

VALUE CREATION THROUGH INNOVATION

ANNUAL REPORT 2019

AI

Year 2018 - Gem



Year 2019 - GemSpot



Dine & Party Reservation Platform.

Year 2020 -



Gembassador Program



NET 

NETX HOLDINGS BERHAD

18TH
19TH

ANNUAL GENERAL MEETING



Level 18, Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan



22 May 2020
Friday



18th AGM - 10.30 a.m.
19th AGM - 11.00 a.m.

VISION

Disrupting existing industries
through innovative technologies.

MISSION

To challenge markets by driving
innovation and consumer
adoption that will bring greater
value to societies.

CONTENTS

02	03	04	06	12	14	16	17	21	32	35	38	39	100	102	102				
CORPORATE INFORMATION	CORPORATE STRUCTURE	CHAIRMAN'S STATEMENT	MANAGEMENT DISCUSSION AND ANALYSIS	SUSTAINABILITY STATEMENT	PROFILE OF DIRECTORS	PROFILE OF KEY SENIOR MANAGEMENT	AUDIT AND RISK MANAGEMENT COMMITTEE REPORT	OVERVIEW STATEMENT ON CORPORATE GOVERNANCE	STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL	OTHER COMPLIANCE INFORMATION	DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	ANALYSIS OF SHAREHOLDINGS	NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING	STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING				
															103	104	105	109	FORM OF PROXY
															NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING	STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING	ADMINISTRATIVE GUIDE	APPENDIX	

CORPORATE INFORMATION

YM TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

Senior Independent
Non-Executive Director/Chairman

CHU CHEE PENG

Independent Non-Executive Director

YONG KET INN

Independent Non-Executive Director

TAN SIK EEK

Executive Director

BOARD OF DIRECTORS

AUDIT AND RISK MANAGEMENT COMMITTEE

Yong Ket Inn (Chairman)

YM Tengku Ahmad Badli Shah
Bin Raja Hussin

Chu Chee Peng

NOMINATING AND REMUNERATION COMMITTEE

Chu Chee Peng (Chairman)

YM Tengku Ahmad Badli Shah
Bin Raja Hussin

Yong Ket Inn

CORPORATE OFFICE

Lot 13.2, 13th Floor
Menara Lien Hoe
No.8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7887 8818
Fax : +603-7886 2199

COMPANY SECRETARIES

Chong Voon Wah
(MAICSA 7055003)

Thai Kian Yau
(MIA 36921)

REGISTERED OFFICE

22-09, Menara 1MK
No. 1, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2856 7333

AUDITORS

Siew Boon Yeong & Associates

AF: 0660
9-C, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2693 8837
Fax : +603-2693 8836

REGISTRAR

ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-6201 1120
Fax : +603-6201 5959

PRINCIPAL BANKER

Malayan Banking Berhad
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

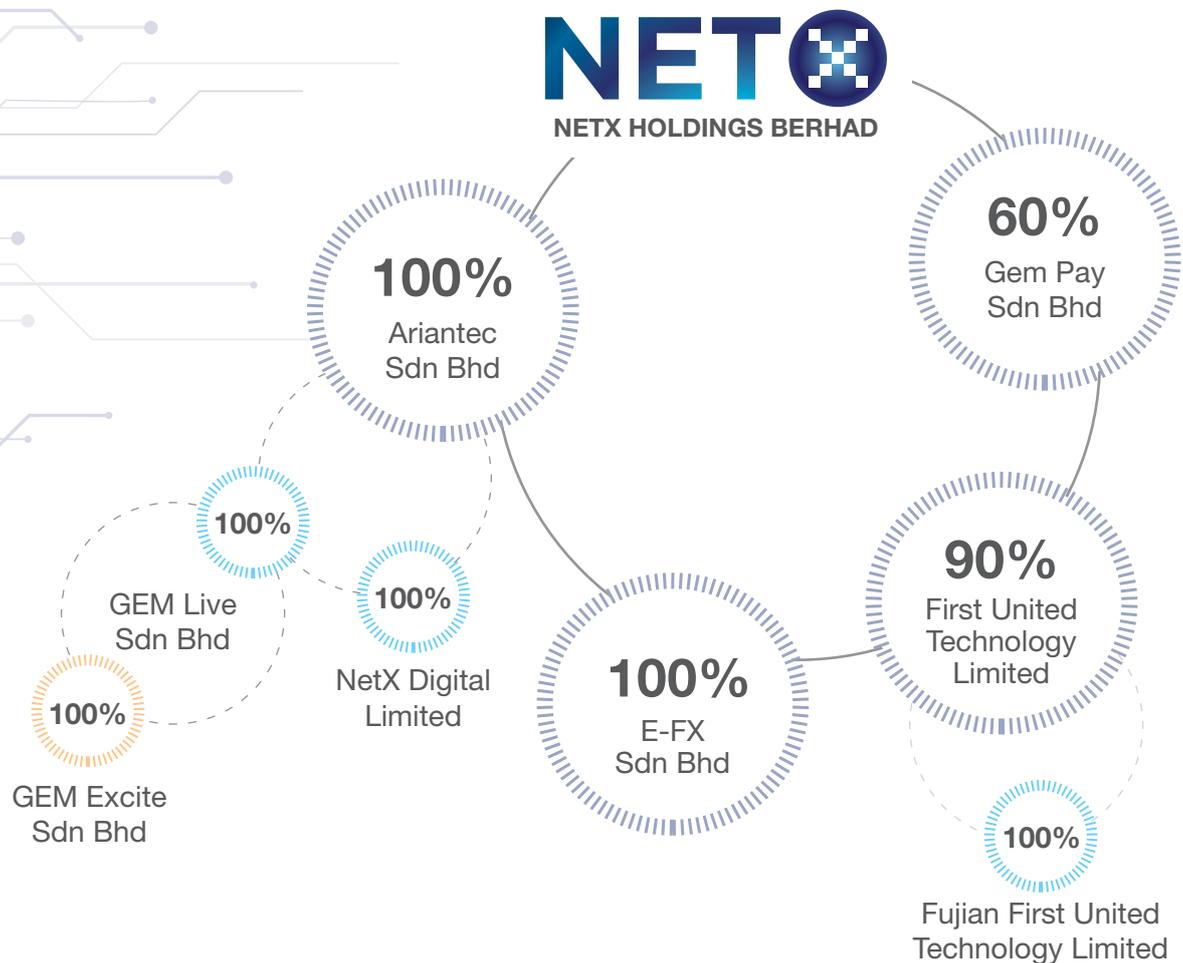
COMPANY BACKGROUND

NetX Holdings Berhad is a technology public listed company on Bursa's ACE market. Founded in 2000, NetX started off dealing primarily in the supply of network equipment and infrastructure. Fast forward to today, the company now pioneers the advancement of disruptive technologies through its subsidiaries in various industries: digital platforms, e-commerce and IT infrastructure among others.

In line with the company's strategy and vision in rethinking possibilities, NetX focuses on existing innovative technologies by making it better with the goal of challenging the markets they operate in.

NetX is based on three key business pillars that are strategically operated through its subsidiaries: Ariantec Sdn Bhd, a network equipment and infrastructure specialist; Gem Pay Sdn Bhd, a payment solutions company which was acquired in 2015 as part of its growth strategy and Gem Live Sdn Bhd, a lifestyle technology company specialized in digital application creations that aim at disrupting the F&B, entertainment and event scene by offering greater access and value to both customers and businesses.

NetX firmly believes in its philosophy of finding new and better ways of doing things through technology. Its businesses are geared toward redefining and challenging established and conventional practices that bring value to the betterment of whole societies.



CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of NetX Holdings Berhad ("NetX" or "Group") for the financial period ended 30 November 2019.

FINANCIAL REVIEW

2019 was a challenging year for us. We had to change our financial year-end from 30 June to 30 November when our auditor, Messrs Chengco Plt tendered their resignation as external auditor since they have been prohibited by the Audit Oversight Board from auditing the financial statements of any listed companies for 12 months, effective 6 August 2019.

The Group launched the lifestyle mobile application GEM in October 2018. GEM allows users to stay connected to their favourite restaurants, entertainment outlets and entertainment events like concerts, musicals and comedy shows, all within a single platform.

The Group has since upgraded the GEM application and relaunched it with a new name; GemSpot, in December 2019. Concurrently, the Group also launched GemSpot Pro, which is catered to the needs of the F&B merchants specifically besides table reservation management, GemSpot Pro is poised to function as a one-stop growth partner to support F&B merchants by hosting a variety of in-house marketing services ranging from photoshoots, videography, copywriting and graphic designing to social media consultancy and event management.

As the Group focused on building a comprehensive lifestyle ecosystem within the F&B industry, the software licensing revenue from foreign customers reduced significantly. The Group recorded revenue of RM9.993 million for the financial period ended 30 November 2019, compared to RM17.567 million the previous year. The loss before tax for the current period, RM31.995 million, is mainly attributed to intensive marketing expenses to promote the GEM application, amortization of intangible assets of RM4.35 million, intangible assets written off of RM2.82 million, bad debts written off of RM7.00 million, provision for doubtful debts of RM4.10 million, fair value adjustment on investment in Mlabs Systems Berhad of RM0.99 million, impairment on other investment of RM0.31 million and share-based compensation expenses of RM0.81 million.

Although revenue was lower, the GEM application achieved approximately 200,000 app downloads and RM1.13 million worth of transactions for over 500 merchants during the financial period ended 30 November 2019.

INDUSTRY OUTLOOK

With the growth of Malaysia's digital economy, cashless payment options such as the e-wallet are rapidly becoming commonplace today and play a major role in propelling the marketplace towards a digitalized future. The Government's focus on increasing the progressive adoption of e-wallets in Malaysia would benefit consumers while also helping micro-entrepreneurs and SMEs to grow their businesses without the cost, burden and safety concerns that come with managing cash.

The e-wallet scene today is booming with many providers catering to the daily lifestyle of Malaysians. As of December 2019, a total of 48 e-money licenses have been granted by Bank Negara so far, including for five banks. With a population of only 32.6 million, the crowded e-wallet landscape in Malaysia is not expected to be a permanent fixture. China, which has a population of around 1.4 billion, utilizes two main e-wallets; WeChat Pay and Alipay. Despite creating awareness on the benefits of e-wallets among the public, the main value proposition presently seems to be heavily driven by subsidies and rewards. The battle to entice users and acquire a larger market share truly boils down to a competition of who is more financially equipped to do so.

(Source: www.bnm.gov.my)

PROSPECT AND STRATEGY

The Group foresees that the consolidation of e-wallets will happen naturally in any crowded market. The industry is still fairly young and it will take a few more years to mature and stabilize. It is more important for the industry to promote the real value proposition of e-wallets, its convenience and security, as an alternative to traditional cash transactions.

The Group recognizes that while e-wallets as a financial payment product have a legitimate place in our financial system, there is a further need and opportunity to build an ecosystem for both merchants and e-wallet companies to work together and leverage off each other's industrial capabilities. The focus moving forward would be to build up the entire user experience with GEM's platform ecosystem that is meant to grow both user base and increase the touchpoints for merchants who are looking to elevate their businesses. This will ultimately improve the overall internal structure of financial management and benefit all parties.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere gratitude to our Board Members and the management staff for their continuous efforts and contributions. My heartfelt appreciation also goes to the numerous clients, business associates, shareholders and various stakeholders for their steadfast support of NetX and our operations over the years.

YM Tengku Ahmad Badli Shah Bin Raja Hussin
Senior Independent, Non-Executive Chairman

2019 AT A GLANCE

700k

Social Media Engagement



200k

App Downloads



20k

Social Media Followers



10k

Bookings Made



500

Merchants Listed (Klang Valley)

GEM Roving Activation

Slumber Party

Indulge GEM x UROKO



MANAGEMENT DISCUSSION AND ANALYSIS

1 OUR BACKGROUND

NetX Holdings Berhad (“Company” or “NetX” or “Group”) is a public listed technology company on Bursa’s ACE Market. Founded in 2000, NetX started off dealing primarily with the supply of network equipment and infrastructure. Today, the Company pioneers the advancement of disruptive technologies through its subsidiaries in various industries, namely digital platforms, e-payment solutions, e-commerce and IT infrastructure, among others.

2 OVERVIEW OF THE GROUP’S BUSINESS AND OPERATIONS

The Group focuses on three key business pillars that are strategically operated through its subsidiaries namely Ariantec Sdn Bhd (“Ariantec”), a network equipment and infrastructure specialist, GEM Pay Sdn Bhd (“GEM Pay”), a payment solutions company which was acquired in 2015 as part of the Company’s growth strategy and GEM Live Sdn Bhd (“GEM Live”), a lifestyle technology company specialising in digital application creations that aim at disrupting the F&B, entertainment and events scenes by offering greater access and value to both customers and businesses.

NetX is currently focused on building a comprehensive lifestyle ecosystem within the F&B industry which brings together the vision of elevated customer experiences, reduced merchant operational burdens and the elements of cashless payments through progressive digital integrations and solutions, creating not only a self-sustaining economy but also a new ecosystem that helps Malaysia flourish in its cultural, business and tourism segments.

BUSINESS PHILOSOPHY

In line with the Group’s strategy and vision in rethinking possibilities, NetX focuses on existing innovative technologies by making it better to challenge the markets they operate in.

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

3 GROUP FINANCIAL REVIEW

	17 months Ended 30-Nov-19 RM’000	12 months Ended 30-Jun-18 RM’000	Changes %
Revenue	9,993	17,567	(43)
Gross Profit	3,844	7,856	(51)
Gross Profit Margin	38%	45%	
Loss Before Tax	(31,995)	(11,322)	(183)
Loss After Tax	(31,995)	(11,459)	(179)
Loss Attributable to Ordinary Equity Holders of the Company	(30,644)	(10,266)	(198)

3.1 Revenue and Gross Profit

The Group’s revenue lowered from RM17.57 in the previous year to RM9.99 million in the current period. This was mainly due to lower revenue from the payment solutions segment and non-payment segment. The new segment, GEM, brought revenue of RM3.66 million. GEM is focused on building a comprehensive lifestyle ecosystem within the F&B industry. This is to elevate customer experiences, reduce merchant’s operational burdens and prioritise cashless payments through progressive digital integrations and solutions through the GemSpot and GemSpot Pro apps.

3.2 Profit Before Tax

The loss before tax of the Group in current period arose from intensive marketing expenses to promote GEM's mobile application, amortisation of intangible assets of RM4.35 million (2018: RM2.09 million), intangible assets written off of RM2.82 million (2018: Nil), impairment on other investment of RM0.31 million (2018: Nil), bad debts written off of RM7.00 million (2018: Nil) and provision of doubtful debts of RM4.10 million (2018: RM0.42 million).

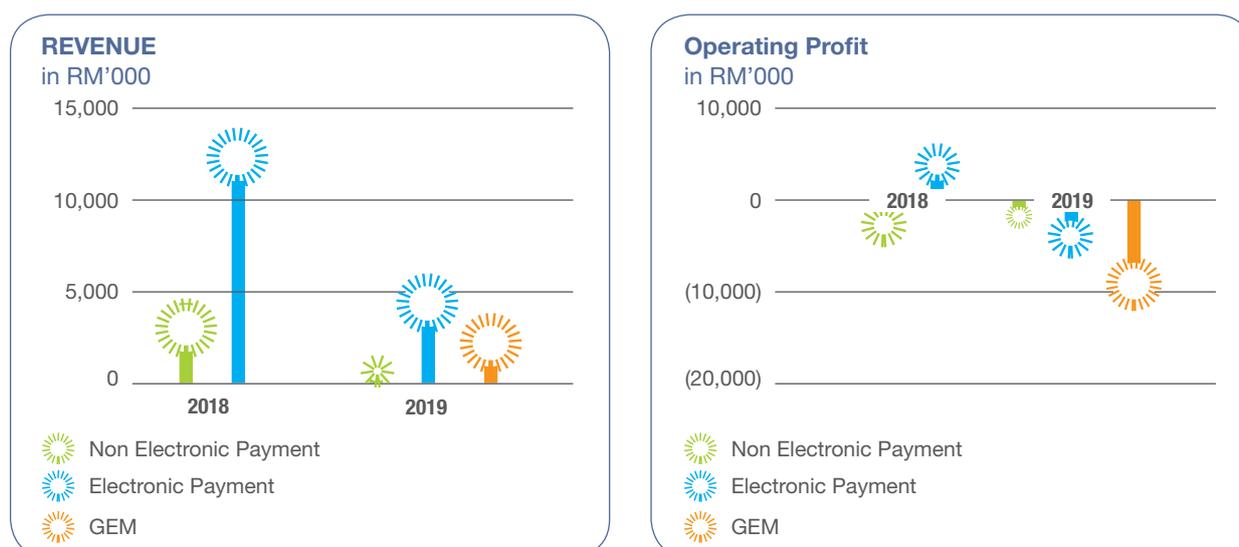
However, the higher loss is mitigated by lower fair value losses on investment in Mlabs Systems Berhad of RM0.99 million (2018: RM3.96 million), lower share-based compensation expenses of RM0.81 million (2018: RM4.27 million) for the offering of share options to eligible employees, and net gain on foreign exchange of RM1.23 million as opposed to net loss on foreign exchange of RM1.67 million in previous year.

3.3 Taxation

The effective tax rate is higher than statutory tax mainly due to certain expenses that are non-tax allowable.

4 PERFORMANCE BY BUSINESS SEGMENT

The Group operates in three different business segments according to the nature of activities of its subsidiaries, namely electronic payment services, non-electronic payment services, and GEM's mobile app.



ELECTRONIC PAYMENT SERVICES

- Provision of payment software licensing, implementation, maintenance, and support services
- Provision of Master Merchant and sub-contractors' services
- Sales and Rental of EFTPOS terminals

NON-ELECTRONIC PAYMENT SERVICES

- Trading of network equipment
- Provision of network infrastructure
- System design
- Integration and installation
- IT services

GEM's Mobile App

- **Dining** - Reserve seats at popular F&B outlets and pre-purchase F&B deals in advance;
- **Party** - Reserve seats, tables or rooms at bars, pubs, clubs or karaoke outlets and pre-purchase drink deals in advance; or
- **Event** - Purchase tickets for upcoming concerts, musicals, comedy shows or other entertainment events and obtain priority lane privileges to skip the queue.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Electronic payment services

	17 months Ended 30-Nov-19 RM'000	12 months Ended 30-Jun-18 RM'000	Changes %
Revenue	5,981	12,977	(54)
Gross Profit	2,700	7,533	(64)
Operating (Loss) / Profit	(3,711)	3,521	(205)
(Loss) / Profit Before Tax	(14,958)	3,511	(526)

Electronic Payment Services and its revenue were derived from the following activities:

1. Credit and Debit Card merchants acquiring revenue sharing with financial services company in Malaysia.
2. Rental of EDC terminals to merchants.
3. Sales or rental of electronic and mobile payment solutions, included its related software and hardware.

The economy has seen the gradual evolution from offline to online towards a cashless state. Since the acquisition of Gem Pay Sdn Bhd (formerly known as PayAliz Sdn Bhd), a payment solutions company, the Group has been working to increase the number of merchants in Malaysia. However, revenue has dropped from RM12.98 million the previous year to RM5.98 million in the current period as foreign sales of mobile payment solutions reduced, which in turn resulted in operating losses in this financial period.

The loss before tax mainly arises from amortisation of intangible assets of RM3.37 million (2018: RM2 million), intangible assets written off of RM2.82 million (2018: Nil), bad debts written off of RM7 million (2018: Nil) and provision of doubtful debts of RM2.06 million (2018: RM5,000).

(B) Non Electronic payment services

	17 months Ended 30-Nov-19 RM'000	12 months Ended 30-Jun-18 RM'000	Changes %
Revenue	352	4,590	(92)
Gross Profit / (Loss)	35	(1,759)	102
Operating (Loss) / Profit	(1,957)	(3,106)	37
(Loss) / Profit Before Tax	(1,896)	(3,347)	43

The Non-Electronic Payment services consist of the trading of network equipment, provision of network infrastructure, system design, integration and related IT services. The revenue from this segment is dependent on projects secured and therefore inconsistent throughout the year.

The revenue of this segment has dropped from RM4.59 million in the previous year to RM0.35 million in the period ended 30 November 2019. The revenue in the current year is mainly the balance of progress billings of contracts secured in prior years. As most of the revenue from the contracts secured were recognised in prior years, the revenue for the current period is lower than the previous year. The gross loss position in the previous year is mainly due to higher actual costs than the initial projected cost on the contract.

(C) GEM

	17 months Ended 30-Nov-19 RM'000	12 months Ended 30-Jun-18 RM'000	Changes %
Revenue	3,661	-	100
Gross Profit / (Loss)	1,109	-	100
Operating (Loss) / Profit	(11,269)	(1,284)	(778)
(Loss) / Profit Before Tax	(12,612)	(1,275)	(889)

GEM stands for "Great Experiences Matter" and is a mobile lifestyle application that launched in October 2018. The app allows users to access popular restaurants or events, and make reservations with just a few clicks within a single platform. Apart from the principal functions, the GEM app features a social media platform and customer loyalty rewards. Sources of income are generated through commission from Merchants, advertisement fees and content sponsorship features.



GEM's Marketing Strategies

Drive download & create awareness

Reinforce market position & build advocacy to strengthen brand

Drive active use & build user base

The profit before tax in the current period ended 30 November 2019 is mainly marketing expenses for promoting GEM application. In line with GEM's marketing strategies, the Group has been working to expand its user and merchant base by initiating intensive marketing activities. Roadshows, events, preparation of marketing content and material, distribution of promotional codes, strategic brand tie-ups, public relations, and merchant store advertising are GEM's offline marketing campaigns. Digital marketing, on the contrary, has been used to retain users. This is achieved through various online channels including social media as well as online promotional campaigns.

Although losses were incurred, our GEM application has achieved approximately 200,000 app downloads and transactions worth RM 1.13 million for over 500 merchants, during the financial period ended 30 November 2019.

5 ANTICIPATED RISKS AND MITIGATING FACTORS

The Group's business activities may be exposed to risks, many 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 effect 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 major risks:

(i) Changes in Technology Risk

As our business activities involve the provision of systems, solutions and services that are catered towards the ICT and mobile payment industry, the Group is subject to higher risks due to ever-changing new technologies. Hence, the Group is keeping abreast of the latest industry trends and developments, both locally and abroad. The Group is focusing its efforts on developing the latest generation of its mobile app (Gem Live) which provides a platform for users to access popular restaurants or events, and make reservations. Besides, the Group also invests in new product development and infrastructure and is on the lookout to acquire smaller technology companies that will enhance its solution offerings to ensure competitiveness.

(ii) Competition Risk

The Group is also mindful of the change in the competitive landscape. The Group faces competition from new entrants, as well as the existing players in industries that offer similar products and services. The management of the Group will remain relevant by leveraging on present and future strategic alliances to create value. As part of the risk management toolbox, the Group is continually on the lookout to forge strategic alliances.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Investment Risk

The Group is exposed to investment risk as it invests in new product development initiatives and infrastructure or acquiring smaller technology companies that will enhance its solution offerings to ensure its competitiveness. Pre-investment assessments and evaluation of proposed investments are carried out by the Executive Director before being tabled to the Board of Directors for approval. Experienced staff will be designated to implement the investment plan, and closely monitored by the Executive Director. The Board of Directors monitors investment progress and results through half-yearly progress updates in the Board of Directors meeting.

(iv) Foreign Exchange Risk

The Group is exposed to foreign currency risk on sales, import of EFTPOS terminals and investments, that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the U.S. Dollar ("USD"), the HKG Dollar ("HKD") and the China Renmimbi ("RMB"). 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 ongoing basis to ensure that the net exposure is at an acceptable level.

(v) Credit Risk

The Group's exposure to credit risk arises primarily from trade and other receivable. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, credit check using a more stringent process of vetting new customers' profiles and implementing a more proactive legal recovery process for delinquent accounts.

(vi) Political, economic and regulatory considerations

Any developments in political, economic, regulatory and social conditions could materially affect the Group's financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation. The directors keep abreast of the government policies, rules and regulations and will take necessary action to ensure compliance.

(vii) Reliance on key relationships with Acquirer

The Group's payment services business is heavily dependent on the relationship with the Acquirer and its intent in acquiring merchants. An Acquirer is an entity (bank or non-bank) registered with Bank Negara Malaysia that provides merchant acquiring, including inter-alia, signing up merchants, deploying EFTPOS terminals for payment cards and accepting card payments on behalf of merchants. Our subsidiary, GEM Pay, is a master merchant appointed by two Acquirers to recruit qualified merchants to sign up for our payment solutions. GEM Pay is constantly looking at collaborations with other Acquirers or business partners so that we are not dependent on merely two Acquirers.

FUTURE OUTLOOK

Based on BNM's Quarterly Bulletin, after its weakest performance since the Global Financial Crisis in 2019, global growth expects a mild improvement in 2020.

Growth in advanced economies is projected to be stagnant. The US economy is expected to moderate as labour market conditions soften, with continued weakness in investment and production activity. In the euro area, recovery from previous disruptions in the manufacturing sector will support growth prospects. China and regional economies are expected to benefit from an improved trade outlook from the Phase One agreement. However, near-term growth prospects will be measured by the ongoing Coronavirus outbreak. Domestic and international travel restrictions, as well as an extension to the Lunar New Year holiday for many businesses in the manufacturing sector, will suppress private sector activity, particularly in the first quarter of the year.

Risks to global outlook are tilted to the downside, a re-escalation of lingering trade tensions and the severity and duration of the Coronavirus outbreak could also cause a resurgence of financial market volatility and further weigh on global growth prospects.

For Malaysia, the economy expanded by 4.3% in 2019. The overall impact on the Malaysian economy will depend on the duration and spread of the outbreak as well as policy responses by authorities. For the year as a whole, growth will be supported by household spending. Investment is projected to record a modest recovery, supported by the realisation of approved private investment projects in recent periods, and higher public sector capital spending, particularly in the transport-related segment. Meanwhile, the external sector is expected to benefit from the gradual recovery in global growth and trade.

The growth momentum is subject to high near-term downside risks, such as the prolonged impact of Coronavirus, uncertainties remain in global economic and financial conditions. On the domestic side, risks emanate mainly from weaknesses in the commodities sector and delays in project implementation. (source: *BNM Quarterly Bulletin*)

With the growth of Malaysia's digital economy, cashless payment options such as the e-wallet are rapidly becoming commonplace today and are playing a major role in propelling the marketplace towards a digital future. The e-wallet scene today is booming with one too many e-wallet providers catering to the daily lifestyle of Malaysians. The Group foresees that the consolidation of e-wallets is something that will happen naturally in any crowded market. The industry is still fairly young and will take a few years more to mature and stabilise. It is still more important for the industry to promote the real value proposition of e-wallets, which is convenience and security as opposed to using traditional cash.

