



NETX HOLDINGS BERHAD

(Company Registration No. 200001030834 (533441-W))



VALUE CREATION THROUGH INNOVATION

ANNUAL REPORT **2020**



20th

ANNUAL GENERAL MEETING

BROADCAST VENUE

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

DATE

5 May 2021, Wednesday

TIME

10.30 a.m.

WHAT INSIDE THIS REPORT

02

Corporate Information

03

Corporate Structure

04

Chairman's Statement

06

Management
Discussion and Analysis

12

Corporate Sustainability
Statement

14

Profile of Directors

16

Profile of Key Senior
Management

17

Audit and Risk Management
Committee Report

20

Overview Statement on
Corporate Governance

32

Statement on Risk
Management and Internal
Control

35

Other Compliance
Information

39

Directors' Responsibility
Statement on Financial
Statements

40

Financial Statements

108

Analysis of Shareholdings

110

Analysis of Warrant Holdings

112

Notice of Annual
General Meeting

114

Statement Accompanying
Notice of Annual General
Meeting

115

Administrative Guide

Form of Proxy

CORPORATE INFORMATION



BOARD OF DIRECTORS

YM TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

Senior Independent
Non-Executive Director/
Chairman

CHU CHEE PENG

Independent Non-Executive
Director

YONG KET INN

Non-Independent
Non-Executive Director

TAN SIK EEK

Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chu Chee Peng (Chairman)

**YM Tengku Ahmad Badli Shah
Bin Raja Hussin**

Yong Ket Inn

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
(SSM PC No. 202008001343)
(MAICSA 7055003)

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

REGISTERED OFFICE

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

AUDITORS

SBY Partners PLT (Formerly known as
Siew Boon Yeong & Associates)
202106000003 (LLP0026726-LCA)
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 3121

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

ABOUT



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.

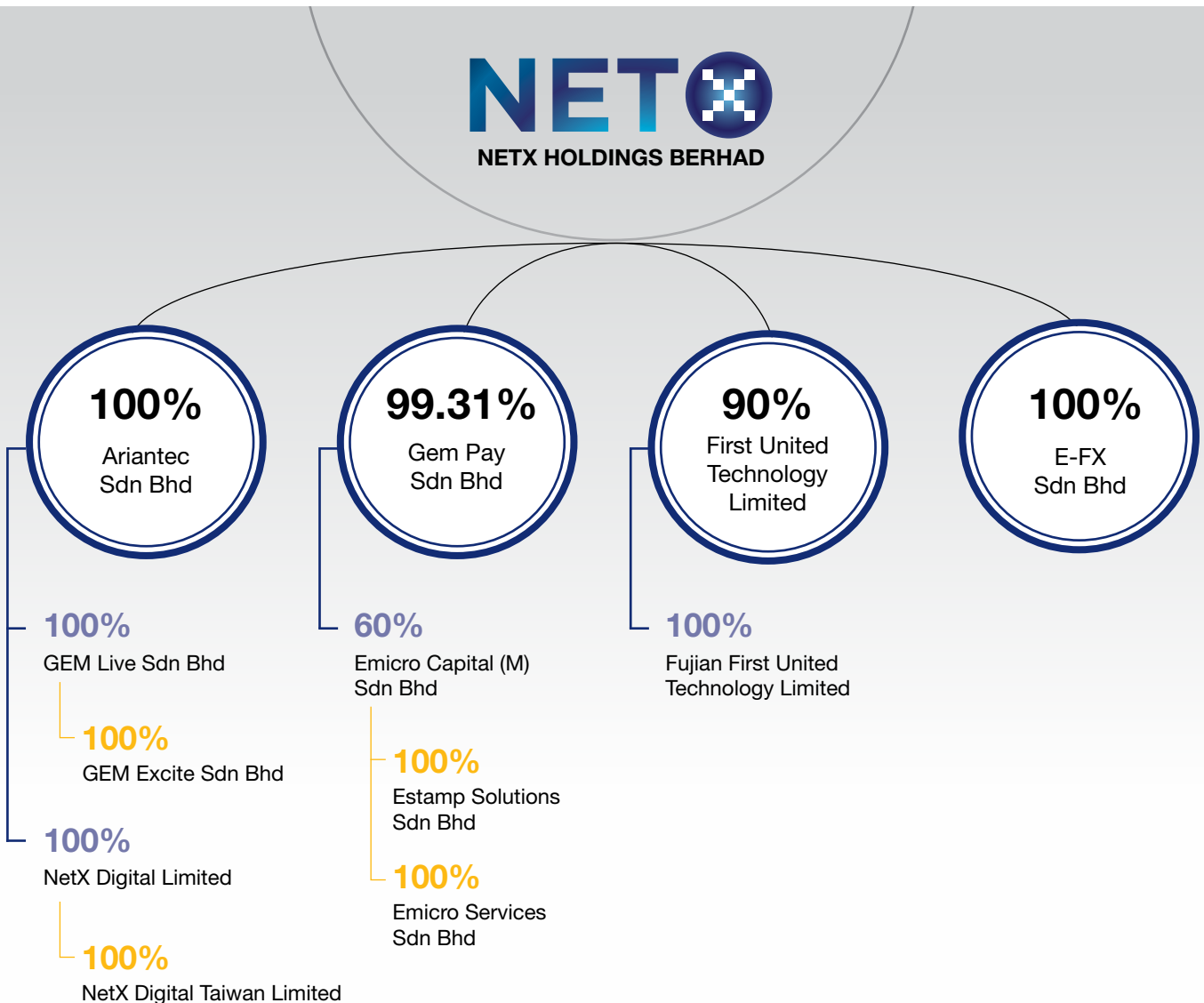
NetX firmly believes in its philosophy of finding new and better ways of doing things through technology. Its businesses are geared toward redefining and challenging established and conventional practices that bring value to the betterment of whole societies.

