,719,200	10.63
5.	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR UNION BANCAIRE PRIVEE	62,555,900	6.67
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	51,606,475	5.50
7.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS)	47,000,000	5.01
8.	G RUBBER SDN BHD	45,962,600	4.90
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	30,000,000	3.20
10.	AE MULTI INDUSTRIES SDN BHD	15,600,000	1.66
11.	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	15,092,700	1.61
12.	M & A NOMINEE (TEMPATAN) SDN BHD FOR FITPROPER LIMITED	6,134,600	0.65
13.	PERUSAHAAN SAUDEE SDN BHD	5,550,000	0.59
14.	LEE KIM SOON	5,312,200	0.57
15.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	3,946,400	0.42
16.	TAN YOKE WU	3,700,000	0.39
17.	PARLO TOURS SDN BHD	2,746,600	0.29
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOK PUI WOON	2,113,400	0.23
19.	LAI YEE LING	1,923,700	0.21
20.	QUEK YONG WAH	1,900,000	0.20
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN KEE CHUAN	1,888,000	0.20
22.	LEE GUAN HOOI	1,650,000	0.18
23.	LAI YEE LING	1,617,500	0.17
24.	DAREN YOON THAI ON	1,600,000	0.17
25.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	1,534,700	0.16
26.	CHEE SUE FEY	1,500,000	0.16
27.	CHIN KIAM HSUNG	1,461,400	0.16
28.	PANG KIA FATT	1,433,100	0.15
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD CHIN KIAM HSUNG	1,419,500	0.15
30.	CHEW HIAN BOON	1,356,600	0.14
	TOTAL	754,438,500	80.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (23rd) Annual General Meeting of NetX Holdings Berhad (“NETX” or “the Company”) will be held on a virtual basis and entirely via remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan via online meeting platform at <https://rebrand.ly/NetX-AGM> on Monday, 29 April 2024 at 10.00 a.m. or any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 November 2023 together with the Directors’ and Auditors’ Reports thereon. | Please refer to Explanatory Note 1 |
| 2. | To approve the payment of directors’ fees and benefits of up to RM500,000 to the non-executive directors for their services from 29 April 2024 until the next annual general meeting of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect Mr Yong Ket Inn who retires pursuant to Clause 115 of the Company’s Constitution. | Ordinary Resolution 2 |
| 4. | To re-elect Dato’ Sri Wan Ahmad Najmuddin Bin Mohd who retires pursuant to Clause 125 of the Company’s Constitution. | Ordinary Resolution 3 |
| 5. | To re-appoint Messrs SBY Partners PLT as External Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |

SPECIAL BUSINESSES :

To consider and, if thought fit, to pass the following Resolution:

- | | | |
|----|---|------------------------------|
| 6. | Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 | Ordinary Resolution 5 |
|----|---|------------------------------|

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to 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 issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 70 of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empower the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares.”

- | | | |
|----|---|------------------------------|
| 7. | Proposed New Shareholders’ Mandate and Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 6 |
|----|---|------------------------------|

“THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 29 March 2024 pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), subject to the following:

Notice of Annual General Meeting (Continued)

- (i) the transactions are necessary for the day-to-day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
 - (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,whichever is the earlier.
 - (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
 - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,whichever is the higher;
- and amongst others, based on the following information:
- (a) the type of recurrent related party transactions made; and
 - (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationships with NetX Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

CHONG VOON WAH

(SSM PC No. 202008001343) (MAICSA 7055003)

THAI KIAN YAU

(SSM PC No. 202008001515) (MIA 36921)

Company Secretaries

Kuala Lumpur
29 March 2024

Notice of Annual General Meeting (Continued)

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by an attorney so authorised.
5. The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via e-mail at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 22 April 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
7. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.
8. The AGM will be conducted by way of a virtual meeting from the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 30 November 2023

Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act 2016 provides that the audited financial statements are to be laid in the general meeting and do not require the formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1: To approve the payment of Directors’ fees and benefits payable

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees and benefits of the non-executive directors of the Company are as follows:

- Monthly Directors’ fees; and
- Meeting and telephone allowance.

Details of the fees and benefits paid to the non-executive directors for the financial year ended 30 November 2023 are disclosed on pages 39 to 40 of the Overview Statement on Corporate Governance in the 2023 Annual Report.

3. Ordinary Resolutions 2 and 3: Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company’s Constitution at the Twenty-Third (23rd) Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company’s Constitution:

- (a) Mr Yong Ket Inn (Clause 115); and
- (b) Dato’ Sri Wan Ahmad Najmuddin Bin Mohd (Clause 125).