The Group recognizes that while e-wallets as a financial payment product have a legitimate place in our financial system, there is a further need and opportunity to build an ecosystem for both merchants and e-wallet companies to work together and leverage off each other's industrial capabilities. The focus moving forward would be to build up the entire user experience with GEM's platform ecosystem that is meant to grow both user base and increase the touchpoints for merchants who are looking to elevate their businesses. This will ultimately improve the overall internal structure of financial management and benefit all parties.

These coming years will be crucial for the Group. Whilst we remain cautious over the outlook of the economy, the Group will continue to seek new business opportunities to invest in as it has adequate funds for such purposes. The Group will continue to reinvent and improve the business and will take affirmative steps to expand the Group's scope of business operations globally in ensuring lasting sustainability and profitability for its business.



SUSTAINABILITY STATEMENT

INTRODUCTION

It is of utmost importance for doing business in a sustainable way with integrity, responsibility and transparency. This sustainability initiatives are conducted and prepared in accordance to Bursa Malaysia Securities Berhad's Sustainability Reporting Guideline, covering NetX and its subsidiaries.

SUSTAINABILITY FRAMEWORK

Using the EES (Economic, Environmental, Social) principles, the Group strives to sustain economic and social growth while ensuring minimal impact on the environment in which we operate. In this regard, the Group ensures high standards of governance across our business to promote responsible and ethical business practices, minimise negative environmental impacts, and meet social needs of the community.

OUR APPROACH

NetX Holdings Berhad ("NetX" or "the Group") is committed to focus on sound corporate culture and ethic practices by using EES (economic, environmental, and social framework). The Group assess the impacts on our business model on a regular basis and also ensures to minimise negative impact on the environment over the period of medium and long term.

ECONOMIC



Shareholders' Interest

The Group is committed to ensure that the shareholders' interests are taken care of. In this regard, the shareholders are entitled to timely and quality information on the Group's financial performance and position. Besides Annual General Meeting where shareholders raise questions to the Board and Executive Management, the Group's corporate website at www.netx.com.my also provides a link on investor relations where quarterly and annual financial statements announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Local Hiring

In considering new business ventures, we strive to create business activities locally, as well as regionally. New collaborations and ventures create employment opportunities in our Group. We seek to hire local employees to fill in the job openings because we believe that it is easier for the locals to assimilate into the work culture and are able to understand better the needs of the local and communities.

Technology & Innovation

As we principally invested in technology innovations, we are driving our business competitiveness through work systems which helps to reduce costs, while increasing efficiency at the same time. New possibilities for cost savings emerge when we adopt teleconferencing, voice, and IM and has a favourable impact on the organisation's carbon footprint.

ECONOMIC

Sustaining our economy



Delivering values to our shareholder

ENVIRONMENTAL

Upholding environmental friendly practices



Protecting and preserving the environment

SOCIAL

Building a resilient workforce



Enhancing our work culture and ensuring fulfilling workplace

ENVIRONMENTAL



We advocate sustainable environment through adopt environmentally-friendly practices in its day-to-day business operations in minimizing activities that could harm the environment and nature.

Waste Management

We aimed at practicing proper waste management by encouraging our staff to fully maximise the benefits of technology like emails and instant messaging for mode of communication wherever possible. In addition, other initiatives including using recycled papers, encourage printing both sides of papers, avoiding printing in colour and also introduced data scanning system where documents can be electronically stored.

Energy Saving Management

We constantly educate our employees the importance of conserving energy by practicing good habits of switching off unused lights and air conditioning. We converted into energy saving LED light-bulbs not only to minimize further energy usage, but also to produce virtually zero harmful UV emissions.

Recycling Initiatives

To continue to pursue the initiatives in reducing the negative impact on the environment, we use compostable bin liner for our office. We believe that this approach can help to reduce carbon footprint by breaking down the bin liner to virtually undetectable levels in the soil.

SOCIAL



Our employees

The Group is fully committed to conducting Corporate Social Investment activities thus various initiatives were planned and fulfilled to support the sustainability of our surrounding communities. As a good corporate citizen, NetX contributes towards the community with employees participating in these initiatives.

The development of our employees is the key success to the Group's long-term sustainability plan. To ensure continuous improvement of our employees' capabilities and skills, we invest in employee wellness, training & development and labour engagement practices.

1

Better
Working
Relationship

2

Strong Career
Development
Opportunities

3

Fair Labour
Practices



Our curriculum

Better working relationship

To foster better working relations between management and employees, several less formal activities took place. These activities include the gift donation to the orphanage at "Pusat Jagaan Beribuan Kasih", Chinese New Year celebrations, movie day, team building, Townhall and staff lunches.

Strong career development opportunities

The Group place great emphasis on training and development enabling employees to achieve their full potential. The Group encourages employee diversity and inclusion where equal opportunity for career development and advancement are given to acquire the right technical knowledge and skills for their daily duties.

Fair labour practices

The Group ensures fair labour practices for the employees, including equal pay and fair compensation initiatives. In addition, performance and appraisal exercises are conducted on annual basis.

PROFILE OF DIRECTORS

YM TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

Chairman / Senior Independent Non-Executive Director

Malaysian | 50 years old | Male

YM Tengku Ahmad Badli Shah Bin Raja Hussin (“YM Tengku Badli”) is the Senior Independent Non-Executive Director of NetX appointed on 9 April 2015. He holds a Bachelor of Law degree (LLB Hons) from University of East Anglia, United Kingdom and attended Leadership Development Program, Cornell University USA in 2011 and Islamic Finance Leadership Program, University of Cambridge, United Kingdom in 2017.

YM Tengku Badli has extensive exposure in the financial industry sector, having started his career as a Management Trainee in Hongkong and Shanghai Banking Corporation, Hong Kong (“HSBC”) in 1994, continued his stint with the HSBC Group in various senior management positions covering both corporate and commercial sectors, as well as the retail & consumer banking division. He later pursued Kuwait Finance House (Malaysia) Berhad in February 2008 as Head of Branch Management before joining Pelaburan MARA Berhad in September 2013. He is currently the Acting Group Chief Executive Officer of Pelaburan MARA Berhad.

YM Tengku Badli is a Fellow Member of Institute of Corporate Directors Malaysia (ICDM) and council member of Malaysia-Qatar Business Council (MQBC).

He does not hold any shares in NetX and he is also a Director of Fintec Global Berhad, Dolphin International Berhad and PDZ Holdings Bhd. YM Tengku Badli is a member of the Audit and Risk Management Committee as well as the Nominating and Remuneration Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

TAN SIK EEK

Executive Director

Malaysian | 43 years old | Male

Tan Sik Eek is an Executive Director of NetX appointed on 21 April 2015. He majored in Economics and Political Science at the University of Sydney, Australia.

He brings with him more than a decade of experience ranging from corporate finance advisory to private equity investments. He was previously a Partner in corporate finance focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was specializing in securing funding from a series of established North America global opportunity funds, for companies listed on the regional capital markets.

He does not hold any shares in NetX. He is also a Director of DGB Asia Berhad, Fintec Global Berhad, Mlabs Systems Berhad and XOX Bhd. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

CHU CHEE PENG

Independent Non-Executive Director

Malaysian | 49 years old | Male

Chu Chee Peng (“Mr Chu”) is an Independent Non-Executive Director of NetX appointed on 9 June 2015. Mr Chu graduated from the Coventry University in Business Administration and Post Graduate Diploma from Chartered Institute of Marketing, The United Kingdom.

Mr. Chu was formerly the Vice President for Agensi Inovasi Malaysia (“AIM”), a statutory body set up by the Malaysian government, since 2012. Prior to joining AIM, he headed up the Properties Division at a public listed company in Malaysia.

He has extensive experiences in the investment sector, covering activities such as identification of new business opportunities, developing and executing investment strategies that significantly contribute to the company and Nation’s income, development of new funding structure/ecosystem and creation of high value jobs. He is an entrepreneur with an inclination towards innovation and high technology commercial industries.

Mr Chu does not hold any shares in NetX. He is also a Director of Fintec Global Berhad. He is the Chairman of the Nominating and Remuneration Committee as well as a member of the Audit and Risk Management Committee. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences and has no conflict of interest with NetX.

YONG KET INN

Independent Non-Executive Director

Malaysian | 63 years old | Male

Yong Ket Inn (“Mr Yong”) is an Independent Non-Executive Director of NetX appointed on 9 June 2015. Mr Yong holds an honours degree in Bachelor of Science in Management and Administrative Studies from University of Aston in Birmingham, England.

Mr Yong is a fellow member of the Institute of Chartered Accountants in England and Wales and Malaysian Institute of Taxation, and a member of the Malaysian Institute of Accountants since 1987. He started his career at a Chartered Accountants firm in England in 1981 and has since accumulated over 30 years working experience in the field of accounting, auditing and taxation. During his career, he held the position of Head of Finance in various offshore engineering and shipbuilding companies, integrated steel mill and IT companies.

Mr Yong does not hold any shares in NetX. He is also a Director of MTouche Technology Berhad. He is the Chairman of the Audit and Risk Management Committee and also a member of the Nominating and Remuneration Committee. He does not have any family relationship with any Director or major shareholder of the Company and 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

TAN SIK EEK

Executive Director

Malaysian | 43 years old | Male

The profile of Mr Tan is outlined in the Profile of the Board of Directors on page 14.

CHARISSA LIM

Chief Executive Officer of Gem Live Sdn Bhd

Malaysian | 33 years old | Female

Ms Charissa Lim is the Chief Executive Officer (“CEO”) of Gem Live Sdn Bhd, a wholly owned subsidiary of NetX, appointed on 1 March 2018. She is a graduate from Curtin University of Technology, Australia. She 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 in which she co-founded and currently sits as the CEO of subsidiary GEM Live Sdn Bhd, an exciting new lifestyle brand that fuses the latest innovations in technology set to elevate contemporary passions around premium dining concepts, experiential entertainment and the growing craze around novel lifestyle events.

She does not hold any shares in NetX. She does not have any family relationship with any Director or major shareholder of the Company and 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 for financial period ended 30 November 2019.

COMPOSITION AND MEETING ATTENDANCES

The composition of the Audit and Risk Management Committee (“ARMC” or “Committee”) comprises of three (3) Independent Non-Executive Directors, 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 Eight (8) meetings during the financial period ended 30 November 2019. The composition and the attendance by each member at the ARMC Meeting during the financial year are as follows:

Member	Designation	Directorship	Attendance
Yong Ket Inn	Chairman	Independent Non-Executive Director	8/8
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Member	Senior Independent Non-Executive Director	8/8
Chu Chee Peng	Member	Independent Non-Executive Director	8/8

The Chairman of ARMC, 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. Accordingly, the Company is in compliance with Rule 15.09 (1)(c) of the Listing Requirements.

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.

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 on whether there is a need to change the composition of the ARMC based on the assessment conducted.

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Committee had carried out the following work during the financial period ended 30 November 2019 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:

<u>Date of Meetings</u>	<u>Review of Quarterly Financial Statements</u>
29 August 2018	Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 June 2018
28 November 2018	First quarter results for period ended 30 September 2018
22 February 2019	Second quarter results for period ended 31 December 2018
21 May 2019	Third quarter results for period ended 31 March 2019
23 August 2019	Fourth quarter results for period ended 30 June 2019
26 November 2019	Fifth quarter results for period ended 30 September 2019

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 Standard (“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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT**SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)****1. Financial Reporting (continued)**

- b. Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2018 at its meeting held on 18 October 2018, and to ensure 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 in the financial statements and quarterly reports, focus 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. Evaluated the performance of the External Auditors for the financial year ended 30 June 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The ARMC satisfied with the independence, suitability and performance of Messrs Chengco Plt ("ChengCo"), had recommended to the Board for approval, the re-appointment of ChengCo as External Auditors for the financial year of 30 June 2019 at its meeting held on 18 October 2018.
- b. Discussed with External Auditors, ChengCo on the Audited Financial Statements for the financial year ended 30 June 2018 and, had a private session with ChengCo without the presence of the management and secretary at its meeting held on 29 August 2018 and 18 October 2018.
- c. Reviewed and discussed with External Auditor, ChengCo and made recommendations to the Board, the Audit Review Memorandum for the financial year ended 30 June 2018 at its meeting held on 29 August 2018. 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 June 2018.
- d. Reviewed with External Auditors, ChengCo at the meeting held on 21 May 2019, their audit plan for the financial year ended 30 June 2019, outlining the audit scope, methodology and timetable, audit materiality and multi-location scoping, areas of audit emphasis, and audit engagement team. The External Auditors also updated the ARMC with new Malaysian Financial Reporting Standards and listing requirements in relation to the financial reporting as well as the new Malaysian Approved Standards on Auditing.
- e. ChengCo had tendered their resignation as External Auditors as they had been prohibited by Audit Oversight Board from auditing the financial statements of any listed companies for a period of 12 month with effect from 6 August 2019.
- f. After due deliberation on the background of the three proposed audit firms, the ARMC has nominated Messrs. Siew Boon Yeong & Associates to the Board for the appointment as new External Auditors at its meeting held on 25 September 2019.
- g. Upon received the Letter of Consent to Act from Messrs. Siew Boon Yeong & Associates, the ARMC has recommended Messrs. Siew Boon Yeong & Associates to the Board for the appointment as new External Auditors to fill the casual vacancy caused by the resignation of ChengCo on 13 December 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

3. Internal Audit

- a. Reviewed Internal Audit reports on various non-listed operating subsidiaries of the Group such as:-
 - i. Accounting and Finance Management
 - ii. Information Technology Management
 - iii. Procurement Management
- b. The ARMC 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 are being properly addressed.

4. Related Party Transactions

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, 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 at its Six (6) meetings held during the financial year, together with the quarterly financial statements.

5. Other activities

- a. Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report on 18 October 2018.
- b. Verified the allocation of Options pursuant to the Share Issuance Scheme in compliance with the criteria stipulated in the By-Laws of Share Issuance Scheme at its meeting held on 18 October 2018.
- c. Due to the resignation of ChengCo on 6 August 2019, the ARMC had recommended to the Board to change the Group's financial year end from 30 June to 30 November at its meeting held on 25 September 2019, as the newly appointed auditors had indicated that they were unable to complete their audit of the Company and its subsidiaries before end of October 2019 for purpose of issuance of annual report.

INTERNAL AUDIT FUNCTION

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

The outsourced internal audit function comprises 13 auditors, and is headed by the Executive Director who is assisted by an audit team comprising of the Engagement Managers and Consultants. The Executive Director is a Practicing Member of the Institute of Singapore Chartered Accountants (ICSA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with minimum qualification of a degree obtained from overseas and/local universities. The outsourced internal audit firm appointed by the Company are free from any relationships or conflict of interest which could impair their objectivity and independence.

The outsourced internal auditors reports functionally to the ARMC and administratively to the Board, and accomplish 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. The Internal Auditors carry out its function in accordance to the Internal Audit Standards set forth in the International Professional Practises Framework issued by the Institute of Internal Auditors and other nationally and internationally recognised framework.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (CONTINUED)

The internal audit was carried out based on 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 the Internal Auditors 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. The Internal Auditors provides independent and objective reports on the state of 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. Internal Auditors will conduct follow-up audits to ensure that the corrective actions are implemented appropriately. In this respect, the Internal Auditors have 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 the Internal Auditors 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;
- ii. Proposed and presented the internal audit plan for the ARMC's approval and ensured that appropriate actions were taken to carry out the audits based on the approved plan; and
- iii. Reported 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 period ended 30 November 2019 amounted to RM10,000.

Based on the internal audit review conducted by the Internal Auditors, the ARMC and the Board is 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 period ended 30 November 2019.

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

The ARMC and Board are satisfied with the performance of the Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision 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” or “Group”) recognizes the importance of adopting high standards of corporate governance in its efforts to safeguard stakeholders’ interest as well as enhancing shareholders’ value. The Group is moving towards ensuring full compliance with principles, recommendations and best practices of the Malaysian Code on Corporate Governance (“MCCG”) issued by the Securities Commission.

The Board is pleased to report herein a brief overview on the application of principles of MCCG during the financial year except where otherwise stated. This statement is to be read together with the Corporate Governance Report 2019 (“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 four (4) Directors:

YM Tengku Ahmad Badli Shah Bin Raja Hussin

(Senior Independent Non-Executive Director / Chairman)

Tan Sik Eek

(Executive Director)

Yong Ket Inn

(Independent Non-Executive Director)

Chu Chee Peng

(Independent Non-Executive Director)

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. ROLES AND 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 and other relevant matters affecting the Group’s business.

Generally, the Executive Directors are 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 effectiveness and conduct whilst the Executive Directors has the overall responsibilities over the Group’s operating units, organizational effectiveness and implementation of Board policies and decisions. The Executive Directors are the decision maker and involved in leadership role overseeing the day to day operations and management and are 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

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. ROLES AND 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 set the Group's strategy, performance target and long term goals of the business and ensure 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 business is being properly managed and sustained

The Board of Directors' meetings are chaired by the Chairman who is a Senior independent Non-Executive Director. The day to day management is controlled by the Executive Director and a management team in managing the Group's business. The Board's role is to oversee the performance of management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board Meeting when reviewing 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 Enterprise 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, assists the Board and the Audit and Risk Management Committee 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 Audit and Risk Management Committee 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 available at the Company 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.

The Board has identified YM Tengku Ahmad Badli Shah Bin Raja Hussin to be the Chairman of the Company and the Senior Independent Non-Executive Director of the Board to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. ROLES AND 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 Audit and Risk Management Committee and Nominating and Remuneration Committee. Each of the Board Committees operates within its respective terms of reference that clearly define its respective functions and authorities.

1.3 Ethical Standards through Code of Conduct

The Group has put in place a Code of Conduct for the Directors and employees that set the guidelines for their conduct. It is used to ensure issues and matters are properly understood by all Directors and employees during the tenure of their employment.

The Group has also put in place its whistleblowing policy and procedures by which an employee or stakeholder can report or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, non-compliance and unethical business conduct. The identity of the whistleblower is kept confidential and protection is accorded against being disadvantaged in any way such as victimization, retribution and harassment.

The Director's Code of Conduct and the Whistleblowing Policy are available at the Company's website at www.netx.com.my. The employee's code of conduct is set out in the Employee Handbook. Any improper conduct may be reported in writing directly to chairman@netx.com.my, which is accessible by the Chairman.

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 to relevant environmental and related legislation as well as ensuring a safe and healthy working environment.

The Corporate Social Responsibility Policy can be found at the company's website at www.netx.com.my. The details of the sustainability effort are presented in the Sustainability and Corporate Social Responsibility section under Other Compliance Information in this Annual Report.

1.5 Board Charter

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

The Board Charter serve as a reference and primary induction literature, providing Board members and management insights into the function of NetX Board. Board 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 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.

The Board had on 18 October 2018 reviewed the Board Charter.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. ROLES AND 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 is able to plan his schedule accordingly. During the period, the Board met on eight (8) 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 individual Director during the financial year are as follows:

Name of Director	Total Meetings Attended
YM Tengku Ahmad Badli Shah Bin Raja Hussin	8/8
Tan Sik Eek	8/8
Yong Ket Inn	8/8
Chu Chee Peng	8/8

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. A Director may seek independent legal, financial or other advice as they consider necessary at the expense of the company as a full Board or in their individual capacity, in the furtherance of their duties.

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, in sufficient time so that all Directors are given time to prepare, evaluate, obtain additional information or clarification prior to the meeting.

The proceedings and resolutions reached at each Board Meeting are documented in the minutes and signed by Chairman. 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 organizes 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 ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), practices and guidance notes, circulars from Bursa Securities, legal and regulatory developments and impact, if any, to the Group.

1.7 Directors' Training

All existing Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and were constantly given updates by the Company Secretary on the various amendments to the Listing Requirements. The Directors are encouraged to attend continues education programs, conferences, seminars or forums to keep abreast with the latest developments in the market place as well as to further enhance their business acumen and professionalism in discharging their duties to the Group.

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

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. ROLES AND RESPONSIBILITIES (CONTINUED)

1.7 Directors' Training (continued)

The seminars, conferences and training programs attended by the Directors during the financial period ended 30 November 2019 are as follows:

Name of Director	Seminars / Conference / Forum Attended
YM Tengku Ahmad Badli Shah Bin Raja Hussin	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (for Directors of Public Listed Companies) • Capital Market Director Programme
Tan Sik Eek	<ul style="list-style-type: none"> • Common Pitfalls in Transaction and RPT; and Managing Recurrent Related Party Transactions • Blockchain Seminar 2018 • The new constitution under the Companies Act 2016 • Key amendments to the ACE Market Listing requirements of Bursa Malaysia Securities Bhd relating to continuing disclosure obligations and other amendments • Financial Reporting & Disclosure Obligations : What Directors & Management Need to Know • VII BEF Forum, Seoul, Hong Kong, Singapore 2019 - Blockchain Economic Forum
Yong Ket Inn	<ul style="list-style-type: none"> • Key amendments to the Main Market Listing requirements of Bursa Malaysia Securities Bhd relating to continuing disclosure obligations and other amendments
Chu Chee Peng	<ul style="list-style-type: none"> • Common Pitfalls in Transaction and RPT; and Managing Recurrent Related Party Transactions • Blockchain Seminar 2018

2. BOARD COMPOSITION

The Board currently consists of four (4) members, comprising of one (1) Senior Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, and one (1) Executive Director.

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

The Company has established two Committees of Directors ("Committees") to assist in the performance of certain duties of the Board. The Board delegates specific responsibilities to the respective Committees, namely the Audit and Risk Management Committee and the Nominating and Remuneration Committee, each of which has clearly defined terms of reference and its own 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. The Board had on 18 October 2018 reviewed the terms of reference of both Committees.

2.1 Board Independence

The current Board composition complies with Rule 15.02 of the Listing Requirements whereby majority of the Board members are Independent Directors.

The three (3) 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 attendances 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.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.2 Separation of positions of the Chairman and Chief Executive Officer (“CEO”)

The Group has not appointed a Group CEO. Nonetheless, the Chairman, Independent Non-Executive Directors and Executive Director are different individuals. The Chairman is an Independent Non-Executive Director and not related to the Executive Director.

There is clear division of responsibilities between the Chairman and the Executive Director. The Chairman plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group through regular meetings and to ensure that decisions are arrived at after taking into consideration the interests of all stakeholders. The Executive Director is responsible for the day-to-day management of the Group’s business, which includes implementing the policies and decisions of the Board. The Executive Director reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at Board meetings all material matters affecting the Group.

The separation of powers, combined with the presence of the Independent Directors, ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

2.3 Audit and Risk Management Committees (“ARMC”)

The composition of the ARMC comprises of three (3) Independent Non-Executive Directors.

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 are presented separately in the ARMC Report in this Annual Report.

2.4 Nominating and Remuneration Committees (“NRC”)

The NRC consists of three members, all of whom are Independent Non-Executive Directors.

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

- assess the suitability of candidates in terms of the competencies, commitment, contribution and performance;
- recommend to the Board the nomination of a person or persons to be a Board member(s) by 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 annual basis the term of office of each of the ARMC members and performance of the ARMC and each of its members; and
- recommend to the Board, the remuneration packages of executive directors of the Company in all its forms, drawing from outside advice as necessary.

The NRC met twice during the financial period ended 30 November 2019. The summary of the activities of the NRC during the financial period 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 contribution of each individual directors.
- Discussed and recommended the Company’s Directors’ retirement by rotation.
- Assessed the performance of the ARMC, and its members and their term of office.
- Reviewed the remuneration package of Executive Director.
- Recommended to the Board for approval the directors’ fees, meeting allowance and other allowances for shareholders’ approval.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

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 to identify and recommend candidate to fill vacancy arises from resignation, retirement or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board.

Upon receiving a nomination for new Director, the review process entails the assessment of the candidates' background, experience, knowledge and skills critical to the Group's business. 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 suitability of candidates for appointment to the Board.

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

The procedure for re-election of directors who retire by rotation is set out in the Company's Constitution. At each Annual General Meeting ("AGM") 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 next AGM is assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC are based on the yearly assessment conducted.

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 carry out evaluation of 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 self-review assessment, where Directors will assess their own performance.

Based on the qualification, expertise and exposure of Board members and their participation at Board/Committee meetings, the Board is satisfied with the performance and contribution of each member of the Board through the annual assessment by the NRC conducted in 25 September 2019. The assessment and evaluation are properly documented.

2.7 Assessment on Independence of Directors

The Board conducts assessment on the independence of the Independent Directors on yearly basis. During the financial period, the Board obtained confirmation of independence from the Independent Directors and none of the independent director 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.

Pursuant to the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Company retains the Director as an Independent Director, the Board must justify and seek shareholders' approval at the AGM.

The Board does not have a formal policy to limit the tenure of Independent Directors, however the Board notes the recommendations of MCCG and shall address the matter when the time arises.

At present, the Board does not have any Independent Directors who have served the Board exceeding the tenure of 9 years.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.8 Diversity Policy

The Board recognizes the merits of Board Diversity in adding value to collective skills, perspective and strengths to the Board. The Board endeavors to have diversity of the Board and its workforce in terms of gender, experience, qualification, ethnicity and age. The NRC is responsible in ensuring that diversity objective is adopted in Board recruitment, Board performance evaluation and succession planning processes whereas diversity in workforce shall be decided by the Management.

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

2.9 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 in order to attract, develop and retained talented individuals to serve as directors.

The NRC recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Director(s) to manage the business of the Group. Executive director is remunerated based on the Group's performance, market conditions and his responsibilities whilst the remuneration of the Non-Executive Directors are 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 of Directors 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 financial period ended 30 November 2019 were as follows:

Company:

Directors	Fees	Salaries	Meeting allowances	Other emoluments	Total
YM Tengku Ahmad Badli Shah Bin Raja Hussin	85,000	-	10,000	3,400	98,400
Tan Sik Eek	-	110,500	-	14,568	125,068
Yong Ket Inn	68,000	-	10,000	3,400	81,400
Chu Chee Peng	68,000	-	10,000	3,400	81,400

Group:

Directors	Fees	Salaries	Meeting allowances	Other emoluments	Total
YM Tengku Ahmad Badli Shah Bin Raja Hussin	85,000	-	10,000	3,400	98,400
Tan Sik Eek	460,345	110,500	-	14,568	585,413
Yong Ket Inn	68,000	-	10,000	3,400	81,400
Chu Chee Peng	68,000	-	10,000	3,400	81,400

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.9 Directors' Remuneration (continued)

The Company notes the need for transparency in the disclosure of its key senior management remuneration, the Company is of the opinion 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 Company'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 named basis.

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

	Total
RM251,000 – RM300,000	1
RM551,000 – RM600,000	1

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

3.1 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 and 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 to ensure 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 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 Audit and Risk Management Committee Report in this Annual Report.