VISION

Disrupting existing industries through innovative technologies.

MISSION

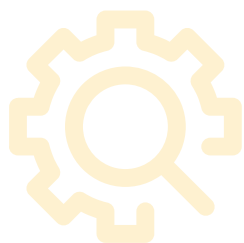
To challenge markets by driving innovation and consumer adoption that will bring greater value to societies.



CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of NetX Holdings Berhad ("NetX" or "Group") for the financial year ended 30 November 2020 ("FYE 2020").



THE YEAR IN REVIEW

The Group achieved higher revenue of RM14.90 million this year as compared to RM9.99 million previous period. The loss before tax for current year of RM17.01 million, is lower than previous period loss of RM31.99 million mainly due to higher revenue and profit from project sales of network equipment and infrastructure. The current year losses mainly attributed to impairment on intangible assets of RM8.05 million, share-based compensation expenses of RM1.68 million for share option granted to employees, fair value loss on investment in public listed company RM2.1 million, net loss on foreign exchange of RM1.91 million, professional fees on corporate exercise of RM1 million.

OUTLOOK

In 2020, growth within the digital economy has understandably accelerated as the COVID-19 pandemic gave birth to new digital businesses, forced traditional brick-and-mortar enterprises to pivot online, and saw millions of Malaysians go virtual for their e-commerce, entertainment, education, and food & grocery which has positively impacted the e-wallet or alternative payment solutions. According to Global Data research house, the Malaysia's e-commerce market is estimated to register 24.7% growth in 2020 and is expected to reach RM51.6 billion (US\$12.6 billion) by 2024, increasing at a compound annual growth rate (CAGR) of 14.3% between 2020 and 2024 while the alternative payment solutions has accounted for 25.3% from the e-commerce transacted in 2020.

It is evident that the digital technology and economy has allowed the business continuation following the outbreak of the COVID-19 pandemic and caused a paradigm shift for consumer behaviour. With various Government initiatives in promoting digitisation, we should anticipate both a healthy growth in digital users and increase in competition in solutions to meet the demand.