(collectively referred to as “Retiring Directors”)

Notice of Annual General Meeting (Continued)

EXPLANATORY NOTES (CONT'D)

3. Ordinary Resolutions 2 and 3: Re-election of Directors (Cont'd)

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the Twenty-Third (23rd) Annual General Meeting, the Board through its Nominating and Remuneration Committee (“NRC”) had assessed the Retiring Directors, and considered the following:

- (a) The Directors’ performance and contribution;
- (b) The Directors’ skills, experience and strength in qualities; and
- (c) The Directors’ ability to act in the best interest of the Company in decision-making.

Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committees meetings) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Further, the NRC has considered and affirmed, and the Board has endorsed that Dato’ Sri Wan Ahmad Najmuddin Bin Mohd, who is seeking re-election at the forthcoming Twenty-Third (23rd) Annual General Meeting of the Company comply with the independence criteria as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising his judgment and in carrying out his duties as Independent Non-Executive Director.

4. Ordinary Resolution 4: Re-appointment of External Auditors

The Board, through the Audit and Risk Management Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs SBY Partners PLT in respect of the financial year ended 30 November 2023. The Board was satisfied with the performance of Messrs SBY Partners PLT and recommended the re-appointment of Messrs SBY Partners PLT as External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 271 of the Companies Act 2016.

5. Ordinary Resolution 5: Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5, if passed, is the renewal of the general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company (“General Mandate”). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

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

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 70 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company:

Section 85(1) of the Companies Act 2016 states:

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

Notice of Annual General Meeting (Continued)

EXPLANATORY NOTES (CONT'D)

5. Ordinary Resolution 5: Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)

Clause 70 of the Company's Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the General Mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Twenty-Second (22nd) Annual General Meeting held on 2 May 2023 and which the said General Mandate will lapse at the conclusion of the Twenty-Third (23rd) Annual General Meeting.

6. Ordinary Resolution 6: Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company. For more information, kindly refer to the Company's Circular to Shareholders dated 29 March 2024.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Twenty-Third (23rd) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for the issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Twenty-Third (23rd) Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE

TWENTY-THIRD (23RD) ANNUAL GENERAL MEETING

Date	Time	Broadcast Venue
Monday, 29 April 2024	10.00 a.m.	Lot 4.1, 4 th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan

Virtual Meeting

- The Twenty-Third (23rd) Annual General Meeting (“**AGM**”) will be conducted by way of a virtual meeting and online remote voting using the Remote Participation and Voting Facilities (“**RPV Facilities**”) from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.
- Shareholders are **strongly encouraged** to take advantage of the RPV Facilities to participate and vote remotely at the AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors (“**Board**”) and/or management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

Registration

- The AGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: <https://rebrand.ly/NetX-AGM>.
- All the Shareholders are required to register in order to participate in the AGM. The registration will be open from 10.00 a.m. on 29 March 2024 and close at 10.00 a.m. on 28 April 2024.

Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.

- After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an email to notify you if your registration is approved or rejected after 22 April 2024.
- Should your registration be rejected, you can contact the Company’s Share Registrar or the Company for clarification.
- The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please follow the tutorial guide posted on <https://rebrand.ly/NetX-AGM>

General Meeting Records of Depositors

- For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 22 April 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

- Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.
- If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Administrative Guide

Twenty-Third (23rd) Annual General Meeting
(Continued)

Corporate Members

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 28 April 2024 at 10.00 a.m.:
 - (i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
 - (ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
 - (iii) Corporate Representative's or proxy's email address and mobile phone number.
12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Nominee Company Members

13. The beneficiaries of the shares under a Nominee Company's CDS account ("Nominee Company member(s)") are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 28 April 2024 at 10.00 a.m.:
 - (i) Form of Proxy under the seal of the Nominee Company;
 - (ii) Copy of the proxy's MyKad (front and back)/Passport; and
 - (iii) Proxy's email address and mobile phone number.
14. If a Nominee Company member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Revocation of Proxy

15. If an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV Facilities, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 20 below, to revoke the appointment of his/her proxy no later than 28 April 2024 at 10.00 a.m.