3.2 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 on any significant issues on the financial statements and regulatory updates. In addition, the ARMC will also have private meeting with the External Auditors without the presence of the executive management team to enable exchange of views on issues requiring attention.

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 AGM. The area of assessment includes among others, the External Auditors' caliber, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

3.2 Relationship and Assessment of External Auditors (continued)

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 provide assurance to 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.

The shareholders of the Company had at the AGM held on 28 November 2018 approved the re-appointment of Messrs. Chengco Plt as the External Auditors of the Company. However, Messrs. Chengco Plt had tendered their resignation as external auditor as they had been prohibited by Audit Oversight Board from auditing the financial statements of any listed companies for a period of 12 month with effect from 6 August 2019.

After due consideration of the adequacy of experience and resources of Messrs. Siew Boon Yeong & Associates, the ARMC recommended Messrs. Siew Boon Yeong & Associates to the Board for appointment as new auditors to fill the casual vacancy caused by the resignation of Messrs. Chengco Plt. The Board had on 13 December 2019 approved the appointment of Messrs. Siew Boon Yeong & Associates as new External Auditors as recommended by the ARMC.

The non-audit fees paid or payable to External Auditors for the financial period ended 30 November 2019 amounted to RM8,000. The non-audit services were in respect of annual review of the Statement of Risk Management and Internal Control.

4. RISK MANAGEMENT AND INTERNAL CONTROL

4.1 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.

4.2 Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to provide the ARMC with an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal auditors reports 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. CORPORATE REPORTING AND RELATION WITH SHAREHOLDERS AND INVESTORS

5 COMMUNICATION WITH SHAREHOLDERS

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.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

C. CORPORATE REPORTING AND RELATION WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

5. COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

The Company has adopted a Corporate Disclosure Policy and Procedures aiming at effectively handling and disseminating the 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.

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 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.

6. GENERAL MEETING

The AGM is the main delivery channel for dialogue with all shareholders. As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional 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 business 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 business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

During the AGM, the shareholders are invited to raise questions pertaining 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.

Information on shareholder communication policy and shareholders' rights relating to general meeting is available at www.netx.com.my.

7. ATTENDANCE OF DIRECTORS AT GENERAL MEETINGS

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

At the Seventeenth (17th) AGM of the Company held on 28 November 2018, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

8. POLL VOTING

In line with Rule 8.31A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. 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 resolution. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

D. COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual 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 MCCG and all other applicable laws, where applicable and appropriate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of NetX Holdings Berhad (“Company”) is committed to maintain 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 period ended 30 November 2019. This Statement is pursuant to Rule 15.26 (b) of the ACE market Listing Requirement issued by Bursa Malaysia Securities Bhd 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 is independent of the activities it audits, conducted periodic assessments during the financial period 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 suitable internal control to mitigate and control these risks.

The system of risk management and internal control covers not only financial aspect but also operational and compliance aspect 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 Group 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 on a regular basis.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Executive Directors 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 clearly 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 ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

The Board regularly review reports from the Management on key financial data, performance indicators and regulatory matters, so as 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 follow:

- **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 summarized in authority matrix.

- **Policy and Procedure**

The Management develops and maintains documented process flow for key business processes and standard operating procedure, ensuring that internal policies, processes and procedures are drawn up, revised as 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 of ARMC, and Nominating and Remuneration Committee ("Committees"). These Committees report to the Board and provide relevant recommendations for Board's decision.

The ARMC, of which comprises Independent Non-Executive Directors, was maintained throughout the financial period. The ARMC convenes meetings at least once every quarter, and discuss among others on the financial results, internal audit findings, related party transactions, risk management and on the external auditors' appointment and their external audit plan and results.

- **Human Resource Management**

The Group has established consistent human resource practice that govern the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience to carry out their duties and responsibilities assigned. Further, employee handbook is provided to employees of the Group. It guides the employees in carrying out their duties and responsibilities cover areas such as compliance with applicable local laws and regulations, integrity, conduct in 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 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 report to the ARMC on the Group's systems of internal control. The Internal Auditors also focus on high risk area and ensure that an adequate action plan has in place to improve internal controls. Hence, risks are mitigated by the internal controls.

The internal audit function also aims at advising the Management on areas for improvement. Highlight on significant findings in respect of any non-compliance and subsequently performs 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 period under review, a number of internal control weaknesses have been identified and 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 ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

The Board has obtained assurance from the executive management team that the risk management and internal control systems are operating adequately and effectively, in all material aspects for the financial period under review. There was no material control failure that would have any material adverse effect on the financial results of the Group for the financial period 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 Rule 15.23 of the Ace market Listing Requirements of Bursa Malaysia Securities Bhd, the External Auditors have reviewed this Statement for inclusion in the Annual Report for financial period ended 30 November 2019. In accordance with Audit and Assurance Practice Guide, 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 fully subscribed by Macquarie Bank raising RM21,103,000.00 for the Company. As at 30 November 2019, the summary of the utilisation of proceeds were as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation
Development and marketing of MPex system	20,000	9,044	10,956	Within 36 months
Working Capital	323	323	-	Within 24 months
Expenses in relation to Share Issuance	780	780	-	Immediate
	21,103	10,147	10,956	

b. Private Placement of up to 10% of the total number of issued shares to Third Party Investors

On 15 March 2018, The Company propose to undertake the private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company to third party investor(s). The private placement was completed on 20 April 2018 following the listing and quotation of 243,998,000 placement shares at RM0.0271 per placement shares on the ACE Market of Bursa Securities, raising RM6,612,346 for the Company. As at 30 November 2019, the summary of the utilisation of proceeds were as follows :-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation
Payallz's funding requirement for Onliner Project	6,504	3,270	3,234	Within 36 months
Expenses for the Private Placement	108	108	-	Immediate
	6,612	3,378	3,234	

c. Private Placement of up to 30% of the total number of issued shares to Third Party Investors

On 16 January 2019, the Company proposed to undertake the private placement of up to 30% of the total number of issued shares of the Company to third party investor(s). The private placement was completed on 21 November 2019, following the listing and quotation of 840,089,500 placement shares on the ACE Market of Bursa Securities, raising RM12,814,411 for the Company. As at 30 November 2019, the summary of the utilisation of proceeds were as follows :-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance	Intended Timeframe for Utilisation
Development of the GEM application	6,000	6,000	-	Within 24 months
Marketing costs for the GEM application	6,514	5,466	1,048	Within 24 months
Expenses for the Private Placement	300	300	-	Immediate
	12,814	11,766	1,048	

OTHER COMPLIANCE INFORMATION

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors for the financial period ended 30 November 2019 is as follows:

Detail of fees	Group RM	Company RM
Statutory Audit fees	150,088	80,000
Non-audit fees for review of Statement of Risk Management and Internal Control	8,000	8,000
	158,088	88,000

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

There were no material contracts 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 period or entered into since the end of the previous financial period.

4. LIST OF PROPERTY AS AT 30 NOVEMBER 2019

Description of Property:

A renovated stratified four storey corner terraced shop office with lift.

Location:

1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani,
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

Tenure:

Leasehold interest for a term of 99 years, expiring on 21 February 2107.

Existing Use	Age of Building	Approximate area (built-up)	Net book Value (RM) as at 30-11-2019
Management Office	9 years	990 sq-metres	4,937,709

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

Save for such disclosure made in note 32 of the audited financial statements on page 88 of this Annual Report, there were no other material recurrent related party transactions entered by the Group during the financial period under reviewed.

6. SHARE ISSUANCE SCHEME ("SIS")

The SIS of the Company were approved by the shareholders at the Extraordinary General Meeting held on 21 January 2016 and is governed by the Bylaws.

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 Bylaws 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.

At the date of printing of this Annual Report, a total of 1,065,194,450 options were offered to eligible employees under SIS. There are 116,316,900 options granted and fully exercised during the financial period.

OTHER COMPLIANCE INFORMATION**6. SHARE ISSUANCE SCHEME ('SIS') (CONTINUED)**

There are one (1) SIS existence during the financial period ended 30 November 2019 with the information as follows:-

Total number of options/ shares outstanding as at 1 July 2018	Total number of options exercised during the financial period ended 30 November 2019	Total number of options/ shares granted during the financial period ended 30 November 2019	Total options/shares outstanding as at 30 November 2019
-	116,316,900	116,316,900	-

Options granted to Directors and Chief Executive

Total number of options/ shares outstanding as at 1 July 2018	Aggregate options exercised or vested during the financial period ended 30 November 2019	Aggregate options/ shares granted during the financial period ended 30 November 2019	Aggregate options/ shares outstanding as at 30 November 2019
Nil	Nil	Nil	Nil

Options granted to Directors and Senior Management

	During the financial period ended 30 November 2019
Aggregate maximum allocation in percentage	Nil
Actual percentage granted	Nil

Breakdown of the options offered to and exercised by non-executives Directors pursuant to SIS in respect of the financial period are as follows:

Name of Directors	Amount of Options Granted	Amount of Options Exercised
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Nil	Nil
Chu Chee Peng	Nil	Nil
Yong Ket Inn	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, and 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 so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial period, as well as to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

40 DIRECTORS' REPORT	49 STATEMENTS OF FINANCIAL POSITION	53 STATEMENTS OF CASH FLOWS
44 STATEMENT BY DIRECTORS	50 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	55 NOTES TO THE FINANCIAL STATEMENTS
44 STATUTORY DECLARATION	51 STATEMENTS OF CHANGES IN EQUITY	
45 INDEPENDENT AUDITORS' REPORT		

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 November 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are as set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR

The Company changed its financial year end from 30 June to 30 November during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period		
Attributable to:		
Owners of the Company	(30,643,516)	(99,322,344)
Non-controlling interests	(1,351,501)	-

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period 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 period.

MOVEMENTS ON RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company has issued the following:

- a. 840,089,500 new ordinary shares under private placement to third party investors; and
- b. 116,316,900 new ordinary shares under Employees' Share Option Scheme ("ESOS").

The newly issued 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 period.

WARRANTS 2016/2019

On 16 June 2016, the Company listed and quoted 625,553,033 free detachable warrants ("Warrants") pursuant to the Rights Issue with Warrants exercise on the basis of one (1) Warrant for every one (1) rights share subscribed.

The Warrants were constituted by the Deed Poll dated 4 May 2016.

The salient features and other terms of the Warrants are disclosed in *Note 20* to the financial statements.

The Warrants expired on 7 June 2019 and the trading of the Warrants was removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 10 June 2019.

ESOS

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of ESOS 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 subsidiary companies (excluding dormant subsidiary companies) under a contract of service or for service. The directors of the Company do not qualify to participate in the ESOS.

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

During the financial period, the details of the ESOS offered are as follows:

Date of offer	Exercise price	No. of Ordinary Shares			
		Balance 01.07.2018	Granted	Exercised	Balance 30.11.2019
02.07.2018	RM0.0225	-	116,316,900	116,316,900	-

Subsequent to the financial period, the Company offered:

- a total of 50,000,000 share options under the ESOS at an exercise price of RM0.02 each to eligible employees of the Company on 18 December 2019;
- a total of 50,000,000 share options under the ESOS at an exercise price of RM0.02 each to eligible employees of the Company on 13 January 2020;
- a total of 50,000,000 share options under the ESOS at an exercise price of RM0.02 each to eligible employees of the Company on 5 February 2020;
- a total of 50,000,000 share options under the ESOS at an exercise price of RM0.02 each to eligible employees of the Company on 21 February 2020; and
- a total of 60,000,000 share options under the ESOS at an exercise price of RM0.0175 each to eligible employees of the Company on 2 March 2020.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors of the Company in office since the date of last report are:

Tengku Ahmad Badli Shah Bin Raja Hussin
 Chu Chee Peng
 Yong Ket Inn
 Tan Sik Eek

The name of the director of the Company's subsidiary companies in office since the date of last report, excluding director who is also director of the Company is:

Tan Ewe Beng @ Ewe Beng Alvin Ng

DIRECTORS' REPORT

DIRECTORS' INTERESTS

None of the directors holding office at the end of the financial period had interest in shares and Warrants in the Company or its related corporations during the financial period.

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 and Note 29 to the financial statements, 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, except as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial period 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 RM	Company RM
Executive Director's remuneration		
- fees	510,402	-
- other emoluments	399,023	125,068
	<u>909,425</u>	<u>125,068</u>
Non-executive Directors' remuneration		
- fees	221,000	221,000
- other emoluments	40,200	40,200
	<u>261,200</u>	<u>261,200</u>
Total directors' remuneration	<u>1,170,625</u>	<u>386,268</u>

Included in the analysis above is remuneration for the directors of the Company and its subsidiary companies in accordance with the requirements of the Companies Act 2016.

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 period.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 have been written down to an amount which the current assets might be expected so to realise.

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 period 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 period, except as disclosed in Note 35 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 period, which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations 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 period 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 period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

The significant events subsequent to the financial period are disclosed in Note 37 to the financial statements.

AUDITORS

The details of the auditors' remuneration for the financial period are disclosed in Note 26 to the financial statements.

The auditors, Messrs Siew Boon Yeong & Associates, 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

.....
TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN
Director

Kuala Lumpur,
Date: 17 March 2020

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 49 to 99 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 2019 and of the financial performance and cash flows of the Group and of the Company for the financial period ended on that date.

Signed in Kuala Lumpur on 17 March 2020

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

.....
TAN SIK EEK

.....
TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

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 49 to 99 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 in Kuala Lumpur on 17 March 2020)

.....
TAN SIK EEK

Before me,

KAPT. (B) JASNI BIN YUSOF
W465
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 2019 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 99.

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 2019, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Risk area and rationale	Our response
<p>Intangible assets (Note 6 to the financial statements)</p> <p>As at 30 November 2019, the Group's intangible assets stood at RM20.79 million. The intangible assets comprise application software and software development costs amounting to RM5.02 million and RM15.77 million respectively.</p> <p>During the financial period, the management has provided the following:</p> <p>(i) Intangible assets written off amounting to RM2.82 million; and</p> <p>(ii) Amortization of intangible assets amounting to RM4.35 million.</p> <p>Given the nature of intangible assets, the assessment of recoverable amount involves estimations, subjective assumptions and the application of significant judgement in assessing the recoverable amount of intangible assets, we identified intangible assets as a key audit matter.</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 the additions to intangible assets; - sighted to the trademark certificates issued from the approving authorities; - discussed with the management, reviewed and assessed the cash flows projections prepared by the management, the discount rate and the assumptions applied by comparing the cash flows projections to historical information; and - discussed with the management to understand the reasons for the technological obsolescence that lead to the written-off of the intangible assets.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NETX HOLDINGS BERHAD
INCORPORATED IN MALAYSIA**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Risk area and rationale	Our response
<p>Trade receivables (Note 12 to the financial statements)</p> <p>Receivables are subject to credit risk exposure.</p> <p>As at 30 November 2019, the Group's trade receivables stood at RM4.06 million.</p> <p>During the financial period, the management has provided the following:</p> <p>(i) Bad debts written off amounting to RM7.00 million; and</p> <p>(ii) Impairment loss on trade receivables amounting to RM4.10 million.</p> <p>The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc. As such, we identified trade receivables as key audit matter.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> - obtained an understanding of the Group's control over the receivable collection processes and made inquiries regarding the action plans to recover the overdue amounts; - reviewed the ageing analysis of trade receivables and test the reliability thereof; - requested balance confirmations from the trade receivables; - reviewed subsequent collections from the trade receivables; and - evaluated the reasonableness and adequacy of the impairment losses provided.

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.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NETX HOLDINGS BERHAD
INCORPORATED IN MALAYSIA****Report on the Audit of the Financial Statements (Continued)***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 and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NETX HOLDINGS BERHAD
INCORPORATED IN MALAYSIA****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 7 to the financial statements.

Other Matters

- a. The financial statements of the Group and of the Company for the financial year ended 30 June 2018 were audited by another firm of Chartered Accountants whose report dated 18 October 2018 expressed an unmodified opinion.
- b. 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.

.....
SIEW BOON YEONG & ASSOCIATES

AF: 0660

Chartered Accountants

.....
CHONG KWANG FOCK

03327/09/2021 J

Chartered Accountant

Kuala Lumpur,

Date: 17 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2019

	Note	Group		Company	
		30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	10,568,238	6,401,664	574,901	11,088
Intangible assets	6	20,791,854	11,671,049	-	-
Investment in subsidiary companies	7	-	-	-	6,050,449
Other investments	8	7,326,000	4,145,728	-	-
Goodwill	9	-	-	-	-
Deferred tax assets	10	-	-	-	-
		38,686,092	22,218,441	574,901	6,061,537
CURRENT ASSETS					
Inventories	11	15,999	42,086	-	-
Trade receivables	12	4,061,911	18,074,040	-	-
Other receivables, deposits and prepayments	13	2,161,604	10,230,817	10,280	47,585
Contract assets	14	-	1,966,908	-	-
Amount owing by subsidiary companies	15	-	-	8,100,829	72,776,219
Current tax assets		1,331	-	-	-
Short-term investments	16	-	1,004,865	-	1,004,865
Fixed deposits with licenced banks	17	-	4,672,197	-	3,169,441
Cash and bank balances	18	35,228,794	37,754,153	2,824,496	10,759,493
		41,469,639	73,745,066	10,935,605	87,757,603
TOTAL ASSETS		80,155,731	95,963,507	11,510,506	93,819,140
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	103,280,378	87,034,618	103,280,378	87,034,618
Reserves	20	(24,272,528)	6,404,102	(92,634,703)	6,687,641
Total equity attributable to owners of the Company		79,007,850	93,438,720	10,645,675	93,722,259
Non-controlling interests		(2,700,758)	(1,333,476)	-	-
TOTAL EQUITY		76,307,092	92,105,244	10,645,675	93,722,259
LIABILITIES					
NON-CURRENT LIABILITIES					
Term loan	21	1,779,181	2,248,718	-	-
CURRENT LIABILITIES					
Trade payables	22	421,904	430,368	-	-
Other payables and accruals	23	1,197,940	344,787	864,831	96,881
Contract liabilities	14	120,752	504,629	-	-
Term loan	21	328,862	324,752	-	-
Current tax liabilities		-	5,009	-	-
		2,069,458	1,609,545	864,831	96,881
TOTAL LIABILITIES		3,848,639	3,858,263	864,831	96,881
TOTAL EQUITY AND LIABILITIES		80,155,731	95,963,507	11,510,506	93,819,140

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	Note	Group		Company	
		From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
REVENUE	24	9,993,299	17,567,069	-	-
COST OF SALES		(6,149,637)	(9,711,457)	-	-
GROSS PROFIT		3,843,662	7,855,612	-	-
OTHER OPERATING INCOME		2,913,199	2,184,167	139,900	389,932
ADMINISTRATIVE EXPENSES		(18,108,450)	(9,756,024)	(1,651,753)	(1,705,510)
OTHER OPERATING EXPENSES		(20,467,666)	(11,443,458)	(97,810,491)	(6,376,937)
LOSS FROM OPERATIONS		(31,819,255)	(11,159,703)	(99,322,344)	(7,692,515)
FINANCE COSTS	25	(175,762)	(162,300)	-	-
LOSS BEFORE TAXATION	26	(31,995,017)	(11,322,003)	(99,322,344)	(7,692,515)
INCOME TAX EXPENSE	27	-	(137,265)	-	-
LOSS FOR THE FINANCIAL PERIOD/YEAR		(31,995,017)	(11,459,268)	(99,322,344)	(7,692,515)
OTHER COMPREHENSIVE INCOME					
<u>Items that are reclassified</u>					
subsequently to profit or loss					
- exchange differences on translation of the financial statements of foreign subsidiary companies					
		(48,895)	(141,781)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD/YEAR		(32,043,912)	(11,601,049)	(99,322,344)	(7,692,515)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(30,643,516)	(10,265,757)		
Non-controlling interests		(1,351,501)	(1,193,511)		
		(31,995,017)	(11,459,268)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(30,676,630)	(10,395,517)		
Non-controlling interests		(1,367,282)	(1,205,532)		
		(32,043,912)	(11,601,049)		
LOSS PER SHARE (Sen)					
Basic	28	(1.39)	(0.52)		
Diluted	28	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

GROUP	Note	Attributable to owners of the Company				Distributable		Non-controlling interests	Total equity
		Share capital	Warrants reserve	Share option reserve	Foreign currency translation reserve	Retained Profits / losses	Attributable to owners of the Company		
		RM	RM	RM	RM	RM	RM	RM	
At 1 July 2017		26,843,954	15,263,494	-	(11,580)	1,547,705	43,643,573	(127,944)	43,515,629
Transactions with owners:									
Issuance of shares pursuant to private placement	19	27,715,346	-	-	-	-	27,715,346	-	27,715,346
Issuance of shares pursuant to the exercise of ESOS	19	33,436,746	-	(4,266,170)	-	-	29,170,576	-	29,170,576
Provision of ESOS reserve		-	-	4,266,170	-	-	4,266,170	-	4,266,170
Share issuance expenses	19	(961,428)	-	-	-	-	(961,428)	-	(961,428)
Total transactions with owners		60,190,664	-	-	-	-	60,190,664	-	60,190,664
Loss after taxation									
Other comprehensive loss:		-	-	-	-	(10,265,757)	(10,265,757)	(1,193,511)	(11,459,268)
Foreign currency translation reserve		-	-	-	(129,760)	-	(129,760)	(12,021)	(141,781)
Total comprehensive loss for the financial year		-	-	-	(129,760)	(10,265,757)	(10,395,517)	(1,205,532)	(11,601,049)
At 30 June 2018/1 July 2018		87,034,618	15,263,494	-	(141,340)	(8,718,052)	93,438,720	(1,333,476)	92,105,244
Transactions with owners:									
Issuance of shares pursuant to private placement	19	12,814,411	-	-	-	-	12,814,411	-	12,814,411
Issuance of shares pursuant to the exercise of ESOS	19	3,431,349	-	(814,218)	-	-	2,617,131	-	2,617,131
Provision of ESOS reserve		-	-	814,218	-	-	814,218	-	814,218
Reversal of warrants	20	-	(15,263,494)	-	-	15,263,494	-	-	-
Total transactions with owners		16,245,760	(15,263,494)	-	-	15,263,494	16,245,760	-	16,245,760
Loss after taxation									
Other comprehensive loss:		-	-	-	-	(30,643,516)	(30,643,516)	(1,351,501)	(31,995,017)
Foreign currency translation reserve		-	-	-	(33,114)	-	(33,114)	(15,781)	(48,895)
Total comprehensive loss for the financial period		-	-	-	(33,114)	(30,643,516)	(30,676,630)	(1,367,282)	(32,043,912)
At 30 November 2019		103,280,378	-	-	(174,454)	(24,098,074)	79,007,850	(2,700,758)	76,307,092

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

Company	Note	← <i>Non-distributable</i> →			Accumulated losses RM	Total equity RM
		Share capital RM	Warrant reserve RM	Share option reserve RM		
At 1 July 2017		26,843,954	15,263,494	-	(883,338)	41,224,110
<u>Transactions with owners:</u>						
Issuance of shares pursuant to private placement	19	27,715,346	-	-	-	27,715,346
Issuance of shares pursuant to the exercise of ESOS	19	33,436,746	-	(4,266,170)	-	29,170,576
Provision of ESOS reserve		-	-	4,266,170	-	4,266,170
Share issuance expenses	19	(961,428)	-	-	-	(961,428)
Total transactions with owners		60,190,664	-	-	-	60,190,664
Total comprehensive loss for the financial year		-	-	-	(7,692,515)	(7,692,515)
At 30 June 2018/ 1 July 2018		87,034,618	15,263,494	-	(8,575,853)	93,722,259
<u>Transactions with owners:</u>						
Issuance of shares pursuant to private placement	19	12,814,411	-	-	-	12,814,411
Issuance of shares pursuant to the exercise of ESOS	19	3,431,349	-	(814,218)	-	2,617,131
Provision of ESOS reserve		-	-	814,218	-	814,218
Reversal of warrants	20	-	(15,263,494)	-	15,263,494	-
Total transactions with owners		16,245,760	(15,263,494)	-	15,263,494	16,245,760
Total comprehensive loss for the financial period		-	-	-	(99,322,344)	(99,322,344)
At 30 November 2019		103,280,378	-	-	(92,634,703)	10,645,675

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(31,995,017)	(11,322,003)	(99,322,344)	(7,692,515)
<i>Adjustments for:</i>				
Amortisation of intangible assets	4,352,791	2,087,141	-	-
Bad debts written off	7,003,572	-	-	-
Depreciation of property, plant and equipment	826,077	284,794	146,619	3,131
Dividend income	(119,698)	(81,571)	(119,698)	(81,571)
Fair value loss on other investments	996,876	3,955,350	-	-
Gain on disposal of other investments	-	(840,369)	-	-
(Gain)/loss on foreign exchange - unrealised	(1,424,349)	1,528,636	-	-
Impairment loss on amount owing by subsidiary companies	-	-	90,945,825	-
Impairment loss on goodwill	-	692,874	-	-
Impairment loss on investment in subsidiary companies	-	-	6,050,449	2,110,767
Impairment loss on other investments	308,612	-	-	-
Impairment loss on trade receivables	4,096,002	422,464	-	-
Intangible assets written off	2,823,341	-	-	-
Interest expenses	175,762	162,300	-	-
Interest income	(1,332,052)	(1,036,519)	(20,202)	(308,361)
Inventories written off	50,878	-	-	-
Property, plant and equipment written off	21,376	25,129	-	-
Share-based payment expenses	814,218	4,266,171	814,218	4,266,171
<i>Operating (loss)/profit before working capital changes</i>	(13,401,611)	144,397	(1,505,133)	(1,702,378)
Changes in contract assets/contract liabilities	1,583,031	12,090,052	-	-
Increase in inventories	-	(318,585)	-	-
Decrease/(increase) in receivables	11,365,890	(16,557,331)	37,305	139,054
Increase in payables	844,688	104,045	767,950	22,629
<i>Cash generated from/(used in) operations</i>	391,998	(4,537,422)	(699,878)	(1,540,695)
Interest received	1,332,052	1,036,519	20,202	308,361
Tax paid	(6,340)	(9,753)	-	-
<i>Net cash generated from/(used in) operating activities</i>	1,717,710	(3,510,656)	(679,676)	(1,232,334)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(15,664,480)	(11,341,768)	-	-
Additions in other investments	(4,468,757)	(8,204,129)	-	-
Dividend received	119,698	81,571	119,698	81,571
Proceeds from disposal of other investments	-	980,375	-	-
Purchase of property, plant and equipment	(5,038,732)	(43,987)	(710,432)	(4,140)
<i>Net cash (used in)/generated from investing activities</i>	(25,052,271)	(18,527,938)	(590,734)	77,431

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in amount owing by subsidiary companies	-	-	(26,270,435)	(46,560,691)
Interest paid on term loan	(175,762)	(162,300)	-	-
Proceeds from issuance of shares	15,431,542	56,885,922	15,431,542	56,885,922
Repayment of term loan	(465,427)	(290,305)	-	-
Share issuance expenses	-	(961,428)	-	(961,428)
Withdrawal/(placement) of fixed deposits with licenced banks	4,672,197	(663,400)	1,004,865	410,356
Withdrawal of short-term investment	1,004,865	1,697,045	3,169,441	1,697,045
<i>Net cash generated from/(used in) financing activities</i>	20,467,415	56,505,534	(6,664,587)	11,471,204
<i>Net (decrease)/increase in cash and cash equivalents</i>	(2,867,146)	34,466,940	(7,934,997)	10,316,301
<i>Cash and cash equivalents at the beginning of the financial period/year</i>	37,754,153	5,086,946	10,759,493	443,192
<i>Effect of exchange differences</i>	341,787	(1,799,733)	-	-
<i>Cash and cash equivalents at the end of the financial period/year</i>	35,228,794	37,754,153	2,824,496	10,759,493
Cash and cash equivalents comprise:				
Short-term investment	-	1,004,865	-	1,004,865
Fixed deposits with licenced banks	-	4,672,197	-	3,169,441
Cash and bank balances	35,228,794	37,754,153	2,824,496	10,759,493
	35,228,794	43,431,215	2,824,496	14,933,799
Less: Short-term investments	-	(1,004,865)	-	(1,004,865)
Less: Fixed deposits pledged as securities	-	(4,672,197)	-	(3,169,441)
	35,228,794	37,754,153	2,824,496	10,759,493

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

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

1. PRINCIPAL ACTIVITIES AND 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 activities of the Company are investment holding, research and development of software, system design, integration and installation and provision of information technology services. The principal activities of the subsidiary companies are as set out in Note 7. There were no significant changes in the nature of these activities during the financial period.