(source - <https://www.globaldata.com/covid-19-accelerates-e-commerce-growth-malaysia-says-globaldata/#:~:text=According%20to%20GlobalData's%20E%2DCommerce,14.3%25%20between%202020%20and%202024.>)



PROSPECT AND STRATEGY

The Group foresees that the digital wave will continue to transform our daily lives and now it has reached a scale that has never been achieved before with the new normal brought about by COVID-19 pandemic. According to the WeAreSocialDigital Report 2019, the digital economy market value of Malaysia is estimated at RM16 billion in 2019 and 3rd in e-commerce penetration within the South East Asian region. Despite a four-year period of rapid growth, there is still plenty of room for the market to continue to expand. According to the JP Morgan report, just under half the population is yet to shop online, meaning there are almost 16 million as-yet untapped e-shoppers. Our nation is also young: the average age is 28.7 years, and 44.2% of the population is aged 24 and under which means that there are an untapped generation of potential customers waiting to be exposed to the digital world.

Moving forward, the Group now aims to increase the 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. We are also exploring the advanced technologies such as artificial intelligence (AI), internet of things (IOT) or big data analytics and blockchain to improve our GemPay, GemSpot, Ping-U and Smart Vending Machine solutions and services. This will ultimately improve the overall user experience to remain competitive and improve our financial performance.

Chairman's Statement

SUSTAINABILITY MATTERS

Sustainability is the core of what we do, and we aspire to pursue endeavours that positively impact the business, environment, and communities around us for a sustainable future. Hence, we are committed to adhering to the best sustainability practices as we strive to achieve our strategic goals with minimal environmental footprint.

Building a sustainable business is our foremost priority and this encompasses environmental, social, and governance concerns. Equally important is our excellent performance in health, safety and environmental standards. These as well as other initiatives are outlined in our Sustainability Statement set out from pages 12 to 13 of this Annual Report.



ACKNOWLEDGMENT AND APPRECIATION

On behalf of the Board, I would like to convey my gratitude to our shareholders, valued customers, business merchants and partners, bankers and corporate advisors, and suppliers for their continued support and trust. I would also like to extend our appreciation towards our management team and employees for their untiring efforts and commitment to navigate through the difficult period during FYE 2020.

Finally, I would like to extend my heartfelt appreciation to my fellow Board members for your dedication, valuable advice, and service to the Board.

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



GEMSPOT



The Modern F&B Concierge

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE AND BUSINESS

NetX Holdings Berhad (“NetX” or “Company” 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.

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, thru GEM Live 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.

CORPORATE VISION

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.

GROUP FINANCIAL REVIEW

	12 months Ended 30-Nov-20 RM’000	17 months Ended 30-Nov-19 RM’000	Variance RM’000	%
Revenue	14,897	9,993	4,904	49
Gross Profit	8,914	3,844	5,070	132
Gross Profit Margin (%)	60%	38%	-	22
Other Operating Income	2,473	2,913	(440)	(15)
Administrative Expenses	(15,556)	(18,108)	2,552	14
Other Operating Expenses	(12,728)	(20,468)	7,740	38
Loss Before Tax	(17,013)	(31,995)	14,982	47
Loss Attributable to Ordinary Equity Holders of the Company	(15,871)	(30,644)	14,773	48

Revenue and Gross Profit

The Group’s revenue improved from RM9.99 million in the previous period to RM14.90 million in the current year. The gross profit margin also improved from 38% in the previous period to 60% in the current year. This was mainly due to higher revenue from the Non-payment solutions segment, which mainly derived from project sales of network equipment and infrastructure.

Administrative Expenses

The administrative expenses of the Group of RM15.56 million in current year, lower than RM18.11 million in previous period mainly due to lower marketing expenses to promote GEM business.