Poll Voting

16. The voting at the AGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and SharePolls Sdn. Bhd. as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

Administrative Guide

Twenty-Third (23rd) Annual General Meeting
(Continued)

RPV Facilities

17. Please refer to the following information on RPV Facilities for live streaming and remote voting at the AGM:

Procedures	Action
Before AGM	
1. Register as participant in Virtual AGM 	<ul style="list-style-type: none"> Using your computer, access the website at https://rebrand.ly/NetX-AGM. Click on the Register button to register for the AGM session. If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click Register and enter your email followed by Next to fill in your details to register for the AGM session. Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance
2. Submit your online registration	<ul style="list-style-type: none"> Shareholders who wish to participate and vote remotely at the AGM via RPV facilities are required to register prior to the meeting. The registration will open from 10.00 a.m. on 29 March 2024 and close at 10.00 a.m. on 28 April 2024. Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the Register link for the online registration form. Complete your particulars in the registration page. Your name MUST match your CDS account name (not applicable for Proxy). Insert your CDS account number(s) and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. <p><u>Email Notification to Shareholders</u></p> <ul style="list-style-type: none"> The system will send an email to notify you that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors of the Company as at 22 April 2024, the system will send you an email to notify you if your registration is approved or rejected after 22 April 2024. If your registration is rejected, you can contact the Company's Poll Administrator for clarifications or to appeal.
On the day of AGM	
3. Attending Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM, while the second will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate in the RPV.
4. Participate with live video	<ul style="list-style-type: none"> You will be given a short brief about the system. Your microphone is muted throughout the whole session. If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions received throughout the session which are not answered during the AGM will be replied later to your registered email. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location
5. Online Remote Voting	<ul style="list-style-type: none"> The Chairman will announce the commencement of the voting session and the duration allowed at the AGM. A link to vote for the resolution(s) will be posted on the right-hand side of your computer screen under "chat". You are required to access the link and indicate your votes for the resolutions within the given stipulated time frame. Click on the Submit button when you have completed. Votes cannot be changed once it is submitted.
6. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

Administrative Guide

Twenty-Third (23rd) Annual General Meeting
(Continued)

No Recording or Photography

18. Strictly **NO recording or photography** of the proceedings of the AGM is allowed.

No Gifts, E-Vouchers or Food Vouchers

19. There will be no distribution of gifts, e-vouchers or food vouchers to the Members or Proxy(ies)/Corporate Representative(s) who participate in the AGM.

Enquiry

20. If you have any enquiry prior to the meeting, please contact the following officers during office hours [from 9.00 a.m. to 5.30 p.m. (Monday to Friday)]:

**For Registration, logging in and system related:
Mlabs Research Sdn. Bhd.**

Name : Ms. Eris/Mr. Calvin
Telephone No. : +603-7688 1013
Email : vgm@mlabs.com

**For Form of Proxy:
ShareWorks Sdn. Bhd.**

Name : Mr. Wai Kien/Mr. Kou
Telephone No. : +603-6201 1120
Email : ir@shareworks.com.my



FORM OF PROXY

NETX HOLDINGS BERHAD

Company No. 200001030834 (533441-W)
(Incorporated in Malaysia)

CDS Account No.	No. of Shares held

I/We, _____
[Full name in block and NRIC No. / Registration No.]

Tel. No.: _____ of _____
[Address]

being a member/members of NetX Holdings Berhad, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No:			
Email Address:			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No:			
Email Address:			

or failing him, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Twenty-Third (23rd) Annual General Meeting of the Company to be held on a virtual basis and entirely via remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan via online meeting platform at <https://rebrand.ly/NetX-AGM> on Monday, 29 April 2024 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

No.	Agenda	Resolution	For	Against
1.	To approve the payment of Directors' fees and others benefits payable to the Directors	Ordinary Resolution 1		
2.	To re-elect Mr Yong Ket Inn as Director	Ordinary Resolution 2		
3.	To re-elect Dato' Sri Wan Ahmad Najmuddin Bin Mohd as Director	Ordinary Resolution 3		
4.	To re-appoint Messrs SBY Partners PLT as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
5.	To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 5		
6.	To approve the Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

(Please indicate with a "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion)

Signed this _____

Signature*
Member

(* if shareholder is a corporation, this form should be executed under seal)

Notes

- A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one 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 instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by an attorney so authorised.
- The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, or via e-mail at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 22 April 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.
- The AGM will be conducted by way of a virtual meeting from the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.



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stamp

**THE SHARE REGISTRAR OF
NETX HOLDINGS BERHAD**
Company No. 200001030834 (533441-W)

SHAREWORKS SDN. BHD.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur, Malaysia

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NETX HOLDINGS BERHAD

Company Registration No. 200001030834 (533441-W)

Lot 13.2, 13th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

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