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 the accounting policies below.

On 1 July 2018, the Group and the Company have adopted the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2018:

MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 - Revenue from Contracts with Customers

MFRS 15 - Clarifications to MFRS 15

Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 140 Investment Property - Transfer of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

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

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
MFRS 16 - Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures -Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendment to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective (Continued)

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
Amendment to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendment to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020
Amendment to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures	1 January 2020
MFRS 17 - Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these MFRSs, Amendments to MFRSs and IC Interpretations and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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 subsidiary companies made up to the end of the financial period. The financial statements of the subsidiary companies 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 subsidiary companies 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis Of Consolidation (Continued)

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

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.

Subsidiary companies 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 subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company 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 company. 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 Subsidiary Companies

Subsidiary companies 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 subsidiary companies 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 its carrying amount is charged or credited to profit or loss.

(c) Property, Plant And Equipment

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

Property, 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:

Leasehold building	100 years
EFTPOS terminals	8 years
Office equipment	3 - 10 years
Furniture and fittings	5 - 10 years
Hardware	5 years
Renovation	3 - 10 years

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each end of 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 property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 company at the date of acquisition.

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

(e) 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 life are amortised on 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 period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period, 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 asset.

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 intangibles are not amortised. The useful life of an intangible asset with an indefinite 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 are 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 profit or loss. Cost represents 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, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. 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.

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.

(g) 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.

(h) Financial Assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale 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').

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Assets (Continued)

(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 asset. 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.

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 asset 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 asset is 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 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 always 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 increases 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 expire, 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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Liabilities (Continued)

(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 expire. The Group and the Company also derecognise a financial liability when their 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.

(j) 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.

(k) Contract Assets/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 amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(i) *Finance Lease*

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

(ii) *Operating Lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(m) 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 customer 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 of those goods or services.

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. A goods or services is distinct if:

- the customer can benefit from the goods or service 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 service to the customer is separately identifiable from other promises in the contract.

If a goods or service is not distinct, the Group and the Company combine it 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue Recognition (Continued)

Recognition And Measurement (Continued)

Revenue is measured based on the consideration specified in contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services 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 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.

(ii) *Revenue From Service Contracts*

Revenue from service contracts is recognised based on the stage of completion method.

(iii) *Revenue From Operating Lease*

Revenue from terminal rental is recognised on a straight-line basis over the specific tenure of the respective leases.

(iv) *Revenue From Software License*

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

(n) Rental Income

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

(o) Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

(p) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 subsidiary companies. 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 Plan*

The Company's and its subsidiary companies' 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 subsidiary companies have no further financial obligations.

(r) Income Tax Expense

Income taxes for the period comprise current and deferred taxes.

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

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 profit 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 period.

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 end of the reporting period 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.

(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 is related to a reporting entity 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related Parties (Continued)

(ii) *an entity is 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 company and fellow subsidiary company 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 is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and of the subsidiary companies either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies 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, bank overdrafts 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 period 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.

(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 period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 each end of 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 as 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 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 period, 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.

(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 makers 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.

(aa) 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) 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 to 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.

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 a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment 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 property, plant and equipment 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.

(b) Amortisation of Intangible Assets

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

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 subsidiary companies 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 ECL of Trade Receivables

The Group and the Company use 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 and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(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. This estimates also require 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 period.

(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 period.

(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 2019 -

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Leasehold building RM	EFTPOS terminals RM	Office equipment RM	Furniture and fittings RM	Hardware RM	Renovation RM	Total
<i>Cost</i>							
At 1 July 2017	5,453,030	570,341	484,586	132,720	-	523,326	7,164,003
Additions	-	-	43,087	900	-	-	43,987
Written off	-	(36,018)	-	-	-	-	(36,018)
Transfer from inventories	-	600,276	-	-	-	-	600,276
At 30 June 2018/1 July 2018	5,453,030	1,134,599	527,673	133,620	-	523,326	7,772,248
Additions	-	-	229,978	-	4,098,323	710,431	5,038,732
Written off	-	(19,738)	(123,366)	(87,222)	-	(42,278)	(272,604)
Transfer to inventories	-	(40,272)	-	-	-	-	(40,272)
Translation differences	-	-	95	-	-	-	95
At 30 November 2019	5,453,030	1,074,589	634,380	46,398	4,098,323	1,191,479	12,498,199
<i>Accumulated depreciation</i>							
At 1 July 2017	379,464	65,766	251,637	104,867	-	305,016	1,106,750
Charge for the financial year	56,217	102,593	67,306	9,920	-	48,758	284,794
Written off	-	(10,889)	-	-	-	-	(10,889)
Transfer from inventories	-	(9,716)	-	-	-	-	(9,716)
Translation differences	-	-	(355)	-	-	-	(355)
At 30 June 2018/1 July 2018	435,681	147,754	318,588	114,787	-	353,774	1,370,584
Charge for the financial period	79,640	193,258	130,914	7,114	204,916	210,235	826,077
Written off	-	(8,573)	(114,156)	(86,221)	-	(42,278)	(251,228)
Transfer to inventories	-	(15,481)	-	-	-	-	(15,481)
Translation differences	-	-	9	-	-	-	9
At 30 November 2019	515,321	316,958	335,355	35,680	204,916	521,731	1,929,961
<i>Net carrying amount</i>							
At 30 November 2019	4,937,709	757,631	299,025	10,718	3,893,407	669,748	10,568,238
At 30 June 2018	5,017,349	986,845	209,085	18,833	-	169,552	6,401,664

Company	Office equipment RM
<i>Cost</i>	
At 1 July 2017	11,858
Addition	4,140
At 30 June 2018/1 July 2018	15,998
Addition	710,432
At 30 November 2019	726,430
<i>Accumulated depreciation</i>	
At 1 July 2017	1,779
Charge for the financial year	3,131
At 30 June 2018/1 July 2018	4,910
Charge for the financial period	146,619
At 30 November 2019	151,529

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM
<i>Net carrying amount</i>	
At 30 November 2019	574,901
At 30 June 2018	11,088

Assets pledged as securities to financial institutions

Group

The carrying amount of property, plant and equipment of the Group pledged as securities for term loan as disclosed in *Note 21* is:

	30.11.2019 RM	Group 30.06.2018 RM
Leasehold building	4,937,709	5,017,349

6. INTANGIBLE ASSETS

Group	Application software RM	Development costs RM	Total RM
<i>Cost</i>			
At 1 July 2017	3,542,016	-	3,542,016
Additions	4,658,891	6,682,877	11,341,768
Translation differences	45,988	55,177	101,165
At 30 June 2018/1 July 2018	8,246,895	6,738,054	14,984,949
Additions	5,537,847	10,126,633	15,664,480
Written off	(8,351,144)	(1,168,247)	(4,580,447)
Translation differences	614,901	76,823	691,724
At 30 November 2019	6,048,499	15,773,263	26,760,706
<i>Accumulated amortisation</i>			
At 1 July 2017	1,217,600	-	1,217,600
Charge for the financial year	2,087,141	-	2,087,141
Translation differences	9,159	-	9,159
At 30 June 2018/1 July 2018	3,313,900	-	3,313,900
Charge for the financial period	4,352,791	-	4,352,791
Written off	(6,696,050)	-	(3,403,421)
Translation differences	59,267	-	59,267
At 30 November 2019	1,029,908	-	4,322,537
<i>Net carrying amount</i>			
At 30 November 2019	5,018,591	15,773,263	20,791,854
At 30 June 2018	4,932,995	6,738,054	11,671,049

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.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****7. INVESTMENT IN SUBSIDIARY COMPANIES**

	Company	
	30.11.2019	30.06.2018
	RM	RM
<i>Unquoted shares, at cost</i>		
In Malaysia		
At 1 July 2017/30 June 2018/1 July 2018/30 November 2019	38,850,000	38,850,000
Outside Malaysia		
At 1 July 2017/30 June 2018/1 July 2018/30 November 2019	49,908	49,908
	38,899,908	38,899,908
<i>Less: Accumulated impairment losses</i>		
At 1 July 2018/2017	(32,849,459)	(30,738,692)
Additions	(6,050,449)	(2,110,767)
At 30 November 2019/30 June 2018	(38,899,908)	(32,849,459)
	-	6,050,449

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal activities
		30.11.2019	30.06.2018	
		%	%	
Direct holding:				
Ariantec Sdn. Bhd. ("Ariantec")	Malaysia	100	100	Provision of turnkey solutions on the network infrastructure, security management and rental of EFTPOS terminals
GEM Pay Sdn. Bhd. (Formerly known as Payallz Sdn. Bhd.) ("GEM Pay")	Malaysia	60	60	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
Indirect holding: Subsidiary companies of Ariantec:				
GEM Live Sdn. Bhd. ("GEM Live")	Malaysia	100	100	Business of consultation, supply and commissioning of information technologies
NetX Digital Limited*#	Republic of Seychelles	100	100	Trading of information technology related hardware and software equipment
Indirect holding: Subsidiary companies of FUTL:				
Fujian First United Technology Co., Ltd ("FFUTCL")*#	China	100	100	Dormant

* *Subsidiary companies not audited by Siew Boon Yeong & Associates.*

The financial statements of these subsidiary companies were reviewed by Siew Boon Yeong & Associates for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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

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

Impairment loss recognised

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

Incorporation of subsidiary companies

In the previous financial year, FUTL had incorporated a wholly-owned subsidiary company, FFUTCL, with registered capital of USD8,888,880 (equivalent to RM35,968,853 at the exchange rate of USD1: RM4.0465). The registered capital is required to be paid up within 30 years from its date of incorporation. To-date, no capital has been paid up. FFUTCL is currently a dormant company and its intended principal activities are software development, e-commerce and warehousing activities, and provision of marketing, supply chain management, import and export services.

8. OTHER INVESTMENTS

	30.11.2019	Group 30.06.2018
	RM	RM
<i>Quoted shares in Malaysia at FVTPL</i>		
At 1 July 2018/2017	3,845,966	-
Additions	4,468,757	8,204,129
Disposals	-	(140,006)
Fair value changes	(996,876)	(3,955,350)
Translation differences	8,153	(262,807)
At 30 November 2019/30 June 2018	7,326,000	3,845,966
<i>Investment in the business of movie production at FVTOCI</i>		
At 1 July 2018/2017	299,762	299,762
Translation differences	8,850	-
At 30 November 2019/30 June 2018	308,612	299,762
<i>Less: Accumulated impairment losses</i>		
At 1 July 2018/2017	-	-
Additions	(308,612)	-
At 30 November 2019/30 June 2018	(308,612)	-
	-	299,762
	7,326,000	4,145,728

Impairment loss recognised

During the financial period, impairment loss is provided for investment in the business of movie production due to the discontinuance of the movie production and the amount invested is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****9. GOODWILL**

	Group	
	30.11.2019 RM	30.06.2018 RM
At 1 July 2017/30 June 2018/1 July 2018/30 November 2019	27,477,811	27,477,811
Less: Accumulated impairment losses		
At 1 July 2018/2017	(27,477,811)	(26,784,937)
Additions	-	(692,874)
At 30 November 2019/30 June 2018	(27,477,811)	(27,477,811)
	-	-

Group

The goodwill mainly arose from the acquisition of Ariantec and GEM Pay. The amount of goodwill initially recognised was dependent upon 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, using discounted cash flow forecast and projections based on financial budgets approved by the management.

10. DEFERRED TAX ASSETS

	Group	
	30.11.2019 RM	30.06.2018 RM
At 1 July 2018/2017	-	117,000
Realised to profit or loss (<i>Note 27</i>)	-	(117,000)
At 30 November 2019/30 June 2018	-	-

The net deferred tax assets shown in the statements of financial position after appropriate offsetting are as follows:

	Group	
	30.11.2019 RM	30.06.2018 RM
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	-	-

The components and movements of deferred tax liabilities and assets are as follows:

Deferred tax assets

Group	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 July 2017	53,000	125,000	178,000
Recognised in profit or loss (<i>Note 27</i>)	(53,000)	(125,000)	(178,000)
At 30 June 2018	-	-	-
At 1 July 2018/30 November 2019	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

10. DEFERRED TAX ASSETS (CONTINUED)

Deferred tax liabilities

	Property, plant and equipment RM
Group	
At 1 July 2017	(61,000)
Recognised in profit or loss (Note 27)	61,000
At 30 June 2018	-
At 1 July 2018/30 November 2019	-

11. INVENTORIES

	30.11.2019 RM	Group 30.06.2018 RM
<i>At cost:</i>		
EFTPOS terminals	15,161	41,248
Unutilised SMS	838	838
	15,999	42,086

12. TRADE RECEIVABLES

	30.11.2019 RM	Group 30.06.2018 RM
Trade receivables	8,220,984	18,534,839
Less: Accumulated impairment losses	(4,159,073)	(460,799)
	4,061,911	18,074,040

Trade receivables are non-interest bearing and are generally on 30 to 180 days (30.06.2018: 30 to 180 days) credit terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the accumulated impairment losses are as follows:

	30.11.2019 RM	Group 30.06.2018 RM
At 1 July 2018/2017	460,799	38,335
Additions	4,096,002	422,464
Written off	(417,522)	-
Translation differences	19,794	-
At 30 November 2019/30 June 2018	4,159,073	460,799

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

	30.11.2019 RM	Group 30.06.2018 RM
RM	481,247	4,122,254
United States Dollar ("USD")	7,739,737	14,412,585
	8,220,984	18,534,839

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Other receivables	877,670	190,999	444	311
Less: Accumulated impairment losses	(49,363)	(49,363)	-	-
	828,307	141,636	444	311
Deposits	1,269,472	3,754,480	-	-
Prepayments	63,825	6,334,701	9,836	47,274
	2,161,604	10,230,817	10,280	47,585

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 are not recoverable.

Movements in the accumulated impairment losses are as follows:

	Group	
	30.11.2019 RM	30.06.2018 RM
At 1 July 2018/30 June 2018/1 July 2019/30 November 2019	49,363	49,363

Included in deposits is an amount of RM960,000 (30.06.2018: RM960,000) relating to purchase of a motor vehicle. The motor vehicle is still in the progress of registration as at the end of the financial period.

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

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Other receivables				
- Hong Kong Dollar ("HKD")	40,425	-	-	-
- RM	825,353	190,999	444	311
- Renminbi ("RMB")	11,892	-	-	-
Deposits				
- RM	1,269,472	1,138,633	-	-
- RMB	-	193,496	-	-
- USD	-	2,422,351	-	-
Prepayments				
- HKD	14,018	-	-	-
- RM	49,807	2,299,055	9,836	47,274
- USD	-	4,035,646	-	-
	2,210,967	10,280,180	10,280	47,585

14. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	30.11.2019 RM	30.06.2018 RM
<i>Shown under current assets</i>		
Service contracts (a)	-	1,966,908
<i>Shown under current liabilities</i>		
Deferred income (b)	(120,752)	(504,629)

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

14. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONTINUED)

(a) Service contracts

	Group	
	30.11.2019	30.06.2018
	RM	RM
Aggregate cost incurred to date	14,119,923	13,827,543
Add: Attributable profits	1,550,077	1,542,513
	15,670,000	15,370,056
Less: Progress billings	(15,670,000)	(13,403,148)
	-	1,966,908
Service contracts revenue recognised during the financial period/year (Note 24)	351,800	1,679,665
Service contracts cost recognised during the financial period/year	317,000	3,672,280

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

(b) Deferred income

Group

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 is rendered.

Movements in the deferred income are as follows:

	Group	
	30.11.2019	30.06.2018
	RM	RM
At 1 July 2018/2017	504,629	138,060
Add: Advance billings	573,142	1,884,949
Less: Recognised in profit or loss	(967,564)	(1,518,380)
Translation differences	10,545	-
At 30 November 2019/30 June 2018	120,752	504,629

15. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	30.11.2019	30.06.2018
	RM	RM
Amount owing by subsidiary companies	99,227,873	72,957,438
Less: Accumulated impairment losses	(91,127,044)	(181,219)
	8,100,829	72,776,219

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

During the financial period, the Company has recognised an impairment loss of RM90,945,825 (30.06.2018: Nil) on amount owing by subsidiary companies as the amount may not be recoverable based on management's assessment on the cash flows projections of the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****15. AMOUNT OWING BY SUBSIDIARY COMPANIES (CONTINUED)**

Movements in the accumulated impairment losses are as follows:

	Group	
	30.11.2019	30.06.2018
	RM	RM
At 1 July 2018/2017	181,219	181,219
Additions	90,945,825	-
At 30 November 2019/30 June 2018	91,127,044	181,219

16. SHORT-TERM INVESTMENTS

Group and Company

In the previous financial year, the short-term investments represented investment in highly liquid money market, which were readily convertible to known amount of cash. The effective interest rate was 4.91% per annum.

17. FIXED DEPOSITS WITH LICENCED BANKS

Group and Company

In the previous financial year, the fixed deposits with licenced banks earned effective interest rate at 3.45% per annum. The fixed deposits have maturity period of 1 to 6 months.

18. CASH AND BANK BALANCES

Group

In the previous financial year, included in cash and bank balances was short-term cash fund, highly liquid instrument amounting to RM10,032,115 placed with financial institutions in Malaysia and redeemable with one (1) day notice. This fund was subject to an insignificant risk of changes in value and form part of cash and cash equivalent. The distribution income from this fund was tax exempted, computed on daily basis and distributed on quarterly basis.

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

	Group		Company	
	30.11.2019	30.06.2018	30.11.2019	30.06.2018
	RM	RM	RM	RM
HKD	225,333	1,278	-	-
RM	3,143,958	14,515,766	2,824,496	10,759,493
RMB	8,852,829	-	-	-
USD	23,006,674	23,237,109	-	-
	35,228,794	37,754,153	2,824,496	10,759,493

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

19. SHARE CAPITAL

	Group and Company			
	30.11.2019	30.06.2018	30.11.2019	30.06.2018
	Number of ordinary shares		RM	RM
Issued share capital:				
At 1 July 2018/2017	2,683,981,616	1,251,106,066	87,034,618	26,843,954
Issuance of shares pursuant to private placement	840,089,500	743,998,000	12,814,411	27,715,346
Issuance of shares pursuant to exercise of ESOS	116,316,900	688,877,550	3,431,349	33,436,746
Share issuance expenses	-	-	-	(961,428)
At 30 November 2019/30 June 2018	3,640,388,016	2,683,981,616	103,280,378	87,034,618

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.

During the financial period, the Company had issued the following:

- (a) 840,089,500 new ordinary shares under Private Placement to third party investors; and
- (b) 116,316,900 new ordinary shares under ESOS.

In the previous financial year, the Company had issued the following:

- (a) 243,998,000 new ordinary shares under Private Placement to third party investors;
- (b) 688,877,550 new ordinary shares under ESOS; and
- (c) 500,000,000 new ordinary shares under the Share Issuance subscribed by Macquarie Bank.

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

The ordinary shares have no par value.

20. RESERVES

	Note	Group		Company	
		30.11.2019	30.06.2018	30.11.2019	30.06.2018
		RM	RM	RM	RM
Warrant reserve	(a)	-	15,263,494	-	15,263,494
Foreign currency translation reserve	(b)	(174,454)	(141,340)	-	-
Accumulated losses		(24,098,074)	(8,718,052)	(92,634,703)	(8,575,853)
		(24,272,528)	6,404,102	(92,634,703)	6,687,641

- (a) Warrant reserve

On 16 June 2016, the Company listed and quoted 625,553,033 free detachable warrants ("Warrants") pursuant to the Rights Issue with Warrants exercise on the basis of one (1) Warrant for every one (1) rights share subscribed.

The Warrants were constituted by the Deed Poll dated 4 May 2016 ("Deed Poll").

Salient features of the Warrants are as follows:

- (i) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.05 during the 3-year period expiring on 8 June 2019 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- (ii) At the expiry of the Exercise Period, any Warrants have not been exercised shall automatically lapse and cease to be valid for any purpose;
- (iii) The Warrant 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 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.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****20. RESERVES (CONTINUED)**

(a) Warrant reserve (Continued)

Fair value from the issuance of Warrants are credited to Warrant Reserve which is non-distributable. In arriving at the related fair value, the fair values of the Warrants was determined using the Black-Scholes pricing model.

When the Warrants are exercised or expired, the Warrant Reserve will be reversed.

During the financial period, the subscription rights of the Warrants have expired and the Warrants were removed from the Official List of Bursa Malaysia.

(b) Foreign currency translation reserve

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

21. TERM LOAN

The term loan is repayable as follows:

	30.11.2019 RM	Group 30.06.2018 RM
<i>Shown under current liabilities</i>		
Within 1 year		
- secured	328,862	324,752
<i>Shown under non-current liabilities</i>		
Between 2 to 5 years		
- secured	1,779,181	2,248,718
	2,108,043	2,573,470

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

- (a) Legal charge over the leasehold building of the Group as disclosed in Note 5; and
- (b) Corporate guarantee by the Company and third parties.

The term loan is repayable over 168 equal monthly instalments commencing from the drawn down date.

The term loan bears effective interest rate at 5.87% (30.06.2018: 5.91%) per annum.

22. TRADE PAYABLES*Group*

Trade payables are non-interest bearing and are generally on 60 to 150 days (30.06.2018: 60 to 150 days) credit terms. The foreign currency exposure profile of trade payables is as follows:

	30.11.2019 RM	Group 30.06.2018 RM
RM	197,730	206,194
USD	224,174	224,174
	421,904	430,368

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Other payables	961,397	53,299	763,770	23,881
Accruals	211,643	252,188	101,061	73,000
Deposit received	24,900	39,300	-	-
	1,197,940	344,787	864,831	96,881

The foreign currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
HKD	31,498	127,089	-	-
RM	1,166,442	217,698	864,831	96,881
	1,197,940	344,787	864,831	96,881

24. REVENUE

	Group	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Rendering of services	5,538,803	15,384,945
Rental income	441,824	502,459
Service contracts revenue	351,800	1,679,665
Software licensing fees	3,660,872	-
	9,993,299	17,567,069

Disaggregation of revenue

The disaggregation of revenue of the Group is as follows:-

	Group	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Major services		
- Electronic transaction processing	233,103	146,626
- Rental of EFTPOS terminals	441,824	502,459
- Solutions and services	5,305,700	15,238,319
- Software development	351,800	1,679,665
- Software license	3,660,872	-
	9,993,299	17,567,069
Timing and recognition		
- At a point in time	3,893,975	146,626
- Over time	6,099,324	17,420,443
Total revenue	9,993,299	17,567,069

The revenue information based on the geographical location of customers is disclosed in *Note 31*.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****25. FINANCE COSTS**

	Group	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Term loan interest	175,762	162,300

26. LOSS BEFORE TAXATION

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Loss before taxation is stated after charging:				
Auditors' remuneration				
- statutory audits				
- current period's/year's provision	150,088	112,383	80,000	67,000
- under provision in respect of prior period/year	-	17,630	-	1,000
- other services	8,000	5,000	8,000	5,000
Amortisation of intangible assets	4,352,791	2,087,141	-	-
Bad debts written off	7,003,572	-	-	-
Depreciation of property, plant and equipment	826,077	284,794	146,619	3,131
Fair value loss on other investments	996,876	3,955,350	-	-
Impairment loss on amount owing by subsidiary companies	-	-	90,945,825	-
Impairment loss on goodwill	-	692,874	-	-
Impairment loss on investment in subsidiary companies	-	-	6,050,449	2,110,767
Impairment loss on other investments	308,612	-	-	-
Impairment loss on trade receivables	4,096,002	422,464	-	-
Intangible assets written off	2,823,341	-	-	-
Inventories written off	50,878	-	-	-
Loss on foreign exchange				
- realised	191,317	142,675	-	-
- unrealised	-	1,528,636	-	-
Property, plant and equipment written off	21,376	25,129	-	-
Rental of equipment	10,788	5,650	1,200	550
Rental of premises	523,080	510,760	1,000	1,686
Share-based payment expenses	814,218	4,266,171	814,218	4,266,171
Employee benefit expenses (Note 29)	7,219,523	7,419,937	1,353,617	5,376,180
and crediting:				
Dividend income	119,698	81,571	119,698	81,571
Gain on disposal of other investment	-	840,369	-	-
Gain on foreign exchange				
- realised	-	737	-	-
- unrealised	1,424,349	-	-	-
Interest income	1,332,052	1,036,519	20,202	308,361
Rental income	156,774	201,283	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

27. INCOME TAX EXPENSE

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Malaysian income tax:				
- current period's/year's provision	-	20,000	-	-
- under provision in respect of prior year	-	265	-	-
	-	20,265	-	-
Deferred tax (<i>Note 10</i>):				
- origination and reversal of temporary differences	-	117,000	-	-
	-	137,265	-	-

Income tax is calculated based on the Malaysian statutory tax rate of 24% (30.06.2018: 24%) of the estimated assessable profits for the financial period/year. Taxation for other jurisdiction is calculated at the rate 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	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Loss before taxation	(31,995,017)	(11,322,003)	(99,322,344)	(7,692,515)
Income tax expense at Malaysian statutory tax rate of 24% (30.06.2018: 24%)	(7,678,804)	(2,717,281)	(23,837,363)	(1,846,204)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	4,108,270	3,042,211	23,866,091	1,855,658
- income not subject to tax	(554,978)	(254,908)	(28,728)	(19,577)
- different tax rates in overseas subsidiary companies	303,739	345,568	-	-
- deferred tax assets not recognised during the financial period/year	3,821,773	1,428,906	-	10,123
- utilisation of deferred tax assets not recognised in respect of prior year	-	(1,707,496)	-	-
	7,678,804	2,854,281	23,837,363	1,846,204
• Under provision of current income tax in respect of prior year	-	265	-	-
	-	137,265	-	-

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	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Unutilised capital allowances	478,761	256,314	-	-
Unabsorbed business losses	38,827,646	23,126,039	5,580,462	5,580,462
	39,306,407	23,382,353	5,580,462	5,580,462

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****28. LOSS PER SHARE**Loss Per Share

The basic loss per ordinary share as at 30 November 2019 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	
	From 01.07.2018 to 30.11.2019	Restated From 01.07.2017 to 30.06.2018
Loss attributable to owners of the Company (RM)	(30,643,516)	(10,262,757)
Weighted average number of ordinary shares (units):		
Ordinary shares as at 1 July 2018/2017	1,971,150,730	1,251,106,066
Effect of new ordinary shares issued during the financial period/year	240,352,792	720,044,664
Weighted average number of ordinary shares as at 30 November 2019/30 June 2018	2,211,503,522	1,971,150,730
Basic loss per share (Sen)	(1.39)	(0.52)

Diluted Loss Per Share

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

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

29. EMPLOYEE BENEFIT EXPENSES

The employee benefit expenses recognised in profit or loss are as follows:

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Salaries, bonus, wages and allowances	4,810,713	2,405,508	260,117	668,079
Defined contribution plan	415,572	208,160	27,547	76,468
Other employee benefit	1,179,020	540,098	251,735	365,462
Share-based payment expenses	814,218	4,266,171	814,218	4,266,171
	7,219,523	7,419,937	1,353,617	5,376,180

Included in employee benefit expenses are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Directors' remuneration				
- fees	731,402	355,777	221,000	216,000
- other emoluments	439,223	197,841	165,268	31,014

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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 01.07.2018 RM	Net Cash Flows RM	Non-cash Changes RM	At 30.11.2019 RM
<i>Group</i>				
Term loan	2,573,470	(465,427)	-	2,108,043

	At 01.07.2017 RM	Net Cash Flows RM	Non-cash Changes RM	At 30.06.2018 RM
<i>Group</i>				
Term loan	2,863,775	(290,305)	-	2,573,470

31. 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 their 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 software licensing

Involved in terminal, software licensing and other related 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 information technology services.