Other Operating Expenses

The other operating expenses of the Group of RM12.73 million in current year, lower than RM20.47 million in previous period mainly due to lower amortization of intangible assets of RM1.23 million (2019: RM4.35 million), bad debts written off of RM0.015 million (2019: RM7 million), fair value loss on investment in public listed company of RM2.1 million (2019: RM0.99 million), provision of doubtful debts of RM0.22 million (2019: RM4.1 million) and intangible assets written off of RM0.019 million (2019: RM2.82 million). However, lower other operating expenses were mitigated by higher share-based compensation expenses for share option granted to employees of RM1.68 million (2019: RM0.81 million) and higher terminal written off of RM0.63 million (2019: RM0.02 million).

Loss Before Tax

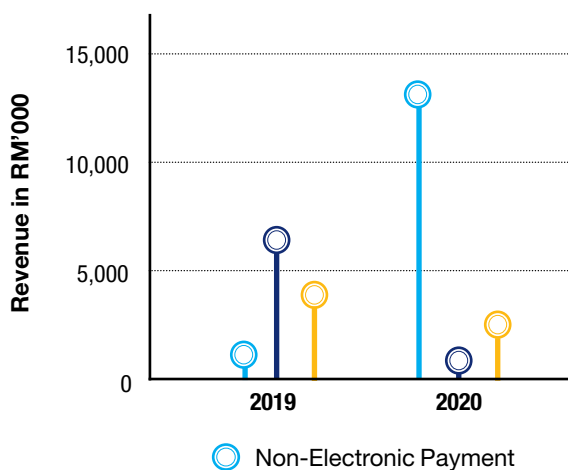
The loss before tax of the Group in current year of RM17.01 million, lower than RM31.99 million in previous period, mainly due to lower expenses couple with higher gross revenue and gross profit, which was explained in the notes above.

Management Discussion and Analysis

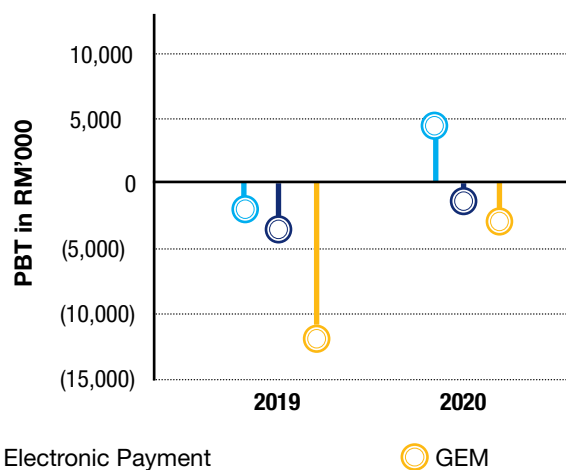
REVIEW OF BUSINESS AND OPERATIONS

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.

REVENUE



OPERATING PROFIT/(LOSS)



(A) Non-Electronic Payment Services

The business segment consists of trading and provisioning of network equipment and infrastructure, system design, integration, and other related services.

The revenue from this segment is dependent on projects secured and therefore inconsistent throughout the year. This segment achieved a higher revenue and profits from RM0.35 million revenue and loss before tax of RM1.90 million in the previous period to RM12.49 million revenue and profit before tax of RM4.81 million in the current year respectively, mainly contributed from a few projects sales of network equipment and infrastructure in current year, while previous period's revenue was mainly the balance of progress billings of contracts secured in prior years.

(B) Electronic Payment Services

This business segment includes the following:-

- Provision of payment software licensing, mobile payment solutions and support services including its related software and hardware.
- Provision of Master Merchant and sub-contractors' services and revenue sharing with financial services company in Malaysia.
- Sales and Rental of EFTPOS terminal.

Since the acquisition of GEM Pay in year 2015, a payment solutions company, the Group has been working to increase the number of merchants in Malaysia. However, revenue has dropped from RM5.98 million in the previous period to RM0.36 million in the current year due as there was a drop in the provision of payment software licensing and mobile payment solutions in current year.

The economy has seen the gradual evolution from offline to online towards a cashless state. GEM Pay intends to approach other online payment service providers in the region to collaborate in offering cashless solutions to merchants. GEM Pay is also in the middle of developing a Point-of-Sale System with payment system integrated to assist merchants to strive through the current challenging economic environment.