(c) GEM

Involved in provision of reservation and planning services and its related solutions.

(d) 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 Executive Director 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.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****31. OPERATING SEGMENTS (CONTINUED)**Business segments

Group 30.11.2019	Electronic payment services RM	Non-electronic payment services RM	GEM RM	Others RM	Elimination RM	Total RM
Revenue						
External revenue	5,980,627	351,800	3,660,872	-	-	9,993,299
Inter-company	3,989,794	-	-	-	(3,989,794)	-
Total revenue	9,970,421	351,800	3,660,872	-	(3,989,794)	9,993,299
Results						
Segment operating loss	(3,711,093)	(1,957,376)	(11,268,938)	(1,680,172)	-	(18,617,579)
Other operating income						2,913,199
Unallocated expenses						(16,114,875)
Finance costs						(175,762)
Loss before taxation						(31,995,017)
Income tax expense						-
Loss after taxation						(31,995,017)
Non-controlling interest						1,351,501
Loss attribute to owners of the Company						(30,643,516)
Assets						
Segment assets	40,401,691	15,045,066	17,382,974	7,326,000	-	80,155,731
Total assets						80,155,731
Liabilities						
Segment liabilities	162,631	1,409,103	168,862	-	-	1,740,596
Term loan						2,108,043
Total liabilities						3,848,639
Other information						
Amortisation of intangible assets						4,352,791
Bad debts written off						7,003,572
Depreciation of property, plant and equipment						826,077
Fair value loss on other investments						996,876
Gain on foreign exchange - unrealised						(1,424,349)
Impairment loss on other investments						308,612
Impairment loss on trade receivables						4,096,002
Intangible assets written off						2,823,341
Inventories written off						50,878
Loss on foreign exchange - realised						191,317
Property, plant and equipment written off						21,376
Share-based payment expenses						814,218

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

31. OPERATING SEGMENTS (CONTINUED)

Group 30.06.2018	Non- Electronic payment services RM	electronic payment services RM	Elimination RM	Total RM
Revenue				
External revenue	12,977,041	4,590,028	-	17,567,069
Inter-company	3,422,053	-	(3,422,053)	-
Total revenue	16,399,094	4,590,028	(3,422,053)	17,567,069
Results				
Segment operating profit/(loss)	3,521,469	(7,503,352)	-	(3,981,883)
Other operating income				2,184,167
Unallocated expenses				(9,361,987)
Finance costs				(162,300)
Loss before taxation				(11,322,003)
Income tax expense				(137,265)
Loss after taxation				(11,459,268)
Non-controlling interest				1,193,511
Loss attribute to owners of the Company				(10,265,757)
Assets				
Segment assets	34,545,519	61,417,988	-	95,963,507
Total assets				95,963,507
Liabilities				
Segment liabilities	540,129	744,664	-	1,284,793
Term loan				2,573,470
Total liabilities				3,858,263
Other information				
Amortisation of intangible assets				2,087,141
Depreciation of property, plant and equipment				284,794
Fair value loss on other investments				3,955,350
Gain on disposal of other investments				(840,369)
Gain on foreign exchange				
- realised				(737)
Impairment loss on goodwill				692,874
Impairment loss on trade receivables				422,464
Loss on foreign exchange				
- realised				142,675
- unrealised				1,528,636
Property, plant and equipment written off				25,129
Share-based payment expenses				4,266,171

Geographical information

Revenue information based on the geographical location of customers is as follow:

Group	Revenue	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Malaysia	5,494,509	17,567,069
Hong Kong	4,498,790	-
	9,993,299	17,567,069

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****32. 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 subsidiary companies 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 period as follows:

(i) Transaction with related parties

	Group	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
Consultancy fees paid	-	195,921
Rental income	-	(78,000)
Rental paid	21,000	-
Salary package to a family member of director	-	135,276

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	
	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM	From 01.07.2018 to 30.11.2019 RM	From 01.07.2017 to 30.06.2018 RM
<u>Short-term employee benefit expenses</u>				
Executive Director:-				
- fees	510,402	199,777	-	60,000
- other emoluments	399,023	184,041	125,068	17,214
	909,425	383,818	125,068	77,214
Non-executive Directors:-				
- fees	221,000	156,000	221,000	156,000
- other emoluments	40,200	13,800	40,200	13,800
	261,200	169,800	261,200	169,800
	1,170,625	553,618	386,268	247,014

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity and cash flow risks. The Company's activities are exposed to credit risk and liquidity and cash flow 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 flow 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 exposures to interest rate risk arise 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 period, with all other variables held constant: -

	Group	
	30.11.2019 Increase/ (decrease) RM	30.06.2018 Increase/ (decrease) RM
Effects on profit after taxation/equity		
Increase of 100 basis points	(12,648)	(19,558)
Decrease of 100 basis points	12,648	19,558

(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 and RMB. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial (liabilities)/assets of the Group that are not denominated in RM are as follows:-

Group	USD	
	30.11.2019 RM	30.06.2018 RM
Trade receivables	7,739,737	14,412,585
Other receivables, deposits and prepayments	-	6,457,997
Cash and bank balances	23,006,674	23,237,109
Trade payables	(224,174)	(224,174)
Currency exposure	30,522,237	43,883,517

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****33. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial Risk Management Policies (Continued)****(ii) Foreign Currency Risk (Continued)**

Group	HKD	
	30.11.2019 RM	30.06.2018 RM
Other receivables, deposits and prepayments	54,443	-
Cash and bank balances	225,333	1,278
Other payables and accruals	(31,498)	(127,089)
Currency exposure	248,278	(125,811)

Group	RMB	
	30.11.2019 RM	30.06.2018 RM
Other receivables, deposits and prepayments	11,892	193,496
Cash and bank balances	8,852,829	-
Currency exposure	8,864,721	193,496

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 period, with all other variables held constant:

	Group	
	30.11.2019 RM Increase/ (Decrease)	30.06.2018 RM Increase/ (Decrease)
Effects on profit after taxation/equity		
Strengthened by 10%		
- USD	2,319,690	3,335,147
- HKD	18,869	(9,562)
- RMB	673,719	14,706
Weakened by 10%		
- USD	(2,319,690)	(3,335,147)
- HKD	(18,869)	9,562
- RMB	(673,719)	(14,706)

(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. The Group does not has exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (30.06.2018: 10%) increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM732,600 (30.06.2018: RM384,597). A 10% (30.06.2018: 10%) decrease in market price would have had equal but opposite effect on equity.

33. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(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 exposures to credit risk arises principally from trade and other receivables. The Company's exposures to credit risk arises principally from advances to subsidiary companies. There are no significant changes as compared to previous financial year.

- Trade and other receivables

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 ongoing 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 period, the Group assesses whether any of the trade and other receivables are credit impaired.

The gross carrying amount of credit impaired trade and other receivables 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 has assets or sources of income that could generate sufficient cash flows to repay the amounts that subject to write-off. Nonetheless, trade and other receivables 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 period.

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 except for the amount owing by one (30.06.2018: two) major customer constituting approximately 85% (30.06.2018: 89%) of the outstanding trade receivables of the Group at the reporting date.

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 period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

33. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(iv) Credit Risk (Continued)

- Trade and other receivables (Continued)

Recognition and measurement of impairment loss (Continued)

The following table provides information about the exposure to credit risk for trade receivables as at the end of the reporting period:

	30.11.2019 RM	Group 30.06.2018 RM
Not past due	326,048	6,883,989
Past due but not impaired:		
- 1 to 90 days	193,115	9,801,683
- 91 to 180 days	3,501,568	1,388,368
- more than 180 days	41,180	-
	3,735,863	11,190,051
Impaired	4,159,073	460,799
	8,220,984	18,534,839

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 period, trade receivables that are individually impaired were those that have defaulted in payments. These receivables are not secured by any collateral or credit enhancement.

- Advances to subsidiary companies

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies 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 period.

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 subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' advances when they are payable, the Company considers the advances to be in default when the subsidiary companies are not able to pay when demanded.

The Company considers a subsidiary company's advances to be credit impaired when the subsidiary company is unlikely to repay its advances to the Company in full or the subsidiary company 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

33. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(v) Liquidity and Cash Flow 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 exposure to liquidity and cash flow 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.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period 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 period):

Group	Weighted Average Effective Rate %	Contractual Carrying Amount RM	On Demand Undiscounted Cash Flows RM	Or Within 1 Year RM	1 - 5 Years RM
30.11.2019					
Trade payables	-	421,904	421,904	421,904	-
Other payables and accruals	-	1,197,940	1,197,940	1,197,940	-
Term loan	8.57	2,108,043	2,263,020	452,604	1,810,416
		3,727,887	3,882,864	2,072,448	1,810,416
30.06.2018					
Trade payables	-	430,368	430,368	430,368	-
Other payables and accruals	-	344,787	344,787	344,787	-
Term loan	5.91	2,573,470	2,715,624	452,604	2,263,020
		3,348,625	3,490,779	1,227,759	2,263,020
Company					
30.11.2019	Weighted Average Effective Rate %	Contractual Carrying Amount RM	On Demand Undiscounted Cash Flows RM	Or Within 1 Year RM	
Other payables and accruals	-	864,831	864,831	864,831	864,831
Contingent liabilities	-	2,964,000	2,964,000	2,964,000	2,964,000
		3,828,831	3,828,831	3,828,831	
30.06.2018					
Other payables and accruals	-	96,881	96,881	96,881	96,881
Contingent liabilities	-	2,964,000	2,964,000	2,964,000	2,964,000
		3,060,881	3,060,881	3,060,881	

(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 debt for the Group and the Company are calculated as trade and other payables plus accruals and term loan less short-term investments, fixed deposits with licensed banks and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

33. 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 period/year were as follows:

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Trade payables	421,904	430,368	-	-
Other payables and accruals	1,197,940	344,787	864,831	96,881
Term loan	2,108,043	2,573,470	-	-
	3,727,887	3,348,625	864,831	96,881
Less: Short-term investments	-	(1,004,865)	-	(1,004,865)
Less: Fixed deposits with licensed banks	-	(4,672,197)	-	(3,169,441)
Less: Cash and bank balances	(35,228,794)	(37,754,153)	(2,824,496)	(10,759,493)
	(31,500,907)	(40,082,590)	(1,959,665)	(14,836,918)
Total equity	76,307,092	92,105,244	10,645,675	93,722,259
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 period/year end.

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

(c) Classification of Financial Instruments

	Group		Company	
	30.11.2019 RM	30.06.2018 RM	30.11.2019 RM	30.06.2018 RM
Financial Assets				
<u>Measured at FVTPL</u>				
Other investments				
- Investment in quoted shares	7,326,000	3,845,966	-	-
<u>Measured at FVTOCI</u>				
- Investment in the business of movie production	-	299,762	-	-
<u>Measured at amortised cost</u>				
Trade receivables	4,061,911	18,074,040	-	-
Other receivables and deposits	2,097,779	3,896,116	444	311
Amount owing by subsidiary companies	-	-	8,100,829	72,776,219
Short-term investments	-	1,004,865	-	1,004,865
Fixed deposits with licenced banks	-	4,672,197	-	3,169,441
Cash and bank balances	35,228,794	37,754,153	2,824,496	10,759,493
	41,388,484	65,401,371	10,925,769	87,710,329
Financial Liabilities				
<u>Measured at amortised cost</u>				
Trade payables	421,904	430,368	-	-
Other payables	986,297	92,599	763,770	23,881
Term loan	2,108,043	2,573,470	-	-
	3,516,244	3,096,437	763,770	23,881

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

33. 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:-

- (i) the investment in unquoted shares which is measured at FVTOCI. However, it was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured; and
- (ii) the investment in quoted shares which is measured at fair value.

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 2019 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
30.11.2019				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	7,326,000	-	-	7,326,000
30.06.2018				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	3,845,966	-	-	3,845,966
- Investment in the business of movie production	-	-	299,762	299,762

The Group and the Company do not have any financial liabilities carried at fair value nor any financial assets classified as Level 2 and Level 3 as at 30 November 2019.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****34. COMMITMENTS****(a) Operating lease commitments**The Group as lessor

In the previous financial year, the Group had entered into lease arrangements on leasehold building and EFTPOS terminals.

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

	30.11.2019 RM	Group 30.06.2018 RM
Leasehold building		
- within 1 year	-	81,744
EFTPOS terminals		
- within 1 year	-	305,440
- between 2 to 5 years	-	326,598
	-	632,038

The Group as lessee

The Group has entered into lease arrangements on rental of property.

The Group has aggregate future minimum lease payables as at the end of each reporting period as follow:

	30.11.2019 RM	Group 30.06.2018 RM
Leasehold building		
- within 1 year	119,376	332,640
- between 2 to 5 years	54,714	807,840
	174,090	1,140,480

(b) Capital commitments

Capital commitments relate to the Group's commitments for capital expenditures for the addition in intangible assets and motor vehicle and for the share subscription in a subsidiary company.

	30.11.2019 RM	Group 30.06.2018 RM
Approved and contracted but not provided for		
- acquisition of intangible assets	-	635,487
- share subscription in a subsidiary company*	37,119,963	35,968,853
- purchase of motor vehicle	-	325,000
	37,119,963	36,929,340

* On 20 June 2018, FUTL had incorporated FFUTCL, a company incorporated in Fujian, China, with registered capital of USD8,888,880 or equivalent to RM37,119,963 at the exchange rate of USD1: RM4.1760 (30.06.2018: RM35,968,853 at the exchange rate of USD1: RM4.0465). The registered capital is required to be paid up within 30 years from its date of incorporation. To-date, no capital has been paid up.

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

35. CONTINGENT LIABILITIES

	Company	
	30.11.2019 RM	30.06.2018 RM
Guarantees given to a financial institution for banking facilities granted to a subsidiary company	2,964,000	2,964,000

36. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (a) During the financial period, the Company had issued the following ordinary shares pursuant to the private placement of up to 30% of the enlarged total number of issued shares as follows:-
- (i) 252,000,000 new ordinary shares at an issue price of RM0.0119 per share amounting to RM2,998,800 on 24 June 2019;
 - (ii) 220,000,000 new ordinary shares at an issue price of RM0.0136 per share amounting to RM2,992,000 on 16 July 2019;
 - (iii) 220,000,000 new ordinary shares at an issue price of RM0.0189 per share amounting to RM4,158,000 on 18 October 2019; and
 - (iv) 148,089,500 new ordinary shares at an issue price of RM0.0180 per share amounting to RM2,665,611 on 13 November 2019.
- (b) On 21 November 2019, the Company announced that the private placement had been completed following the listing and quotation of 148,089,500 ordinary shares, being the last tranche of shares for the private placement, on the ACE Market of Bursa Malaysia.
- (c) On 2 July 2018, the Company offered 116,316,900 options at exercise price of RM0.0225 each to eligible employees.
- (d) On 25 April 2019, the Company announced that its wholly owned subsidiary company, GEM Live entered into a collaboration agreement with Buy Tickets Sdn Bhd ("BuyTickets") whereby BuyTickets shall provide and makes available all technologies of the online ticketing website or platform know as buytickets.com.my to GEM Live. On the same date, the Company announced that it joins forces with BuyTickets to build a regional intelligent event experiential platform.
- (e) On 3 May 2019, the Company announced that the subscription rights of the Warrants will expire on the Expiry Date. The Warrants which are not exercised on the Expiry Date will lapse and become null and void and shall cease to be exercisable thereafter. Accordingly, the Warrants will be removed from the Official List of Bursa Malaysia with effect from 9.00 a.m. on Monday, 10 June 2019.
- (f) On 27 June 2019, the Company announced that its wholly-owned subsidiary company, NetX Digital had entered into a collaboration agreement with 2Go Technologies Group Limited for the cooperation in the development and deployment of an electronic customer verification platform, known as the e-KYC platform, in Malaysia or any other parts of the Asia Pacific region subject to the terms and conditions contained therein.
- (g) On 25 September 2019, the Company announced that the financial year end of the Company has changed from 30 June to 30 November.
- (h) On 30 October 2019, the Company announced that it had received approval from Companies Commission of Malaysia on the Company's application for extension of time to hold its annual general meeting ("AGM") for more than 15 months from its last AGM held on 28 November 2018 pursuant to Section 340 of the Companies Act 2016. Accordingly, the Company is permitted to hold its AGM by 31 May 2020 for tabling of its audited financial statements for the financial period ended 30 November 2019 and there will be no AGM to be held in 2019.
- (i) On 13 November 2019, the Company announced that NetX Digital had entered into a Memorandum of Understanding ("MOU") with PUC Ventures Sdn. Bhd. ("PUCV"), a wholly-owned subsidiary company of PUC Berhad, a company listed on the ACE Market of Bursa Malaysia. PUCV is desirous of collaborating with NetX Digital to expand, promote and strengthen its presence in the e-commerce and financial technology (e-payment) industry based on the objectives and scopes as set out in the MOU.

NOTES TO THE FINANCIAL STATEMENTS**- 30 NOVEMBER 2019 -****37. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD**

- (a) On 18 December 2019, the Company offered 50,000,000 options at exercise price of RM0.02 each to eligible employees.
- (b) On 13 January 2020, the Company offered 50,000,000 options at exercise price of RM0.02 each to eligible employees.
- (c) On 5 February 2020, the Company offered 50,000,000 options at exercise price of RM0.02 each to eligible employees.
- (d) On 21 February 2020, the Company offered 50,000,000 options at exercise price of RM0.02 each to eligible employees.
- (e) On 28 February 2020, GEM Live, a wholly-owned subsidiary company of the Company, had incorporated a new subsidiary company namely GEM Excite Sdn. Bhd. ("GEM Excite"). Consequently, GEM Excite became the wholly-owned subsidiary company of GEM Live.
- (f) On 2 March 2020, the Company offered 60,000,000 options at exercise price of RM0.0175 each to eligible employees.
- (g) On 10 March 2020, the Company has issued 200,000,000 new ordinary shares pursuant to the private placement of up to 10% of the total number of issued shares at an issue price of RM0.0144 per share amounting to RM2,880,000.
- (h) On 17 March 2020, the Company had incorporated a new subsidiary company namely E-FX Sdn. Bhd. ("E-FX"). Consequently, E-FX became the wholly-owned subsidiary company of the Company.

38. COMPARATIVE FIGURES

- (a) The comparative figures of the Group and of the Company were audited by another firm of Chartered Accountants.
- (b) The comparative figures were for a period of twelve months and may not be comparable with current financial period's figures.
- (c) The following entries were made to the statements of profit or loss and other comprehensive income, statements of financial position and statements of cash flows of prior financial year due to reclassification made to conform with the current financial period's presentation as follows:

	Group	
	As previously reported 30.06.2018 RM	As restated 30.06.2018 RM
<hr/>		
Statements of profit or loss and other comprehensive income (extracted):		
Cost of sales	(11,792,928)	(9,711,457)
Other operating expenses	(9,361,987)	(11,443,458)
	<hr/>	
Statements of financial position (extracted):		
<i>Current assets</i>		
Amount owing by contract customers	1,996,908	-
Contract assets	-	1,996,908
	<hr/>	
<i>Current liabilities</i>		
Deferred income	504,629	-
Contract liabilities	-	504,629
	<hr/>	

NOTES TO THE FINANCIAL STATEMENTS

- 30 NOVEMBER 2019 -

38. COMPARATIVE FIGURES (CONTINUED)

- (c) The following entries were made to the statements of profit or loss and other comprehensive income, statements of financial position and statements of cash flows of prior financial year due to reclassification made to conform with the current financial period's presentation as follows: (Continued)

	Group	
	As previously reported 30.06.2018 RM	As restated 30.06.2018 RM
<i>Statements of cash flows (extracted):</i>		
<i>Cash flows from operating activities</i>		
Amortisation of deferred income	(1,518,380)	-
Dividend income	-	(81,571)
Interest income	(1,036,519)	(954,948)
Trade receivables	(9,741,244)	-
Other receivables, deposits and prepayments	(6,816,086)	-
Decrease/(increase) in receivables	-	(16,557,330)
Trade payables	9,792	-
Other payables and accruals	94,253	-
Increase in payables	-	104,045
Amount owing by contract customers	11,723,483	-
Advance receipts for deferred income	1,884,949	-
Changes in contract assets/contract liabilities	-	12,090,052
Interest received	1,036,519	954,948
Interest paid	(162,300)	-
<i>Cash flows from investing activities</i>		
Dividend received	-	81,571
<i>Cash flows from financing activities</i>		
Interest paid on term loan	-	(162,300)

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 17 March 2020 by the Board of Directors.

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2020

Issued Share Capital	:	4,100,388,016 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	70	0.61	3,270	#
100 - 1,000	334	2.91	172,242	#
1,001 - 10,000	1,322	11.54	8,992,652	0.22
10,001 - 100,000	4,900	42.76	286,976,483	7.00
100,001 to less than 5% of issued shares	4,832	42.17	3,544,243,369	86.44
5% and above of issued shares	1	0.01	260,000,000	6.34
Total	11,459	100.00	4,100,388,016	100.00

Note:

Less than 0.01%

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2020

	No. of Shares	Direct %	Indirect No. of Shares	%
Asiabio Capital Sdn. Bhd.	264,457,713	6.45		
Fintec Global Berhad	264,457,713	6.45 ⁽¹⁾		

Note:

⁽¹⁾ Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholding in Asiabio Capital Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 19 MARCH 2020 (as per The Register of Directors' Shareholding)

	No. of Shares	Direct %	Indirect No. of Shares	%
Tan Sik Eek	-	-	-	-
Chu Chee Peng	-	-	-	-
Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Yong Ket Inn	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020
LIST OF TOP 30 SHAREHOLDERS

	No. of Shares held	Percentage (%)
1 M & A NOMINEE (TEMPATAN) SDN BHD <i>EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)</i>	260,000,000	6.341
2 MERRY NOEL ROBERT	150,000,000	3.658
3 LAU KOK SENG	47,962,100	1.170
4 ANG HUI CHAN	45,240,000	1.103
5 LEE KIM SOON	37,322,500	0.910
6 THEAW POH CHOO	31,001,000	0.756
7 KOH PENG CHEONG	20,000,000	0.488
8 CHOO KENG KIT	18,750,000	0.457
9 MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>HONG CHUAN CHUAN</i>	15,452,100	0.377
10 CHOO AH NGO	14,000,000	0.341
11 CHUNG KIN CHUAN	13,701,000	0.334
12 BAILEY PLASTER SDN BHD	13,500,000	0.329
13 MAH KOK FOON	13,500,000	0.329
14 JOHARI BIN SHAFIE	12,750,000	0.311
15 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH WOOL KHIANG (T TAMINGJAYA-CL)</i>	12,178,500	0.297
16 MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>TAN KEE CHUAN</i>	11,800,000	0.288
17 TAN AH SWEE	10,956,000	0.267
18 CHAN WENG KAI	10,510,000	0.256
19 MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>LEE KOK CHONG</i>	10,200,000	0.249
20 LIEW KIM CHOI	10,000,000	0.244
21 ROSZALI BIN MOHAMED	10,000,000	0.244
22 NORSHAM BINTI ABAS	9,250,000	0.226
23 YEONG YOKE YEE	9,082,500	0.222
24 LIAN SIEW MEI	9,000,000	0.219
25 NG YOKE HIN	9,000,000	0.219
26 CHAN POH YEE	8,700,000	0.212
27 THIAN OWN CHIN	8,510,000	0.208
28 TAI KEN LOY	8,429,200	0.206
29 THONG CHEE LENG	8,033,600	0.196
30 CHUNG SENG @ CHUNG TAI SENG	8,000,000	0.195
TOTAL	846,828,500	20.652

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting of NetX Holdings Berhad (“NETX” or “the Company”) will be conducted fully virtue at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 May 2020 at 10.30 a.m. for the purpose of transacting the following businesses:

AGENDA

- To receive the Audited Financial Statements for the financial period ended 30 November 2019 together with the Directors’ and Auditors’ Reports thereon. **Please refer to Explanatory Note 1**
- To re-elect the Mr Yong Ket Inn who retires pursuant to Article 103 (1) of the Company’s Articles of Association. **Ordinary Resolution 1**
- To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 2**
- To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Chong Voon Wah (MAICSA 7055003)
Thai Kian Yau (MIA 36921)
 Company Secretaries

Kuala Lumpur
 30 April 2020

NOTES

- The Company has changed its financial year end from 30 June to 30 November and an announcement has been made to Bursa Malaysia Securities Berhad on 25 September 2019 on the change of financial year end. Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting (“AGM”) must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 May 2020 for the Company to hold its AGM in respect of the calendar year 2019. The Company did not hold any AGM in the calendar year 2019. Hence, the forthcoming Eighteenth (18th) AGM will be held to table the 17-months Audited Financial Statements made up from 1 July 2018 to 30 November 2019 as well as other ordinary businesses, and this AGM shall be deemed to be held for the calendar year 2019.**
- 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 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 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 15 May 2020 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.
- Please be informed the 18th AGM will be conducted fully virtue at 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

- Audited Financial Statements for the Financial Period Ended 30 November 2019**
 The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

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 Eighteenth (18th) Annual General Meeting.