The loss before tax of RM8.06 million this year mainly due to impairment on intangible assets of RM6.45 million (2019: RM Nil), terminals written off of RM0.63 million (2019: RM0.02 million) and minimum resources required to service the existing merchants. The loss before tax of RM14.96 million in previous period were mainly arise from amortisation of intangible assets of RM3.37 million, intangible assets written off of RM2.82mil, bad debts written off of RM7 million and provision of doubtful debts of RM2.06 million.

Management Discussion and Analysis

REVIEW OF BUSINESS AND OPERATIONS (CONTINUED)

(C) GEM

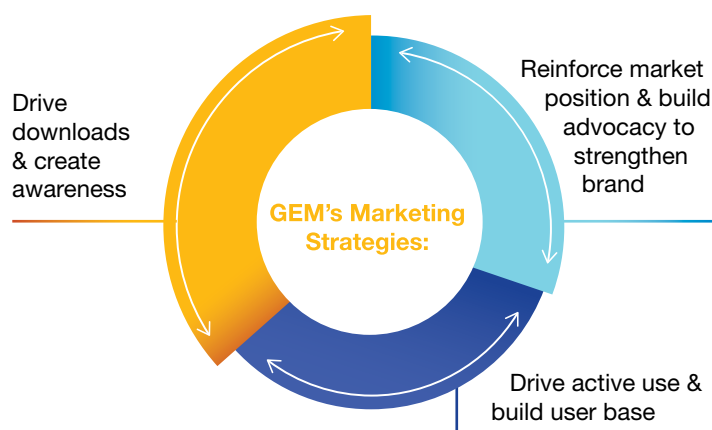
GEM stands for “Great Experiences Matter” and is a mobile lifestyle application that allows users to access popular restaurants or events and make reservations or request food or gifts delivery with just a few clicks within a single platform.

GEM mobile app consists of the following features:-

- Dining - Reserve seats at popular F&B outlets and pre-purchase F&B deals & promotions.
- Party - Reserve seats, tables or rooms at bars, pubs, clubs or karaoke outlets and pre-purchase drink deals in advance; or
- Food & Gift delivery - Purchase meals or gifts at various F&B or gift outlets and delivered to the user's premises.

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.

The revenue from this segment for 12 months ended 30 November 2020 of RM2.05 million is slightly lower than 17 months revenue of RM3.66 million in previous period. However, the loss before tax has reduced significantly from RM12.61 million in previous period to RM6.13 million in current year mainly due to lower marketing expenses and better cost control. The losses in this segment is due to resources invested for expansion and promotion of this business.



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 230,000 app downloads with 2,000 weekly active users and 500 signed active merchants as at 30 November 2020.

Management Discussion and Analysis

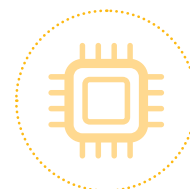
ANTICIPATED RISKS AND MITIGATING FACTORS

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

The Group operates in a dynamic market where its products are prone to the evolving needs of the ICT and mobile payment industry and the online food delivery service market, frequent and potentially new product introductions and enhancements that may be disruptive to the industry. The Group's future growth and success would significantly depend on continuing marketing acceptance of its products, and its ability to develop new products to meet the requirements of the Group's customers.

Hence, the Group is keeping abreast of the latest industry trends and developments, both locally and abroad. The Group is 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 or request food or gift deliveries. 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. In order to stay ahead of the competition, the Group may need to incur additional costs to run marketing, advertising and promotional activities for the continuous acquisition of consumers and merchants to use its application. 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.



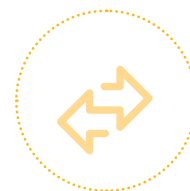
(iii) Investment Risk

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 regular updates from the Executive Director or the management at the Board of Directors meeting.



(iv) Foreign Exchange Risk

The Group is exposed to foreign currency risk on sales, software developments 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") and the HKG Dollar ("HKD"). As such, any fluctuation in foreign exchange rates would have an impact on our profitability and financial performance. To mitigate the impact of currency fluctuation on our financial results, the exposure of foreign currency risk is closely monitored on an on-going basis to ensure that the net exposure is at an acceptable level.



Management Discussion and Analysis

ANTICIPATED RISKS AND MITIGATING FACTORS (CONTINUED)



(v) Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables. 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

COVID-19 has had a major impact on global growth, particularly due to its capacity to disrupt and dismantle development progress that has been made across social, business and economic fronts. For as long as a vaccine is yet to be found, the entire global economy - Malaysia included - remains at its mercy. At the heart of this unprecedented economic challenge is the consequential threat to lives, as well as risk of increased poverty and long-term systemic damage to our socio-economic fabric.

According to Belanjawan Economic Outlook 2021 report, the Covid-19 pandemic and its various iterations not only flattened the COVID-19 curve but also contributed to the deep contraction of the Country's GDP by 8.3% in the first half of 2020 and expects a fiscal deficit to reach 6% of the Country's GDP by end of year 2020. However, with various Government initiatives - PRIHATIN SME+, PENJANA and KITA PRIHATIN, the Government aims for an economic rebound to 7.5% by year 2021 while balancing the healthcare management and pursuing economic recovery during the pandemic.

Nevertheless, the COVID-19 pandemic has signaled a swift in consumer behaviour to digital economy as means to acquiring essential goods. The online food deliveries in Malaysia were an up-and-coming trend within urban areas, with the help of technology companies such as Grab and Foodpanda with its ecosystem from online payment or alternative payment solutions. The service was popular among millennials but struggled to reach the other, more mature demographics. However, COVID-19 pandemic has quickly broke that barrier since all restaurants were forced to close for physical dining during the movement control order and more are adopting this trend. With the on-going vaccination program being rollout worldwide, the year 2021 outlook looks to be optimistic on economic activities.

Management Discussion and Analysis

FUTURE OUTLOOK (CONTINUED)

With the above the Group intends to intensify the revamp of GemSpot Biz platform which offers F&B merchants a variety of in-house marketing services such as photoshoots, videography, copywriting and graphic design. These services appeal to smaller F&B helps position GemSpot Biz as a one-stop provider for the merchant's marketing needs. Merchants are also able to access the mobile application space by listing and promoting their event / venue in GemSpot at a relatively cheaper cost as opposed to developing and maintaining their own proprietary mobile application.

The Group intends to undertake the development of a F&B celebrations e-commerce platform, marketing of GemSpot and GemSpot Biz and enhancement of GemSpot and GemSpot Biz by way of incorporating a business intelligence and data analytics system. The business intelligence and data analytics system is expected to allow the Group to obtain meaningful and useful insights on consumer preferences, buying behaviours which allows for the Group to better enhance the consumers' experiences and allow the F&B merchants to adopt a more tailored and targeted marketing and advertising strategies. By leveraging on its business intelligence and data analytics system, the Group is also better able to tailor its marketing strategies and tap into the F&B market efficiently and effectively.

The Group has also on 14 December 2020, via GEM Pay acquired 60% equity stake in Emicro Capital (M) Sdn Bhd ("Emicro"). Emicro is primarily involved in the licensed money lending business. In today's challenging retail and economic environment, merchants are looking for trusted way to help drive average order values and conversion. The consumers are looking for more flexible and responsible ways to purchase their needs. This acquisition is intended to allow NetX to venture into the microfinancing of mobile prepaid credit and buy now, pay later strategy to diversify the revenue steam of the Group.

Gem Pay will also work closely with Emicro to secure the digital money lending license. By leveraging Emicro's top in-class digital technology, SMEs and general public will only be required to undergo an easy and fast online application, in the event of the application being approved, the requested funding will be deposited into the bank accounts within 6 hours. Emicro's artificial intelligence and machine learning will be able to help identifying the creditability of customers, as well as ensuring the financial position of the Group.