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting of NetX Holdings Berhad (“NETX” or “the Company”) will be conducted fully virtue at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 May 2020 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Eighteenth (18th) Annual General Meeting which will be held at 10.30 a.m. on the same day and at the same venue, for the purpose of transacting the following businesses:

AGENDA

- To re-elect YM Tengku Ahmad Badli Shah Bin Raja Hussin who retire pursuant to Article 103 (1) of the Company’s Articles of Association. **Ordinary Resolution 1**
- To approve the payment of directors’ fees and benefits of up to RM300,000 to the non-executive directors for their services from 22 May 2020 until the next annual general meeting of the Company. **Ordinary Resolution 2**
- To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

SPECIAL BUSINESSES :

To consider and, if thought fit, to pass the following Resolution:

- Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016**
 “THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 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 20% 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.” **Ordinary Resolution 4**
- Proposed Adoption of New Constitution of the Company (“Proposed Adoption”)**
 “THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A attached herewith with immediate effect.
 AND THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Adoption with full power to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Adoption.” **Special Resolution 1**
- To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Chong Voon Wah (MAICSA 7055003)

Thai Kian Yau (MIA 36921)

Company Secretaries

Kuala Lumpur

30 April 2020

NOTES

- Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting (“AGM”) must be held once in every calendar year. Therefore, the forthcoming Nineteenth (19th) AGM of the Company will be held in respect of the calendar year 2020. There will be no Audited Financial Statements tabled at this AGM. The 17-months Audited Financial Statements for the financial period ended 30 November 2019 will be tabled at the Eighteenth (18th) AGM which will be held at 10.30 a.m. on the same day and at the same venue.**
- 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.

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

4. 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.
5. 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 attorney so authorised.
6. 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 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.
7. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 15 May 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
8. 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.
9. Please be informed the 19th AGM will be conducted fully virtual at 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. Ordinary Resolution 2 : 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 period ended 30 November 2019 are disclosed on page 28 of the Corporate Governance Overview Statement in the 2019 Annual Report.

2. Ordinary Resolution 4 : Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 4, if passed, is a General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% 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. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

As part of the initiative from Bursa Malaysia Securities Berhad (“Bursa Securities”) to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities’ rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide its letter dated 16 April 2020 allows a listed issuer to seek a higher general mandate under Rule 6.04 of the ACE Market Listing Requirement of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities.

The said General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

As at the date of this Notice, 390,038,800 new ordinary shares in the Company were issued by way of private placement pursuant to the General Mandate granted to the Directors at the Annual General Meeting held on 28 November 2018 and which will lapse at the conclusion of the Eighteenth (18th) Annual General Meeting. The total proceeds raised from the said private placement exercise was around RM4.67 million. As at 24 April 2020, the details and status of the utilisation of proceeds raised from the said private placement exercise are as follows :

Purpose	Proposed Utilisation (RM’000)	Actual Utilisation (RM’000)	Balance	Intended Timeframe for Utilisation
Rebranding and upgrading of the GEM application into GemSpot and GemSpot Pro	4,573	889	3,684	Within 12 months
Expenses for the Private Placement	95	95	-	Immediate
Total	4,668	984	3,684	

3. Special Resolution 1 : Proposed Adoption of New Constitution of the Company (“Proposed Adoption”)

The Proposed Adoption is primarily for the purpose of streamlining the Constitution to be in line with the Companies Act, 2016 which came into force on 31 January 2017, the Listing Requirements, the prevailing statutory and regulatory requirements as well as to update the existing Memorandum and Articles of Association of the Company, where relevant, to render consistency throughout in order to facilitate and further enhance administrative efficiency.

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 Nineteenth (19th) Annual General Meeting.

The Company will seek shareholders’ approval on the general mandate for 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 4 as stated in the Notice of Nineteenth (19th) Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE

EIGHTEENTH (18TH) AND NINETEENTH (19TH) ANNUAL GENERAL MEETING OF NETX HOLDINGS BERHAD

Date	Time	Broadcast Venue
Friday, 22 May 2020	18 th AGM - 10.30 a.m. 19 th AGM - 11.00 a.m.	Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

Coronavirus Disease (Covid-19) Outbreak

1. With the outbreak of Coronavirus Disease (Covid-19) and as part of the safety measures to curb the spread of Covid-19 pandemic, the 18th and 19th AGM will be conducted by way of Virtue Meeting and online remote voting using the Remote Participation and Voting (“RPV”) Facilities as the safety of our members, Directors, staff and other stakeholders who will attend the 18th and 19th AGM is of paramount importance to us.
2. As you may be aware, the Covid-19 has infected more than 2 million people globally. Having regard to the well-being and the safety of our members, we **strongly encouraged** our members to take advantage of the RPV Facilities to participate and vote remotely at the 18th and 19th 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 18th and 19th AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the 18th and 19th AGM. Details of the RPV Facilities are set out below.

Registration

3. The AGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: <http://netx.com.my/agm2020>
4. All the Shareholders are required to register in order to participate to the 18th and 19th AGM. The registration will be open from 3.00 p.m. on Thursday, 30 April 2020 :
 - a. For 18th AGM, the registration will close at 10.30 a.m. on Thursday, 21 May 2020.
 - b. For 19th AGM, the registration will close at 11.00 a.m. on Thursday, 21 May 2020.

Upon submit your registration, you will receive an email to notify you that your registration is received and pending for verification.

5. After verification of your registration against the General Meeting Record of Depositors, the system will send you an email to notify you if your registration is approved or rejected after 19 May 2020.
6. Should your registration is rejected, you can contact Shareworks Sdn. Bhd. or the Company for clarifications.
7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Android and iOS). Please follow the tutorial guide posted on the <http://netx.com.my/agm2020>.

General Meeting Records of Depositors

8. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 15 May 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

9. 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.
10. 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

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 ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than 21 May 2020 at 10.30 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.

Upon receipt of such documents, ShareWorks Sdn. Bhd. or the Company will respond to your remote participation request.

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 ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than 21 May 2020 at 10.30 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.

Upon receipt of such documents, ShareWorks Sdn. Bhd. or the Company will respond to your remote participation request.

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.

Proxy

15. If a member is unable to attend the AGM, he/she may appoint a proxy or 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.
16. Please note that the proxy(ies) appointed by an individual member is/are not allowed to participate the AGM via RPV Facilities. 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 shall proceed to contact the ShareWorks Sdn. Bhd. or the Company with the details set out below to revoke the appointment of his/her proxy no later than 21 May 2020 at 1.00 p.m.
17. If a Corporate member/Nominee Company member has submitted its Form of Proxy prior to the AGM and its appointed proxy subsequently decides to personally participate in the AGM via RPV Facilities, the Corporate member/Nominee Company member shall proceed to contact ShareWorks Sdn. Bhd. or the Company with the details set out below to revoke the appointment of his/her proxy no later than 21 May 2020 at 1.00 p.m.

Poll Voting

18. The voting at the 18th and 19th 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 whether the resolutions are duly passed.

RPV Facilities

19. Please refer to the following information on RPV Facilities for live streaming and remote voting at the 18th and 19th AGM :

Procedures		Action
Before 18th and 19th AGM		
1.	Register as participant in NetX Virtual AGM	<ul style="list-style-type: none"> Using your computer, access the website at https://netx.com.my/aggm2020. Click on respective Register Now button to register for one of the AGM sessions or both. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, 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"> All the Shareholders are required to register prior to the meeting. The registration will be open from 3.00 p.m. on Thursday, 30 April 2020. For 18th AGM, the registration will close at 10.30 a.m. on Thursday, 21 May 2020. For 19th AGM, the registration will close at 11.00 a.m. on Thursday, 21 May 2020. You are required to register for both 18th and 19th NetX AGMs separately if you wish to attend both AGMs. Clicking on the link will redirect you to the AGM event page. Click on the Register button 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 the CDS account number and indicate the number of shares. 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 registration being rejected. System will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 15 May 2020, the system will send you an email to notify you if your registration is approved or rejected after 19 May 2020. If your registration is rejected, you can contact ShareWorks Sdn. Bhd. or the Company for clarifications or to appeal.
On the day of 18th AGM		
3.	Attending NetX Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate 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 will be collected throughout the session and replied later through your registered email. The session will be recorded. 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 respective AGM. The list of resolutions for voting will appeared at the right hand side of your computer screen. You are required to 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	Upon the announcement by the Chairman on the closure of the 18 th AGM, the live session will end.

ADMINISTRATIVE GUIDE

Procedures		Action
On the day of 19th AGM		
3.	Attending NetX Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate 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 will be collected throughout the session and replied later through your registered email. The session will be recorded. 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 respective AGM. The list of resolutions for voting will appeared at the right hand side of your computer screen. You are required to 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	Upon the announcement by the Chairman on the closure of the 19 th AGM, the live session will end.

No Recording or Photography

20. Strictly **NO recording or photography** of the proceedings of the 18th and 19th AGM is allowed.

Enquiry

21. 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:

NetX Holdings Berhad

Name : Mr. Lee
 Telephone No. : +6016-328 7852
 Company Telephone No. : 1-800-88-7299
 Email : agm2020@netx.com.my

For Proxy and other matters:

Shareworks Sdn Bhd

Name : Mr. Fong / Mr. Vemalan
 Telephone No. : +603-6201 1120
 Email : sharereg@shareworks.com.my

PROPOSED NEW CONSTITUTION

OF

NETX HOLDINGS BERHAD

Company Registration No. 200001030834 (533441-W)

Incorporated on 30th day of November, 2000

Public Company Limited by Shares

This is the Appendix A referred to in Agenda No. 5 of the Notice of Nineteenth (19th) Annual General Meeting (“19th AGM”) of NETX Holdings Berhad dated 30 April 2020.

Date and time of the 19 th AGM	:	Friday, 22 May 2020 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Eighteenth (18 th) Annual General Meeting which will be held at 10.30 a.m. on the same day and at the same venue
Broadcast Venue of the 19 th AGM	:	Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

**THE COMPANIES ACT 2016
MALAYSIA
PUBLIC COMPANY LIMITED BY SHARES
CONSTITUTION
OF
NETX HOLDINGS BERHAD**

NAME

1. The name of the Company is **NETX HOLDINGS BERHAD**.

OFFICE

2. The registered office of the Company is situated in Malaysia.

DEFINITIONS AND INTERPRETATION

3. (1) In this Constitution unless the subject matter or context dictates otherwise, the following words and phrases shall have the meaning assigned to them herein: **Definitions**

“Act” means the Companies Act 2016 and any statutory modification, amendment or re-enactment thereof, and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company.

“Authorised Nominee” means an authorized nominee defined under the Central Depositories Act.

“Board” means the Board of Directors for the time being of the Company.

“Central Depositories Act” means the Securities Industry (Central Depositories) Act 1991, as it may be amended, modified or re-enacted from time to time.

“Clause” means these Clauses as originally framed or as altered from time to time by special resolution.

“Company” means NETX HOLDINGS BERHAD.

“Deposited Security” means a Security standing to the credit of a Securities Account and includes a Security in a Securities Account that is in suspense.

“Depositor” means a holder of Securities Account.

“Depository” means the Bursa Malaysia Depository Sdn. Bhd. and/or its nominee.

“Directors” means the Directors of the Company for the time being, include their duly appointed alternates.

“Dividend” means Dividend and or bonus.

“Documents” means any document required to be sent under the Listing Requirements to securities holder.

“Employee Share Scheme” means collectively a Share Issuance Scheme and a Share Grant Scheme.

“Exchange” means the Bursa Malaysia Securities Berhad.

“Exempt Authorised Nominee” means an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

“Listed” means admitted to the Official List and “listing” shall be construed accordingly.

“Listing Requirements” means the Listing Requirements of the Exchange, as it may be modified or amended from time to time.

“Market Day” means any day between Monday and Friday, which is not a market holiday of the Exchange or a public holiday.

“member(s)” means any person(s) whose name(s) is or are entered in the Company’s register of members including Depositors whose names appear on the Record of Depositors except the Bursa Malaysia Depository Nominees Sdn. Bhd.

“month” means calendar month.

“Office” means the registered office of the Company.

“Omnibus Account” means Securities Account in which ordinary shares are held in the Company for multiple beneficial owners in one securities account.

“option” includes options under an Employee Share Scheme, convertible securities, warrants and any other types of options in respect of the issued or unissued securities of the Company.

“paid” means paid or credited as paid.

“Record of Depositors” means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.

“Registrar” means the Registrar of the Company.

“Rules” means the Rules of the Depository and any appendices thereto as they may be amended or modified from time to time.

“Seal” means the Common Seal of the Company.

“Secretary” means any person or persons appointed to perform the duties of the secretary of the Company and shall include a joint, temporary, assistant or deputy secretary.

“Securities” means securities as defined in Section 2 of the Securities Commission Act 1993 or any modification, amendment or re-enactment thereof for the time being in force.

“Securities Account” means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor, as defined in the Central Depositories Act and or the Rules.

“Securities Commission” means the Securities Commission Malaysia established under Securities Commission Malaysia Act 1993.

“share seal” means the share seal of the Company.

“shares” means shares in the Company.

“Statutes” means the Act, the Central Depositories Act, and every other Ordinance or Act for the time being in force concerning companies and affecting the Company.

The expressions “debenture” and “debenture-holder” shall include “debenture-stock” and “debenture-stockholder”, and the expression.

- (2) In this Constitution, unless there is something in the subject or context inconsistent with such construction or unless it is otherwise expressly provided: **Interpretation**
- (a) reference to “writing” shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form;
 - (b) words denoting the singular number only shall include the plural number, and vice versa, and words importing the masculine gender only shall include the feminine and neuter genders and the word “person” shall include a corporation;
 - (c) any reference to a statutory provision includes any modification, consolidation or re-enactment thereof for the time being in force, and all statutory instruments or orders made pursuant thereto; and
 - (d) save as aforesaid, words or expressions contained in this Constitution shall be interpreted in accordance with the provisions of the Interpretation Act 1967, as amended from time to time and any re-enactment thereof.
- (3) The side notes are inserted for convenience only and shall not affect the construction of this Constitution.

OBJECTS

4. Section 21 of the Companies Act 2016 shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or activity the Directors considered advantageous to the Company and that are not prohibited under any law for the time being in force in Malaysia.
5. The main objects for which the Company are established shall include but not limited to the following:
 - (a) To carry on the business of development and implementation of computer systems, management of computer services bureaus, information and data preparation, software (including ERP Software) design, development and testing, technical and operational advice an design, administrating and organising the means and methods for extending, developing and improving computer and electronic systems, computer personnel training and any other services relating to computers or electronic data processing.
 - (b) To carry on the business of wholesalers, retailers, manufacturers, distributors, agents and dealers in all kinds of computer equipment, hardware, software and related electronic equipment, components and accessories.
 - (c) To carry on the business planning, designing, installing, maintaining and supporting computer and electronic systems including software and middleware.
 - (d) To carry on the business of general traders, importers, exporters, wholesalers, retailers, merchants, manufacturers, manufacturer’s representative, dealers, warehousemen, brokers, commission agents, general agents, sole agents, factors, general carriers forwarding agents, marketeers, suppliers, removers, packers, distributors or in any other capacity, deal in all foreign and local produce, manufactured goods, materials, merchandise of all description in Malaysia or elsewhere and to import , buy, sell, prepare, barter, exchange, ledge, change, make advances, render marketable and otherwise deal in or turn to account produce goods, materials and merchandise generally, either in their prepared, manufactured or raw state, and to undertake, carry on and execute all kinds of financial, commercial, trading, marketing and other manufacturing operations and all business whether wholesale or retail.

- (e) To invest the capital of the Company and make advances on all description of motor vehicles and other goods, wares and merchandise whether on mortgage or bill of sale or assignment and whether subject to hire-purchase agreements or otherwise and to seize, retake, sell, dispose of or repurchase the same and generally to finance the carrying on the hire-purchase business in all its branches.
 - (f) To transact and carry on all kinds of agency business and in particular to collect rents and debts and to negotiate loans to issue shares, stocks and debentures stocks.
 - (g) To appoint any persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested and for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trustee or trustees.
 - (h) To purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm, or company carrying on or proposing to carry on any business which the Company is authorised to carry on or engage in or possessed or property suitable for the purpose of or that may be conducive to the interest of this Company and in particular so that the consideration may be wholly or partly satisfied by the allotment of shares, debentures, debenture stocks or securities of the Company.
 - (i) To purchase, acquire, hold or sell such shares, stocks, debentures, debenture stocks, bonds, obligations, and securities issued or guaranteed by any company constituted or carrying on business in any part of the world, and such debentures, debentures stocks, bonds, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body of authority supreme, municipal, local or otherwise, whether at home or abroad.
 - (j) To make contributions and donations or in such other manner give aid assistance and help to any person, firm, company, association, society or other body or partly for any whatsoever object or purpose.
6. The objects set forth in any sub-clause of the above clause shall not be restrictively construed but the widest interpretation shall be given thereto and they shall not, be in any way limited to or restricted by reference to or inference from any object or objects set forth in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other subclause, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

POWERS

7. The powers of the Company in addition to those conferred under Section 21 of the Act shall include but not limited to the following:
- (a) To lend and advance money or give credit to any person or company; to guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company; to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company; and otherwise to assist any person or company; and
 - (b) To borrow or raise or secure the payment of money in such manner as the Company may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the Company in any way and in particular by the issue of debentures perpetual or otherwise, charged upon all or any of the Company's property (both present and future), and to purchase, redeem, or pay off any such securities.

LIABILITY OF MEMBERS

8. The liability of the members of the Company is limited.

SHARES CAPITAL

9. The share capital of the Company is its issued share capital which shall be in Ringgit Malaysia. **Share Capital**
The shares in the original or any increased capital may be divided into several classes and there may be attached thereto, respectively, any preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.
10. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors shall have the power to issue and allot shares, grant options over shares, grant rights to subscribe for shares. **Authority of Directors to Allot Shares**
11. Except so far as otherwise provided by the conditions of issue, or by this Constitution, any capital raised by the creation of new shares, shall form part of the capital of the Company, and such shares shall be subject to the provisions contained in this Constitution with reference to, the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise. **New Shares Shall Form Part of the Capital**

12. The Company shall have power to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner as they may think fit. **Power to Issue Preference**
13. (1) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company. **Rights of Preference Shareholders**
- (2) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months or on a proposal to wind up the Company or during the winding up of the Company, but shall have no other rights whatsoever.
- (3) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
14. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in this Clause shall prohibit transactions mentioned in the Act or the circumstances set out in the Act. **No Financial Assistance**
15. Subject to the provisions of the Act and the rules, regulations, orders, guidelines or requirements issued by the Exchange and/or any other relevant authority from time to time, the Company may by ordinary resolution purchase its own shares. Any shares in the Company, so purchased by the Company, shall be dealt with in accordance with the Act and the guidelines or requirements issued by the Exchange and or any other relevant authority from time to time. **Purchase of Own Shares**
16. In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by the Act of applying its shares or capital moneys in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and shall not exceed ten per cent (10%) of the price at which the shares, in respect whereof the commission is paid, are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also, on any issue of the shares, pay such brokerage as may be lawful. **Power of Paying Commission**
17. Subject to the provisions of the Act and any other conditions and restrictions prescribed by the Act, if any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant or equipment which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision of plant or equipment. **Shares Issued for Purposes of Raising Money for the Construction of Works or Building**
18. (1) Every issue of shares or options in relation to Employee Share Scheme shall require the approval of shareholders in general meeting. **Employee Share Scheme**
- (2) No Director shall participate in a Share Issuance Scheme unless shareholders in general meeting have approved of the specific allotment to be made to such Director.
19. The Company shall duly observe and comply with the provisions of the Act and the Listing Requirements from time to time prescribed by the Exchange applicable to any allotment of its shares. **Compliance with Requirements**
20. Except as required by law and as provided under the Rules, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not, even when having notice thereof, be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution otherwise expressly provided or as required by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder. **Trusts Not to Be Recognised**
21. Subject to the Listing Requirements, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised. **Issue of Securities**

22. No person shall exercise any rights of a member until his name shall have been entered in the Record of Depositors and he shall have paid all calls and other moneys for the time being due and payable on any share held by him. **Exercise of Rights of Members**
23. If, by the condition of allotment of any share, the whole or part of the amount or issue price thereof shall be payable on fixed dates every such amount shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share, or his legal personal representatives. **Instalments**

SHARE CERTIFICATES

24. Every certificate shall be issued under the Seal and bear the signatures or the autographic signatures of one Director and the Secretary or a second Director or such other person as may be authorised by the Board, and shall specify the shares to which it relates, and the amount paid up thereon provided that the Board may by resolution determine that such signatures, or either of them, shall be dispensed with or shall be affixed by such other person as may be authorised by the Board or some method or system of mechanical signature. **Issue of Share Certificates**
25. The Registrar of the Company shall only issue jumbo certificates in respect of shares or Securities in favour of Depository as he may be directed by the Securities Commission or Depository. **Issue of Jumbo Certificates**

MODIFICATION OF RIGHTS

26. If at any time the share capital of the Company, by reason of the issuance of preference shares or otherwise is divided into different classes, the repayment of such preferred capital or all or any of the rights and privileges attached to each class of shares may subject to the provisions of the Act, this Constitution and the provisions of any written law, be varied, modified, commuted, affected, abrogated or dealt with by resolution passed by the holders of at least three-fourth (3/4) of the issued shares of that class at a separate meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be two (2) persons at least holding or representing by proxy one third of the issued shares of the class. **Modification of Rights**

Provided however that in the event of the necessary majority for such a resolution not having been obtained in the manner aforesaid consent in writing may be secured by members holding at least three-fourths (3/4) of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate meeting shall have the force and validity of a resolution duly carried. To every such resolution the provisions of the Act, shall with such adaptations as are necessary apply.

27. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto. **Special Right to Any Class of Share**

CALLS ON SHARES

28. The Directors may from time to time make such calls upon the members as the Directors may think fit in respect of the amounts unpaid on their shares and not by the conditions of allotment made payable at fixed times provided that no call shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call. Except in the case of calls payable at fixed times pursuant to the conditions of allotment, each member shall be entitled to receive at least fourteen (14) days' notice specifying the time or times and place of payment. **Calls on Shares**
29. Any call may be made payable either in one sum or by instalments, and each member, upon whom a call is made is liable, to pay the amount of the call to the Company at the time or times and place appointed by the Directors. A call may be revoked or the time for its payment may be postponed by the Directors. **Payment of Calls**
30. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. **When Call Made**
31. The Directors may on the issue of shares, differentiate between the holders of such shares as to the amount of calls to be paid and the time of payment of such calls. **Directors May Differentiate Between Holders**
32. Any sum which, by the terms of issue of a share, is made payable upon allotment or at any fixed date, whether on account of the nominal amount of the share or by way of premium, shall, for all purposes of this Constitution, be deemed to be a call duly made and payable on such fixed date, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified. **Term of Issue May Be Treated as Call**
33. If any sum in respect of a call is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment, at such rate, not exceeding twelve per cent (12%) per annum, as the Directors may determine (or failing such determination, then at the rate of twelve per cent (12%) per annum) provided, however, the Directors may waive payment of such interest in whole or in part. **Interest on Calls in Arrears**

34. No shareholder shall be entitled to receive any dividend or to exercise any privileges as a member until he shall have paid all calls for the time being due and payable on every share held by him together with interest and expenses (if any). ***Calls to Be Fully Paid Before Receiving Dividend***
35. The Directors may, if they think fit, receive from any member, willing to advance the same, all or any part of the moneys payable in respect of any share held by him beyond the amount of the calls actually made thereon, and upon the moneys so advanced, or so much thereof as shall from time to time exceed the amount of the calls due upon such shares, the Company may pay interest at such rate not exceeding eight per cent (8%) per annum, as may be agreed between the member paying the sum in advance and the Directors. Any capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. Except in liquidation, sums paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up in the shares in respect of which they have been paid. ***Payment of Calls in Advance***
36. At the trial or hearing of any action or other proceeding for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the Record of Depositors as the holder of the shares in respect of which such call was made, that the resolution making such call is duly recorded in the minute book of the Directors and that notice of such call was duly given to the member sued according to the provisions of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matter whatsoever, but the proof of the matters aforesaid, shall be conclusive evidence of a debt due from the members sued to the Company. ***Evidence in Action for Call***

INFORMATION ON SHAREHOLDING

37. (1) The Company may by notice in writing, require any Member of the Company, within such reasonable time as is specified in the notice: ***Company May Required Information***
- (a) to inform the Company whether he holds any voting shares in the Company as beneficial owner or as trustee; and
- (b) if he holds them as trustee, to indicate so far as he can, the persons for whom he holds them by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.
- (2) Where the Company is informed pursuant to a notice given to any person under sub-section (1) hereof or under this sub-section, that any other person has an interest in any of the voting shares in the Company, the Company may by notice in writing require that other person within such reasonable time as is specified in the notice:
- (a) to inform the Company whether he holds that interest as beneficial owner or as trustee; and
- (b) if he holds it as trustee, to indicate so far as he can, the person for whom he holds it by name and by other particulars sufficient to enable them to be identified and the nature of their interest.
38. The Company may by notice in writing require a Member of the Company to inform it, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him, are the subject of any agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give particulars of the agreement and the parties to it. ***Member to Inform Company***

FORFEITURE AND SURRENDER OF SHARES

39. If any member fails to pay the whole or any part of any call or instalment of a call on the day appointed for the payment thereof, the Directors may at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest, not exceeding twelve per cent (12%) per annum as the Directors shall determine and any expenses that may have accrued by reason of such non-payment. ***Notice to Pay Calls***
40. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service if the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time and place appointed, the shares in respect of which such call was made will be liable to be forfeited. ***Period of Notice***
41. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time, thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends which shall have been declared on the forfeited shares and not actually paid before the forfeiture. The Directors may accept the surrender of any share liable to be forfeited hereunder. ***Forfeiture for Non-Payment***
42. Notwithstanding any such forfeiture as aforesaid, the Directors may at any time before the forfeited share has been otherwise disposed of, annul the forfeiture upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit. ***Annulment of Forfeiture***

43. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. Notice of sale or disposal shall be sent to the holder of the shares sold or disposed of within fourteen (14) days of the date of sale or disposal. **Directors May Sell Shares or Cancel Forfeiture**
44. A person whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture or surrender were payable by him to the Company in respect of the shares together with interest at the rate of twelve per cent (12%) per annum from the date of forfeiture or surrender on the money for the time being unpaid, if the Directors think fit to enforce payment of such interest) but his liability shall cease if and when the Company receives payment in full of all such moneys in respect of the shares. **Liability on Forfeiture**
45. A statutory declaration in writing that the declarant is a Director or the Secretary and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration, together with the receipt of the Company for the consideration (if any), given for the share on the sale or disposition thereof, shall constitute a good title to the share, and such person shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale or disposition, and shall not be bound to see the application of the purchase money (if any), nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share. **Statutory Declaration as Conclusive as Evidence**
46. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and the Directors may authorise some person to execute a transfer of the share in favour of the person to whom the share is sold or otherwise disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or other disposal of the share. Subject to any lien for sums not presently payable, if any, any residue of the proceeds of the sale of shares which are forfeited and sold, after the satisfaction of the unpaid calls or instalments payable at fixed times and accrued interest and expenses, shall be paid to the person whose shares have been forfeited or his executors, administrators or assignees or as he directs. **Proceeds of Sale**
47. Subject to the provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of a premium, as if the same had been payable by virtue of a call duly made and notified. **Application of Forfeiture**
48. When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall, within fourteen (14) days from the date of forfeiture thereof, be given to the holder of the share or to the person entitled to the share by reason of the death or bankruptcy as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof shall forthwith be made in the Record of Depositors opposite to the share. **Notice of Forfeiture Provision**
49. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved or as are by the Act given or imposed in the case of past members. **Results of Forfeiture**

LIEN

50. The Company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to : **Company's Lien on Shares and Dividends**
- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;
 - (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and
 - (c) such amounts as the Company is required by law to pay, and has paid, in respect of the shares of a holder or deceased former holder.
- In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.
51. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen (14) days after notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy. **Power to Enforce Lien by Sale**

52. To give effect to any such sale, the Directors may authorise its registrar to cause Depository to credit the Securities Account of the purchaser of the shares sold or otherwise in accordance with the directions of the purchaser. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale and the remedy of the holder of such shares or of any person claiming under or through him in respect of any alleged irregularity or invalidity, shall be against the Company. **Directors May Effect Transfer**
53. The proceeds of any such sale after payment of the amount of interests and costs relating to the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale or his executors, administrators or assignees or as he directs. **Application of Proceeds of Sale**

TRANSFER OF SHARES

54. The transfer of any listed security or class of listed security in the Company shall be by way of book entry by the Depository in accordance with the Rules, subject to the provisions of the Act and any exemption that may be made from compliance with provisions of the Act, the Company shall be precluded from registering and effecting any transfer of listed security. **Transfer of Securities**
55. Every instrument of transfer (for any share not being a deposited security) must be left for registration at the office of the Company's Registrar accompanied by the certificate of the shares comprised therein and such evidence as the Directors may reasonably require to prove the right of the transferor to make the transfer and the due execution by him of the transfer, and subject to the power vested in the Directors by this Constitution or the provisions of any other written law and if required, to reasonable evidence of nationality, the Company shall register the transferee as shareholder. **Instrument of Transfer**
56. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind. **Person Under Disability**
57. Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Twelve (12) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Depository to prepare the appropriate Record of Depositors. **Suspension Registration**
58. The Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. **Refusal to Register Transfer**
59. Subject to the provisions of the Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person. **Renunciation**
60. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. **Non-Liability of the Company, its Directors and Officers in Respect of Transfer**

DISPOSAL OF SHARES OF MEMBERS WHOSE WHEREABOUTS UNKNOWN

61. Where by the exercise of reasonable diligence, the Company is unable to discover the whereabouts of a Member for a period of not less than ten (10) years, the Company may cause an advertisement circulating in the place shown in the register or the Record of Depositors as the address of the Member stating that the Company, after expiration of one (1) month from the date of the advertisement, intends to transfer the shares to the Minister charged with the responsibility for finance. **Reasonable Diligence**
62. If after the expiration of one (1) month from the date of the advertisement the whereabouts of the Member remains unknown, the Company may transfer the shares held by the Member to the Minister charged with the responsibility for finance and for that purpose may execute for and on behalf of such Member, a transfer of those shares to the Minister charged with the responsibility for finance. **Transfer of Shares to Minister Charged with Responsibility for Finance**

TRANSMISSION OF SHARES

63. Where: **Transmission of Securities from Foreign Register**
- (a) the securities of the Company are listed on another stock exchange; and

- (b) the Company is exempted from compliance with the Central Depository Act or the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holder maintained by the Registrar of the Company in Malaysia, and vice versa, provided that there shall be no change in the ownership of such securities.

64. Any person becoming entitled to a share which is a Deposited Security in consequence of the death or bankruptcy of a member may apply to the Depository to transfer the shares into his Securities Account supported by the relevant documents and in accordance with the Central Depositories Act and or the Rules. The said person shall deliver or send to the Company and the Depository a written notice signed by him expressing his aforesaid intention provided that notice in writing thereof has been given to the Company. Subject to the Act, the Central Depositories Act and the Rules, a person becoming entitled to a Security by reason of the death or bankruptcy of the holder thereof shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Security, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to meetings of the Company. Provided further always that the Directors may at any time give notice requiring any such person to elect, either to be registered himself or to transfer the Security, and if the notice is not complied with within ninety (90) days, the Directors may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the Security until the requirements of the notice have been complied with.

Death of Holder of Shares

CONVERSION OF SHARES INTO STOCKS

65. The Company may, by ordinary resolution passed at general meeting, convert any paid-up shares into stock or reconvert any stock into paid up shares of any denomination.
66. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same clauses as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; provided, however, that the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
67. The stock shall confer on the holders thereof respectively the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings of the Company and other matters as would have been conferred by the shares from which the stock arose, but so that none of such rights, privileges or advantages, (except participation in dividends and profits of the Company and in assets on a winding up) shall be conferred by an amount of the stock which would not, if existing in shares, have conferred such right, privilege or advantage.
68. All such provisions of this Constitution as are applicable to paid-up shares shall apply to stock, and in all such provisions, the word "share" shall include "stock" and the word "shareholder" and "member" shall include "stockholder".

Conversion of Shares into Stocks

Holder of Stocks May Transfer Their Interest

Participation in Dividends and Profits

Application of this Constitution

INCREASE OF CAPITAL

69. The Company may, from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.
70. 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.

Increase of Share Capital

Issue of New Shares to Existing Members

ALTERATION OF CAPITAL

71. The Company may alter its share capital by passing an ordinary resolution to:
- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;

Alteration of Share Capital

- (b) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived; or
- (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

72. The Company may, subject to the Act, by special resolution, reduce its share capital in any manner authorised by law. **Capital Reduction**

GENERAL MEETINGS

73. An Annual General Meeting of the Company shall be held in accordance with the Act. **Annual General Meeting**
74. All general meetings, other than annual general meetings, shall be called extraordinary general meetings. **Extraordinary General Meeting**
75. All general meetings shall be held at such time, day and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution. A general meeting may be held at more than one venue using any technology or method that enables the members of the Company to participate and to exercise the members' rights to speak and vote at the meeting. **Convening of General Meetings**
76. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition as is referred to the Act, or if the Company makes default in convening a meeting in compliance with a requisition received pursuant to the provisions of the Act, a meeting may be convened by such requisitionists themselves in the manner provided in the Act. Any meeting convened by requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors. **Convening of Extraordinary General Meetings**
77. The notices convening meetings shall be given to all members (other than those who are not entitled to receive notices of general meetings of the Company under the provisions of this Constitution or the terms of issue of the shares held by them) and to the Directors and auditors for the time being of the Company at least fourteen (14) clear days before the meeting or at least twenty-one (21) clear days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting and, in the case of special business, shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) clear days' notice or twenty-one (21) clear days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily press and in writing to each stock exchange upon which the Company is listed. **Notice of Meetings**
78. The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. **General Meeting Record of Depositors**
79. Subject always to the provisions of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting. **Business at Extraordinary General Meeting**
80. In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting. **Right to Appoint Proxy**
81. The accidental omission to give notice of any meeting to or the non-receipt of the notice of a meeting by, any person entitled to receive notice shall not invalidate any resolution passed or proceedings held at any such meeting. **Omission to Give Notice**
82. A meeting shall, notwithstanding that it is called by notice shorter than is required by this Constitution or the Act, be deemed to be duly called if it is so agreed, in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat or in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than ninety-five per cent (95%) of the shares giving a right to attend and vote. **Call of Meetings by Shorter Notice**

83. Where, by the Act, special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than twenty-eight (28) clear days before the meeting at which it is moved, and the Company shall give its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof, in any manner allowed by this Constitution not less than fourteen (14) clear days before the meeting, but if after notice of the meeting to move such a resolution has been given to the Company, a meeting is called for a date twenty-eight (28) clear days or less after the notice has been given, the notice, although not given to the Company within the time required by this Constitution shall be deemed to be properly given. **Resolution Requiring Special Notice**
84. Subject to the provisions of the Act, members may require the Company to circulate statements to members of the Company entitled to receive notice of Company meeting of members. **Circulation of Statements**

PROCEEDINGS AT GENERAL MEETINGS

85. All business that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of the receipts and consideration of the audited financial statements and audited group financial statements (if any) of the Company and the reports of the Directors and auditors and other documents required to be annexed to the financial statements, the election of Directors in the place of those retiring, the fixing of the fees and benefits of Directors, and the appointment of, and the fixing of the remuneration of the auditors. **Special Business**
86. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds, to business. For all purposes, two (2) members, present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of this Constitution and entitled to vote, shall be a quorum. **Quorum**
87. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. If otherwise convened, it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following such public holiday), at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present within half an hour from the time appointed for holding the adjourned meeting, the members present shall be a quorum and may transact the business for which the meeting was called, but no notice of any such adjournment as aforesaid shall be required to be given to the members. **Proceedings of Quorum Not Present**
88. The Chairman of the Board (if any), shall preside as Chairman at every general meeting, but if the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or shall decline to take or shall retire from the chair, the Directors present shall choose one of their number to act as Chairman of such meeting, and if there be no Director chosen who shall be willing to act, the members present in person or by proxy and entitled to vote shall choose one (1) of their own number to act as Chairman at such meeting. The election of the Chairman shall be by a show of hands. **Chairman of General Meeting**
89. The Chairman may, with the consent of any meeting at which a quorum is present and if so directed by the meeting, shall adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten (10) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. **Chairman May Adjourn Meetings and Notice of Adjournment to be Given**
90. A resolution in writing signed by all the members of the Company or their agents authorised in writing shall (except where a meeting is prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the members duly convened and held, and such resolution may consist of several documents in like form each signed by or on behalf of one or more members. In the case of a corporate body, which is a member of the Company, such resolution may be signed on its behalf by its authorised representative, duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolution on its behalf. **Resolution in Writing**
91. Subject to any express requirement of the Listing Requirements, at any general meeting, a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands): **Voting on Resolution**
- (a) by the Chairman of the meeting;
 - (b) by at least two (2) members present in person or by proxy;
 - (c) by any member or members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right;

Provided that no poll shall be demanded on the election of Chairman of a meeting or on any question of adjournment.

Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution.

92. The instrument appointing a proxy to vote at a meeting shall be deemed to confer authority to demand, or join in demanding a poll, and, for the purposes of the last preceding Clause, a demand by a person as proxy for a member shall be the same as a demand by the member. ***Proxies' Right to Demand a Poll***
93. If any votes shall have been counted, which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof and unless in the opinion of the Chairman at the meeting or any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting. ***Counting of Votes***
94. If a poll is duly demanded it shall be taken in such manner as the Chairman may direct (including the use of a ballot or voting papers or tickets or electronically using various forms of electronic voting devices) and the result of the poll shall be the resolution of the meeting at which the poll was demanded. Unless the result of the poll is computed or determined electronically, the Chairman shall appoint scrutineers to verify the votes which shall be counted by the poll administrators for the purposes of a poll, and may adjourn the meeting to some place and time fixed by him for the purpose of determining the results of the poll. ***Taking of Poll***
95. Subject to provisions provided in this Constitution, a poll demanded on any question shall be taken either at once or at such time and place as the Chairman directs not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded. No notice needs to be given of a poll not taken immediately. ***Time of the Taking of Poll***
96. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. ***Continuance of Meeting of Other Business***
97. The demand for a poll may be withdrawn. ***Withdrawal of Poll***

VOTE OF MEMBERS

98. In the case of an equality of votes on a show of hands, the Chairman of the meeting at which the show of hands takes place, shall not be entitled to a second or casting vote but not when a poll is demanded. ***Chairman's Casting Votes***
99. (1) Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with this Constitution, on a show of hands, a holder of ordinary shares or preference shares who presents as a member or a member's representative or proxy or attorney and entitled to vote, shall be entitled to one (1) vote on any question at any general meeting, and in the case of a poll, every member present in person or by proxy or by attorney or other duly authorised representative, shall have one (1) vote for every share held by him. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way. ***Vote of Members***
- (2) Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right's exercisable. ***Shares of Different Denominations***
100. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative either at a particular meeting of the Company, or at all meetings of the Company or of any class of members and the person so authorised shall, in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers subject to the provisions of the Act on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. ***Vote of Corporation***
101. Any member being of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other legal guardian or such other person who has been properly appointed to manage his estate. Any one (1) of such committee or other person may vote either by proxy or by attorney, provided such evidence, as the Directors may require of the authority of the person claiming to vote, shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting. ***Vote of Members of Unsound Mind***

102. The legal personal representative of a deceased member or the person entitled under this Constitution to any share in consequence of the death or bankruptcy of any member may vote at any general meeting in members respect thereof in the same manner as if he was the registered holder of such shares, provided that forty-eight (48) hours at least before the time of holding the meeting, or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof. **Vote of Legal Personal Representatives of Members**
103. Every power, right or privilege of any Member to convene, attend, vote and in anyway take part in any meeting of the Company, may be exercised in the event of such Member being out of Malaysia by any attorney, whether a Member or not, duly appointed by such Member for the purpose, by a power of attorney produced at the Office during business hours not less than two (2) Market Days before the same is acted on. Any vote given or things done by such attorney shall be valid notwithstanding the previous death of the Member giving such power of attorney or revocation of such power of attorney by other means provided no intimation in writing of such death or revocation shall have been received at the Office before such vote is given or thing done. **Power of Attorney**
104. No Member shall be entitled to be present or to vote on any question either personally or otherwise as a proxy, or attorney at any general meeting or to exercise any privilege as a member nor be counted as one of the quorum unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid. **No Member Entitled to Vote While Call Due to Company**
105. No objection shall be raised in respect of the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive. **Time for Objection of Any Voter's Qualification**
106. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor. **Instrument of Proxy**
107. A member, including an Authorised Nominee and an Exempt Authorised Nominee which holds securities in the Company for an Omnibus Account, may appoint one (1) or more proxies to attend on the same occasion. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy. **Appointment of Multiple Proxies**
108. (1) Where a member appoints more than one (1) proxies, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the register of members and or the latest Record of Depositors made available to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy appointed by the member is able to cast on a poll the aggregate number of shares which is entered against the name of that member in the register of members and or the latest Record of Depositors made available to the Company whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that member.
- (2) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. **Appointment and Deposit of Proxy**
109. Any instrument appointing a proxy may be in the following form or as near thereto as circumstances will admit: **Form of Proxy**

FORM OF PROXY

NETX HOLDINGS BERHAD

I/We, of being a member/members of the **NETX HOLDINGS BERHAD**, hereby appoint of or failing him, of, as my/our proxy to vote for me/ us on my/our behalf at the [annual or extraordinary, as the case may be] general meeting of the company, to be held on the day of 20, and at any adjournment thereof.

Signed this day of 20

As witness my hand thisday of

* Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he thinks fit.]

110. The instrument appointing a proxy and the power of attorney, or other authority (if any) under which it is signed, or a certified copy of such power or authority by a notary public, shall be deposited at the Office or at such other place within Malaysia, as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. **Deposit of Proxy**
111. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no intimation in writing of such death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting (or in the case of a poll, before the time appointed for the taking of the poll) at which the instrument is used. **Proxy Irrevocable Unless Notice Received by the Company**
112. A member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Office or at such other place within Malaysia. **Notice of Termination of Appointment of Proxy**
- DIRECTORS**
113. Until otherwise determined by the Company in general meeting the number of Directors shall not be less than two (2) and not more than twelve (12). All the Directors of the Company shall be natural persons. **Number of Director**
114. The shareholding qualification for Directors may be fixed by the Company in general meeting, and until so fixed, no shareholding qualification for Directors shall be required. **Share Qualification of the Directors**
115. (1) An election of Directors shall take place each year at the annual general meeting of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. **Rotation and Retirement of Directors**
- (2) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. **Senior Director to Retire**
116. No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting, unless a member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company, a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place. **Notice of Nomination of Director**
117. The Company, at the meeting at which a Director retires, may fill the vacated office by electing a person thereto. Unless at that meeting it is expressly resolved not to fill the vacated office or a resolution for re-election of the Director retiring at that meeting is put to the meeting and lost, or some other person is elected as Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected. A retiring Director shall be deemed to have offered himself for re-election unless he has given notice in writing to the Company that he is unwilling to be re-elected. **When the Retiring Director Deemed Re-Elected**
118. At a general meeting at which more than one (1) Director is to be elected, each candidate shall be the subject of a separate motion and vote, unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it. **No Appointment of Director by Single Resolution**
119. All Directors shall be entitled to receive notice of and to attend and speak at all general meetings of the Company. **Attendance at General Meeting**
120. The Company may, from time to time by ordinary resolution passed at a general meeting, increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office. **Number May be Increased or Decreased**

121. (1) A Director may appoint a person to act as his alternate provided that:
- Alternate Directors**
- (a) such person is not a Director;
 - (b) such person does not act as an alternate for more than one Director;
 - (c) the appointment is approved by a majority of his co-Directors; and
 - (d) any fee paid by the Company to the alternate shall be deducted from that Directors' fees and benefits.
- (2) The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor, and any appointment or revocation under this Clause shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.
- (3) If any Director retires by rotation and is re-elected by the meeting or is, pursuant to this Constitution, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him of an alternate Director which was in force immediately prior to the appointor's retirement shall continue to operate after such re-election as if the appointor had not so retired.
- (4) Any appointment or removal of an alternate Director may be made by facsimiles or other electronic means, or in any other manner approved by the Directors, which shall be confirmed, as soon as possible, by letter, but may be acted upon by the Company, meanwhile.
- (5) Every person acting as an alternate Director shall be deemed to be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be an agent of or for the Director appointing him.
- (6) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being, but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.
122. The Board may, from time to time, appoint any person to be an associate director and may from time to time revoke any such appointment. **Associate Director**
123. The Board may fix, determine and vary the powers, duties and remuneration of any person so appointed, but a person so appointed shall not have any right to attend or vote at any meeting of the Board except by the invitation and with the consent of the Board. **Powers of Associate Directors**
124. The Company may by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office, notwithstanding any provisions of this Constitution or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. The Company may by ordinary resolution appoint another person in place of a Director so removed from office, and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment, the vacancy so arising may be filled by the Directors as a casual vacancy. **Removal of Directors**
125. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. **Appointment by the Board of Directors**
126. The fees and any benefits payable to the Directors from time to time, be determined by an ordinary resolution in the general meeting of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, Provided Always that: **Remuneration**
- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
 - (b) salaries and other emoluments payable to executive Directors pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
 - (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
 - (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of that Director.

127. (1) The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise, howsoever, in or about the business of the Company in the course of the performance of their duties as Directors. **Reimbursement and Special Remuneration**
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular, without limiting to the generality of the foregoing, if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided by the Directors.

128. The office of Director shall, ipso facto, be vacated: **Disqualification of Directors**
- (a) if he ceases to be a Director by virtue of the Act;
- (b) if (not being the Managing or Deputy or Assistant Managing Director holding office as such for a fixed term) he resigns his office by notice in writing under his hand sent to or left at the Office;
- (c) if he is absent from more than fifty per cent (50%) of the total Board of Directors' meetings held during a financial year, unless approval is sought and obtained from the Exchange;
- (d) if he has retired in accordance with the Act or this Constitution but is not re-elected;
- (e) if he is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;
- (f) if he becomes of unsound mind during his term of office;
- (g) if he becomes bankrupt during his term of office;
- (h) dies; and
- (i) if he becomes prohibited or disqualified from being a Director by reason of any order made under the provisions of the Act or the Listing Requirements or contravenes with the Act.

POWERS AND DUTIES OF DIRECTOR

129. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company, and do, on behalf of the Company, all such acts as are within the scope of this Constitution and by the Act or by this Constitution required to be exercised or done by the Company in general meeting, subject nevertheless to this Constitution, to the provisions of the Act, and to such regulations, being not inconsistent with this Constitution, as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. **Powers and Duties of Directors**
130. The Directors shall not without the prior approval of the Company in general meeting: **Approval of Company Required**
- (a) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's undertaking or property;
- (b) exercise any power of the Company to issue shares, unless otherwise permitted under the Act; or
- (c) subject to the provisions of the Act, enter into any arrangement or transaction with a Director or a director of the holding company or a subsidiary of the Company, or with a person connected with such a Director, to acquire from or dispose to such a Director or person any non-cash assets of the requisite value; or
- (d) issue any securities on such terms and subject to such conditions which confer a right to subscribe for new shares of the Company.
131. (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party, Provided Always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party. **Directors' Borrowing Powers**

- (2) The Directors shall cause a proper register to be kept in accordance with the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or persons so becoming liable as aforesaid, from any loss in respect of such liability.
132. The Directors may establish or arrange any contributory pension or non-contributory pension or superannuation scheme, share maintain option/incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and/or transfer shares or Securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Clause subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting. **Power to maintain funds**
133. The Directors may from time to time, and at any time, by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (including the power to sub-delegate but not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Directors think fit. **Director's Power Appoint Attorney of the Company**
134. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipt for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors may from time to time determine by resolution. **Cheques, Bills, Etc.**
135. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be voided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, provided always that all other relevant provisions of the Act and this Constitution are complied with. **Right to Hold Other Office Under the Company**
136. Unless prohibited by the rules and / or requirements of the Exchange, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such professional services shall be provided at normal commercial terms. **Right to Payment for Professional Services**
137. A Director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office, and shall not make use of any information acquired by virtue of his position to gain, directly or indirectly, an improper advantage for himself or for any other person or cause detriment to the Company. **As to the Duty and Liability of the Director**
138. Every Director shall give notice to the Company of such events and matters relating to himself, as may be necessary or expedient, to enable the Company and its officers to comply with the requirements of the Act. **General Duty to Make Disclosure**

PROCEEDINGS OF DIRECTORS

139. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. A Director may at any time and the Secretary shall, on the requisition of a Director, summon a meeting of the Directors by giving them not less than three (3) market days notice thereof unless such requirement is waived by them. **Directors' Meeting**
140. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given and circulated to all Directors and their alternates by facsimile, electronic mail or other meeting forms of electronic medium. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing. The majority of the Board may waive notice of any meeting and any such waiver may be retroactive. A notice of all Directors' meeting shall include the date, time and place of meeting and the matters to be discussed. **Notice Sent to Directors**

141. An irregularity in the notice of a meeting is waived if all Directors entitled to receive notice of the meeting attend the meeting without objection to the irregularity. ***Irregularity in Notice***
142. The quorum necessary for the transaction of the business of the Directors shall be two (2) of the Directors. ***Quorum***
143. A meeting of the Directors, for the time being at which a quorum is present, shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution, vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes. ***Proceedings of Meeting***
144. In case of equality of votes, the Chairman shall have a second or casting vote, except where only two (2) Directors are competent to vote on the question at issue, or at the meeting where only two (2) Directors form the quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue. ***Chairman Has Casting Vote***
145. The continuing Directors or sole continuing Director may continue to act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution, the continuing Director or Directors may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a general meeting of the Company. ***Number Reduced Below Quorum***
146. Any Director may participate at a meeting of Directors by way of telephone and video conferencing or by means of other communication equipment, whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting, in which event such Director shall be deemed to be physically present at the meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. ***Participation at Directors' Meetings by Way of Telephone and Video Conferencing***
147. A meeting at which one or more of the Directors attends by electronic means is deemed to be held at such place as the Directors shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Directors attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present. ***Venue of Directors' Meeting***
148. Subject to the Act, all business transacted in the manner provided above by electronic means shall for the purpose of this Constitution be deemed to be validly and effectively transacted at a meeting of the Board PROVIDED that at least one (1) of the Directors present at the meeting was at such place as resolved or deemed (as the case may be) for the duration of the meeting. All information and documents must be made equally available to all participants prior to or at / during the meeting. ***Business Transacted by Electronic Means***
149. The Directors may from time to time elect and remove a Chairman and Deputy Chairman of the Board of Directors and determine the period for which they are respectively to hold office. The Chairman so elected, or in his absence, the Deputy Chairman shall preside at all meetings of the Directors, but if no such Chairman or Deputy Chairman be elected, or if at any meeting the Chairman or Deputy Chairman be not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present shall choose one (1) of their number to act as Chairman of such meeting. ***Chairman and Deputy Chairman***
150. The Directors shall not have any power to appoint any person from time to time as their proxies to represent them at Directors' meetings, save and except for their duly appointed alternate Directors. ***Appointment of Proxy***
151. Every Director shall comply with the provisions of the Act in connection with the disclosure of his shareholding interest and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director. ***Disclosure of Interest in Contracts, Property, Offices, Etc***
152. A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested, either as an officer of that other company or as a holder of shares or other securities in that other company. ***Directors Retained from Voting in Interested Transactions***
153. A Director, notwithstanding his interest, may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company, or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise), to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat the terms of any such appointment as hereinafter mentioned, are considered, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested, provided always that he has complied with all other relevant provisions of the Act, the Listing Requirements and of this Constitution. ***Director Appointed at a Meeting to Hold Other Office to be Counted in the Quorum***
154. A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by the Act. ***Directors May Contract with the Company***

155. Subject to relevant provisions of this Constitution, a Director may vote in respect of:

Director May Vote on The Giving of Security or Indemnity Where He is Interested

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

By an ordinary resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and, either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause, may be ratified.

156. A Director may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in such corporation, unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed, a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid, provided always that he has complied with all other relevant provisions of the Act, the Listing Requirement and of this Constitution.

Director May Become Directors or Other Officers of Any Corporation Promoted by the Company

COMMITTEES OF DIRECTORS

157. The Directors may establish any committees, local boards or agencies, comprising of two (2) or more such member, as members of its body, for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any other person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration, and may delegate to any such committee or local board or agency any of these powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

Directors May Establish Committees, Etc

158. Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by way of telephone and video conferencing or by means of other communication equipment, whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting whether for the purposes of these Clauses or otherwise. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting, PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.

Participation at Committee Meetings by Way of Telephone and Video Conferencing

159. Unless otherwise determined by the committees from time to time, notice of all committees' meetings shall be given and circulated to all committees by facsimile, electronic mail or other forms of electronic medium. Except in the case of an emergency, reasonable notice of every committees' meeting shall be given in writing. The majority of the committees may waive notice of any meeting and any such waiver may be retroactive.

Notice of Committees' Meeting

160. Subject to any rules and regulations made hereunder, a committee may meet and adjourn as it thinks proper, and questions arising at any meeting shall be determined by a majority of votes of the members present (if more than one), and in the case of an equality of votes, the Chairman shall have a casting vote.

Proceedings of the Committee

161. A committee, local board or agency may elect a Chairman of its meetings, if no such Chairman is elected, or if at any meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding of the meeting, the members present may choose one (1) of their number to be the Chairman at the meeting.

Chairman of the Committee

VALIDATION OF ACTS OF DIRECTORS

162. All acts done by any meeting of the Directors or a Committee of Directors or by any person acting as a Director, local board or agency shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they, or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee, local board or agency as aforesaid and had been entitled to vote. **Validation of the Acts of the Directors or Committee**
163. Any sale or disposal by the Directors of a substantial portion of the Company's main undertaking or property shall be subject to approval by shareholders in general meeting. **Substantial Disposal**

CIRCULAR RESOLUTIONS

164. A resolution in writing signed or approved by letter, facsimile or other electronic means by majority of the Directors, for the time being entitled to receive notice of a meeting of Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution in writing may consist of several documents, including facsimile or other similar means of communication, in similar form, and each document shall be signed or assented to by one or more Directors or their alternates. A copy of any such resolution shall be entered in the minutes book of Board proceedings. **Circular Resolution**

MANAGING DIRECTOR AND/OR EXECUTIVE DIRECTOR

165. The Directors may from time to time appoint one (1) or more of their body to any executive office including the offices of Chief Executive, Managing Director, Deputy Managing Director or Executive Director upon such terms as they think fit except that any appointment of Managing Director for a fixed term shall not exceed three (3) years. The appointment may entrust to and confer upon the Directors holding such executive office, any powers exercisable by them as Directors generally as they may think fit, but such Chief Executive, Managing Director, Deputy Managing Director or Executive Director shall be subject to the control of the Board. The Board may from time to time (subject to any provisions of any contract between him and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or appoint a substitute during his or their absence from illness or any other cause and in case of any breach of any agreement his or their remedy against the Company shall be in damages only and he or they shall have no right or claim to continue in such office contrary to the will of the Directors or of the Company in general meeting. **Managing/ Executive Directors**
166. The remuneration of a Director holding an executive officer pursuant to this Constitution shall subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. **Remuneration of Director Holding Executive Office**
167. A Managing Director or a Deputy Managing Directors shall, while they continue to hold such offices, be subject to retirement by rotation in accordance with the relevant provisions of this Constitution, and they shall, subject to provisions of any contract between them and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and, if they cease to hold the office of Director from any cause, they shall ipso facto and immediately cease to be Managing Director or Deputy Managing Directors. **Managing Director Reckoned as Director for Purposes of Rotation and Retirement**

MINUTES AND REGISTERS

168. The Directors shall cause minutes to be duly entered in books provided for the purpose: **Minutes**
- of all appointments of officers;
 - of the names of all the Directors present at each meeting of the Directors and of any committee of Directors, local board or agency and of the Company in general meeting;
 - of all resolutions and proceedings of general meetings and of meetings of the Directors and committees of Directors, local board or agency; and
 - of all orders made by the Directors and any committee of Directors, local board or agency.
- Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
169. Where a resolution is passed at an adjourned meeting of the Board, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not to be deemed to have been passed on any earlier date. **Resolution Passed at Adjourned Meeting**

170. The Company shall in accordance with the provisions of the Act, keep at the Office, or such other place, provided notice has been given to the Registrar of Company, a register containing such particulars with respect to the Directors, managers and secretaries of the Company as are required by the Act, and shall from time to time notify the Registrar of Companies of any change in such register and of the date of such change in manner prescribed by the Act. **Register of Directors, Managers and Secretaries**
171. The books containing the minutes of proceedings of any general meeting shall be kept by the Company at the Office, or such other place, provided notice has been given to the Registrar of Company, and shall be open to the inspection of any member without charge. **Minute Books in Registered Office**
172. The Company shall also keep at the Office, or such other place, provided notice has been given to the Registrar of Company, a register which shall be open to the inspection of any member without charge and to any other person on payment of such prescribed fee as may be determined by the Company, all such matters required to be so registered under the Act, and in particular:
- (a) a register of substantial shareholders and of information received in pursuance of the requirements under the Act; **Registers of Substantial Shareholders**
 - (b) a register of the particulars of each of the Directors' shareholdings and interests as required under the Act; and **Register of Directors' Shareholdings**
 - (c) a register of mortgages and charges as required under the Act. **Register of Mortgages and Charges**

THE SECRETARY

173. The Secretary or Secretaries shall, in accordance with the Act, be appointed by the Directors for such term, at such remuneration, and upon such conditions as the Directors think fit, and any Secretary or Secretaries so appointed may be removed by them but without prejudice to any claim he or they may have for damages for breach of any contract of service with the Company. The Directors may, from time to time, by resolution appoint a temporary substitute for the Secretary, who shall be deemed to be the Secretary during the term of his appointment. **Appointment of Secretary**
174. The Secretary may resign from his office in accordance with the Act and any resignation shall be effective within thirty (30) days of the notice of resignation. The Board shall appoint another person as Secretary within thirty (30) days of receipt of the outgoing Secretary's notice of resignation in compliance with the Act. **Resignation of Secretary**

SEAL

175. The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Directors authorising the use of the Seal. The Directors may from time to time make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, the Seal shall be affixed in the presence of at least one (1) Director and counter-signed by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose who shall sign every instrument to which the Seal is affixed. The Directors may by resolution determine either generally or in any particular case that the signature of any Director, the Secretary or such other persons appointed as aforesaid may be affixed or reproduced by facsimile, autographic or other mechanical means provided that the use of such is restricted to a certificate or other documents of title in respect of any share, stock, debenture or marketable security created or issued by the Company to be given under the Seal of the Company. The Company may exercise the powers as provided under the Act, and such powers are accordingly hereby vested in the Directors. **The Custody and the Affixing of the Seal**
176. The Company may also have a share seal pursuant to the provisions of the Act. The share seal is a duplicate or facsimile of the Seal with the addition on its face of the words "Share Seal" which is specifically affixed onto certificates that may be issued by the Company for any share, stock, loan stock, debentures as defined in the Act, or other marketable security created or issued by the Company. **The Share Seal**

SEAL FOR USE ABROAD

177. The Company or the Directors, on behalf of the Company, may exercise the powers, conferred by the provisions of the Act, with regard to having an official Seal for use abroad, and the powers conferred by the provisions of the Act with regard to the keeping of a branch Register. **Seal for Use Abroad**

RESERVES

178. The Directors may, before recommending any dividend, whether preferential or otherwise, set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet depreciation or contingencies, or for equalising dividends or for the payment of special dividends, or for the general liquidation of any debt or liability of the Company or for repairing, improving or maintaining any of the property of the Company, or for such other purposes (being purposes for which the profits of the Company may lawfully be applied) as the Directors shall in their absolute discretion think conducive to the interest of the Company, and may invest the several sums so set aside upon such investments as they think fit (including purchasing shares in the Company to the extent and in the manner allowed by the Act and subject to the provisions of this Constitution) and, from time to time, vary or realise such investments and dispose of all or any part thereof for the benefit of the Company, and may divide any reserve fund into such special funds as they think fit, with all power to employ the assets constituting the reserve fund in the business of the Company, and without being bound to keep the same separate from the other assets. The Directors may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide. **Creation of Reserve Fund**

179. The Directors may establish a reserve to be called either “capital reserve” or “realisation account” and shall carry to the credit of such reserve from time to time, all monies realised on the sale of any investments held by the Company in excess of the then book price of the same in providing for depreciation or contingencies. Such capital reserve or realisation account and all other monies in the nature or otherwise, shall be treated for all purposes as capital monies and not as profits available for dividend. Any losses realised on the sale of any investments may be carried to the debit of capital reserve or realisation account except in so far as the Directors shall decide to make good the same out of other monies of the Company.

**Capital Reserve
or Realisation
Account**

DIVIDEND

180. The profits of the Company available for dividend and determined to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may declare dividends accordingly.
181. Without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided, no dividend shall be paid otherwise than out of profits of the Company available if the Company is solvent nor shall any dividend or other monies payable on or in respect of any share bear interest against the Company and no dividend shall be paid in excess of the amount recommended by the Directors.
182. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of call shall be treated for the purposes of this Clause as paid up on the share. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date, such share shall rank for dividend accordingly.
183. The Directors may if they think fit from time to time pay to the members such dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes, the Directors may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and, provided that the Directors act bona fide, they shall not incur any responsibility to the holder of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of a dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly, or at other suitable intervals to be determined by them, any dividend which may be payable at a fixed rate, if they are of the opinion that the profits justify the payment.
184. The Directors may deduct from any dividend payable to any member all sums of money (if any) immediately payable by him to the Company on account of calls or otherwise in relation to the shares of the Company held by him.
185. The Directors may retain any dividend or other moneys payable on or in respect of a share other than fully paid shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
186. Subject to the provisions of the Act where any asset, business or property is bought by the Company as from a past date upon the terms that the Company shall as from that date take the profits and bear the losses thereof, such profits or losses, as the case may be, shall, at the discretion of the Directors, be credited or debited wholly or in part to revenue account, and in that case the amount so credited or debited shall, for the purpose of ascertaining the fund available for dividend, be treated as a profit or loss arising from the business of the Company and available for dividend accordingly. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest when paid may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.
187. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
188. All dividends unclaimed for more than one (1) year after having been declared may be dealt with in accordance with the provisions of the Unclaimed Monies Act, 1965 after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until be claimed or paid pursuant to the Unclaimed Monies Act, 1965. No unpaid dividend, bonus, or interest shall bear interest as against the Company.
189. Any dividend declared on Deposited Securities shall accrue to the Depositors whose names appear on the Record of Depositors issued to the Company or the Company’s Registrar pursuant to the Rules.

**Payment of
Dividends**

**Dividends
Payable from
Profits Only**

**Dividends in
Proportion to
Amounts Paid Up**

Dividend

**Debts May be
Deducted from
Dividends**

**Power to Retain
Dividends
on which the
Company Has a
Lien**

**Asset, Business
or Property
Bought by the
Company Has a
Lien**

**Power to Retain
Dividends in
Respect of
Transmission of
Shares**

**Unclaimed
Dividends**

**Transfer Not
to Affect Right
to Dividend
Declared Before
Registration**

190. Any dividend, interest or other money payable in cash in respect of shares may be paid by way of direct transfer by means of the electronic payment systems, upon terms and subject to conditions as the Directors may stipulate, or by cheque or warrant and sent through the post directed to the registered address of the holder, or to such person and to such address as the holder may in writing direct or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such persons may by writing direct, subject to the Rules. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest against the Company. **Mode of Payment of Dividend**
191. Any general meeting declaring a dividend or bonus may upon the recommendation of the Directors, make direct payment of such dividend or bonus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debenture or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient, and in particular, may issue fractional shares and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustee upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors. **Power to Distribute Dividend in Specie**

CAPITALISATION OF PROFITS

192. The Company in general meeting may, upon the recommendation of the Directors, by ordinary resolution resolve, either unconditionally or subject to such conditions as it may deem fit, that it is desirable to capitalise any sum standing or which will stand to the credit of the profit and loss account, or otherwise available, or which will become available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend, and accordingly that the Directors be authorised to appropriate the sum resolved to be capitalised to the members holding ordinary shares in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum; their behalf, either in or towards paying the amounts (if any) for the time being unpaid on any shares held by such members respectively, or paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid or partly in one way and partly in the other. **Capitalisation of Profits**
193. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members. **Appropriation and Allotment**

FINANCIAL STATEMENTS

194. The Directors shall cause proper accounting and other records to be kept and shall distribute copies of financial statements and other documents as required by the Act, and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to the provisions of the Act, the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors. **Directors to Keep Proper Financial Statements**

195. The Directors shall from time to time in accordance with of the provisions of the Act, cause to be prepared and laid before the Company in general meeting such financial statements and report as are referred to in the Act. A copy of each such documents shall not less than twenty-one (21) clear days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of this Constitution. The requisite number of copies of each such document as may be required by the Exchange and Securities Commission shall at the same time be likewise sent to the Exchange and Securities Commission provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware, but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. **Financial Statements to be Made-Up and Laid Before the Company**
196. Save as may be necessary for complying with the provisions of the Act, the Directors shall not be bound to publish any list or particulars of the securities or investments held by the Company or to give any information with reference to the same to any member. **Lists or Particulars of Securities of Investments**

AUDIT

197. Auditors shall be appointed in accordance with the Act and their duties regulated in accordance with provisions of the Act. **Appointment of Auditors**
198. Subject to the provisions of the Act, all acts done by any person acting as an Auditors shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment. **Validity of Acts of Auditors**
199. The Auditors shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any member is entitled to receive, and to be heard at any general meeting on any part of the business of the meeting which concerns the Auditors. **Auditors Entitled to Attend General Meeting**

LANGUAGE

200. Where any accounts, minute books or other records required to be kept by the Act, are not kept in Bahasa Malaysia or the English language, the Directors shall cause a true translation of such accounts, minute books and other records to be made from time to time at intervals of not more than seven (7) days, and shall cause such translation to be kept with the original accounts, minute books and other records for so long as the original accounts, minute books and other records are required by the Act to be kept. **Language**

DESTRUCTION OF RECORDS

201. All instruments of transfer, which shall have been registered at any time, after a reasonable time from the date of registration thereof, and all share certificates and dividend mandates, which have been cancelled or have ceased to have effect at any time after the expiration of one (1) year from the date of cancellation or cessation thereof, and all notifications of change of name or address after the expiration of one (1) year from the date they were recorded, and in favour of the Company, it shall conclusively be presumed that every entry in the register which purports to have been made on the basis of an instrument of transfer or other document so destroyed, was duly and properly made, and every share certificate so destroyed was a valid certificate duly and properly cancelled, and every other document hereinbefore mentioned so destroyed, was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided that:
- (a) the foregoing provisions of this Clause shall apply only to the destruction of a document in good faith and without express notice that the preservation of such document was relevant to a claim;
 - (b) nothing contained in this Clause shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company but for the provisions of this Constitution; and
 - (c) reference in this Clause to the destruction of any document include references to its disposal in any manner.
- Company May Destroy Documents**

AUTHENTICATION OF DOCUMENTS

202. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company, and any resolution passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof, or extracts therefrom, as true copies or extracts; and where any books, records, documents or accounts are kept elsewhere other than in the Office, the local manager, or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Directors as aforesaid. **Appointed Persons**

203. A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of the last preceding Clause shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

***Certified Copies
of Resolution of
the Directors***

NOTICES

204. Unless expressly provided otherwise in this Constitution, any notice to be given to or by any person pursuant to this Constitution, the Act and/or the Listing Requirements, statements, reports or documents (including proxy forms) required to be sent to or completed by members, shall be in writing either in hardcopy, in electronic form or partly in hardcopy and partly in electronic form except that a notice calling a meeting of the Directors need not be in writing.
205. The Company may give any notice or other Document to a member either:
- (a) personally or by sending it by post in a prepaid envelope addressed to the member at his registered or service address as appearing in the Register, Record of Depositors or (if he has no registered address within Malaysia) to the service address (if any) within Malaysia supplied by him to the Company for the giving of the notice to him or by leaving it at that address. For avoidance of doubt, the contact details (including electronic address) of the member as set out in the Record of Depositors shall be deemed the last known address provided by the member to the Company for purposes of communication with the member; or
- (b) by sending it by courier addressed to the member at his registered or service address as appearing in the Register or Record of Depositors or (if he has no registered address within Malaysia) to the service address (if any) within Malaysia supplied by him to the Company for the giving of the notice to him.
206. The Company may also give any notice or other Documents to a member by:
- (a) facsimile, electronic mail or any other methods of (apart from those referred to above) communicating writing in visible form to his registered or service address or the number supplied by such member to the Company;
- (b) publishing on the Company's website; or
- (c) (c)advertisement in newspaper.

***Notice to be in
writing***

***Method of giving
notice***

***Additional
methods***

Where notices or other Documents are published on the Company's website, the Company shall separately and immediately on the day such notice or document is published notify its members in writing or by electronic means (other than through the Company's website) or any other form of communication permitted including but not limited to advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed about the publication and the designated weblink or address where a copy of the notice or document may be downloaded.

207. Every person who, by operation of law, transfer, transmission or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address being entered in the Record of Depositors as the registered holder of such share, shall have been duly given to the person from whom he derives the title to such share, provided always that a person entitled to a share in consequence of the death or bankruptcy of a member, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within Malaysia for the service of notices, shall be entitled to have served upon him at such address any notice or document to which the member but for his death or bankruptcy would be entitled, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (as claiming through or under him) in the share.
208. Subject always to the provisions of this Constitution, any notice or Documents in hard copy or electronic form or partly in hard copy and partly in electronic form delivered or sent by post to, or left at, the registered address or electronic address provided by any member shall, if such member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representatives.
209. Notice of every general meeting shall be given in any manner hereinbefore to:
- (a) every Director with a registered address in Malaysia or an address for service of notices in Malaysia;
- (b) every member at his registered address as appearing in the Record of Depositors, as the case may be, in Malaysia, or (if he has no address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices to him;

***Person Entitled
to Shares
by Transfer,
Transmission, Etc
Bound by Notices***

***Notices by Post
to Persons
Entitled in
Consequence of
Death***

***Persons Entitled
to Notice of
General Meeting***

- (c) to the electronic address or number provided by the member to the Company for such purpose as appearing in the Record of Depositors or by publishing on the Company's website or via short messaging service or any other electronic platform(s).
- (d) every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting;
- (e) the Auditors for the time being of the Company; and
- (f) the Exchange on which the Company is listed and any other relevant authorities.
- (2) Save as otherwise provided in this Constitution or in the Act, no other person shall be entitled to receive notice of general meetings.
- (3) Any notice on behalf of the Company or of the Board shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company.
210. (1) A notice or document shall be deemed given:
- (a) (in the case of post or courier) on being posted or despatched; or
- (b) (in the case of delivery by hand) on delivery.
- (2) A notice shall also be deemed given:
- (a) (in the case of facsimile, electronic mail or any other methods of, apart from those referred to above, communicating writing in visible form) on despatch or transmission; or
- (b) (in the case of an advertisement in newspaper) on the day on which the advertisement appears in the relevant national daily newspaper
- (3) A notice or document shall be deemed:
- (a) posted on a certain date if it is proven that an envelope containing a notice was properly addressed, prepaid and put in the post on that date;
- (b) despatched by courier on a certain date if on that date, it is left at an office of the person, body or company carrying out the courier service or it is collected by an employee or representative of such person, body or company; or
- (c) delivered on the day of transmission in the case of electronic means where there is a record of the sending and where no failure of delivery is received. In the event the electronic transmission is unsuccessful, the notice of document shall be sent via post addressed to the member's registered or service address as appearing in the Register or Record of Depositors. For documents pertaining to subscription or acceptance these are to be sent within two (2) market days and for other documents or notices within four (4) market days.
211. Where a notice or Document is sent via electronic means or where copies are made available for download from the Company's website, a member is entitled to request for hard copies of the same. Upon receipt of the request the Company shall within two (2) market days after the receipt of the request send to the member hardcopies of subscription or acceptance documents. For any other notices or documents the Company shall send the notices or documents within four (4) market days.

Deemed given of Notice

Member Request for Hard Copies

WINDING UP

212. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the Court), the liquidator may, with the sanction of a special resolution of the Company, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets, in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
213. Save that this Constitution shall be without prejudice to the rights of holders of shares issued upon special terms and conditions, the following provisions shall apply:
- (a) If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively; and
- (b) If in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

Distribution in Specie

Distribution of Assets

214. On a voluntary winding up of the Company, no commission or fee shall be paid to a liquidator without the prior approval of the members in general meeting. The amount of such commission or fee shall be notified to all members not less than seven (7) days before the meeting at which it is to be considered. **Commission or Fee to Liquidators**

SECURITY CLAUSE

215. Save as may be provided by the Act, no member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information respecting any detail of the Company's trading, manufacturing or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the members of the Company to communicate to the public. **Secrecy**

INDEMNITY

216. Subject to the provisions of the Act, every Director, Managing Director, Deputy Managing Director, Assistant Managing Director, agent, Auditors, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court in respect of any negligence, default, breach of duty or breach of trust. **Indemnity to the Directors, Managing Director, Secretary, Etc**

RECONSTRUCTION

217. On the sale of the undertaking of the Company, the Directors or the liquidators on a winding up may, if authorised by a special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (on-a winding up), may distribute such shares or securities, or any property of the Company amongst the members without realisation, or vest the same in trust for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in the case of the Company which is proposed to be or is in the course of being wound up, such statutory rights (if any) under the Act as are incapable of being varied or excluded by these Clauses. **Reconstruction**

EFFECT OF LISTING REQUIREMENTS

218. (1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done. **Effect of Listing Requirements**
- (2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
- (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (4) If the Listing Requirements require this Constitution to contain a provision and they do not contain such a provision, this Constitution are deemed to contain that provision.
- (5) If the Listing Requirements require this Constitution not to contain a provision and they contain such a provision, this Constitution are deemed not to contain that provision.
- (6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, these Clauses are deemed not to contain that provision to the extent of the inconsistency.
- (7) Notwithstanding anything contained in these Clauses, nothing herein contained shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of any of the Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of the Clauses relating to those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.
- (8) The provision of this Clause shall only apply so long as any of the securities of the Company are listed on the Exchange.

THE ACT, CENTRAL DEPOSITORIES ACT AND THE RULES

219. Notwithstanding this Constitution, the Company shall comply with the Act, Central Depositories Act, the Listing Requirements and the Rules in respect of all matters relating to Securities Commission or otherwise, where applicable. **Compliance with the Act, Central Depositors Act and Rules**

FORM OF PROXY

(Before completing this form please refer to the notes below)



NETX HOLDINGS BERHAD

Company Registration No. 200001030834 (533441-W)

I/We (Full Name in Block Letters)

NRIC No. / Passport No. / Company No.

of

being a member of **NETX HOLDINGS BERHAD**, hereby appoint:

Full Name (IN BLOCK LETTERS)	NRIC / Passport No.:
Full Address	Contact No.:
	Email Address :

or failing him/her

Full Name (IN BLOCK LETTERS)	NRIC / Passport No.:
Full Address	Contact No.:
	Email Address :

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighteenth (18th) Annual General Meeting of the Company to be held the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 May 2020 at 10.30 a.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicate below :

No.	Resolutions		For	Against
1.	To re-elect Yong Ket Inn as Director.	Ordinary Resolution 1		
2.	To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 2		

(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)

Dated this day of, 2020.

Signature/Common Seal of Member

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy	Second Proxy
No. of Shares:	No. of Shares:
Percentage : %	Percentage : %

NOTES:

- The Company has changed its financial year end from 30 June to 30 November and an announcement has been made to Bursa Malaysia Securities Berhad on 25 September 2019 on the change of financial year end. Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 May 2020 for the Company to hold its AGM in respect of the calendar year 2019. The Company did not hold any AGM in the calendar year 2019. Hence, the forthcoming Eighteenth (18th) AGM will be held to table the 17-months Audited Financial Statements made up from 1 July 2018 to 30 November 2019 as well as other ordinary businesses, and this AGM shall be deemed to be held for the calendar year 2019.
- 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 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 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 15 May 2020 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.
- Please be informed the 18th AGM will be conducted fully virtue at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

Fold Here

Affix
stamp

**THE SHARE REGISTRAR OF
NETX HOLDINGS BERHAD**

Company Registration No. 200001030834 (533441-W)

SHAREWORKS SDN. BHD.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur, Malaysia

Fold Here

FORM OF PROXY

(Before completing this form please refer to the notes below)



NETX HOLDINGS BERHAD

Company Registration No. 200001030834 (533441-W)

I/We (Full Name in Block Letters)

NRIC No. / Passport No. / Company No.

of

being a member of **NETX HOLDINGS BERHAD**, hereby appoint:

Full Name (IN BLOCK LETTERS)	NRIC / Passport No.:
Full Address	Contact No.:
	Email Address :

or failing him/her

Full Name (IN BLOCK LETTERS)	NRIC / Passport No.:
Full Address	Contact No.:
	Email Address :

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Nineteenth (19th) Annual General Meeting of the Company to be held at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 May 2020 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Eighteenth (18th) Annual General Meeting which will be held at 10.30 a.m. on the same day and at the same venue.

My/Our Proxy(ies) is/are to vote as indicate below :

No.	Resolutions		For	Against
1.	To re-elect YM Tengku Ahmad Badli Shah Bin Raja Hussin as Director.	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees and benefits payable to the Directors.	Ordinary Resolution 2		
3.	To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 3		
4.	To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 4		
5.	To approve the proposed adoption of new Constitution.	Special Resolution 1		

(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)

Dated this day of, 2020.

Signature/Common Seal of Member

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy	Second Proxy
No. of Shares:	No. of Shares:
Percentage : %	Percentage : %

NOTES:

- Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. Therefore, the forthcoming Nineteenth (19th) AGM of the Company will be held in respect of the calendar year 2020. There will be no Audited Financial Statements tabled at this AGM. The 17-months Audited Financial Statements for the financial period ended 30 November 2019 will be tabled at the Eighteenth (18th) AGM which will be held at 10.30 a.m. on the same day and at the same venue.**
- 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 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 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 15 May 2020 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.
- Please be informed the 19th AGM will be conducted fully virtue of the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

Fold Here

Affix
stamp

**THE SHARE REGISTRAR OF
NETX HOLDINGS BERHAD**

Company Registration No. 200001030834 (533441-W)

SHAREWORKS SDN. BHD.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur, Malaysia

Fold Here



www.netx.com.my



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 Darul Ehsan

Tel : +603-7887 8818

Fax : +603-7886 2199