Gem Pay also noticed with the current economic environment, a lot of companies have implemented pay cut to their staffs to keep the company surviving, many of the staffs are facing difficult financial challenges with the pay cut, hence Gem Pay also working with Emicro to roll out staff loan services to companies. By tapping into company HR records, the staffs will be able to withdraw their salary through Emicro platform in advance. In the event of emergency, the staffs will be able to apply for the loan and receive the funds within 24 hours without need to go through tedious application process.

However, against the backdrop of the on-going uncertainty and efficacy of the vaccination, we can only focus on aspects that we can and must control. The Group is adopting a cautious approach while remaining flexible in executing our strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time.



ACKNOWLEDGEMENT

On behalf of the Management, we would like to extend our appreciation to our Board of Directors for their counsel, as well as to all our stakeholders for their continued support and their loyalty alongside us.

CORPORATE SUSTAINABILITY STATEMENT



NetX Holdings Berhad (“NetX” or “Company” or “Group”) strives to adopt a progressive approach in integrating sustainability in everyday operation. We believe that solid commitment to sustainability form the foundation of good corporate culture and upholds the highest level of corporate governance. We endeavour to manage our business in a socially responsible manner that align to our Group’s business strategy. Apart from looking into the interest of our stakeholders, customers, investors, employees and suppliers, we also pay attention in creating a positive influence towards the large community.

REPORTING SCOPE AND PERIOD OF THIS STATEMENT

This Statement is prepared in accordance with the Bursa Securities’ Sustainability Reporting Guidelines (2nd Edition) which focus on economic, environmental and social opportunities and risks. This Statement covers NetX and its subsidiary companies which NetX has direct management control for the financial year ended 30 November 2020.

SUSTAINABILITY APPROACH




In this competitive, challenging and evolving business environment, robust sustainable growth is vital by managing risks and opportunities to ensure the Group’s long-term viability and success. Therefore, the Group’s primary objective is to operate its businesses in a cost-effective, socially, and environmentally responsible manner for all stakeholders. The diverse stakeholder groups are the Board of Directors, shareholders, customers, employees, merchants, contractors, regulatory and government authorities, and local communities. The mechanisms adopted in the sustainability strategy include code of business conduct and ethics, operational policies and processes, management systems and audit reviews.

The recent global COVID-19 outbreak at the end of 2019 and its escalation in the first quarter of 2020 highlights additional concerns impacting the Group’s businesses, health and safety of employees and local community. During the Movement Control Order (“MCO”), the Group’s operations remained functional to support the merchants’ and customers’ requirements during the period. All internal and external meetings and correspondences were carried out remotely by web conferencing, emails and mobile messaging. Relevant travel and health advisories were issued by the Management to employees. In compliance with the MCO, necessary measures including provision of hand sanitisers and temperature checks were provided at the entrances of office premise for all visitors and employees, and strict Standard Operating Procedures (“SOP”) in accordance to Ministry of Health Malaysia’s directives imposed on our Gemspot delivery services to safeguard their safety and well-being.





SUSTAINABILITY GOVERNANCE

The Group’s sustainability is governed by the Board for the oversight and responsibility of the sustainability strategies, initiatives and performance. The Board evaluates economic, environmental, social and governance risks to ensure appropriate systems and internal controls are in place to safeguard compliance, business ethics, integrity, transparency, and other matters. The Board is responsible for overseeing the implementation progress of sustainability initiatives, based on directions approved by the Board.

In order to continue creating business value and sustainable efficiency, the Group regularly engage with the key stakeholders to meet their expectations and address material issues which impact business growth. A summary of engagement approach adopted by the Group is as follows: -




Stakeholders	Sustainability Topic	Types of Engagement Methods	Initiatives
Investors/ Shareholders 	<ul style="list-style-type: none"> Financial performance & transparency Business sustainability 	<ul style="list-style-type: none"> Corporate website Annual & quarterly reports Corporate announcements General Meetings 	<ul style="list-style-type: none"> Shareholder & investor engagement Generate sustainable financial returns
Board of Directors 	<ul style="list-style-type: none"> Financial performance Business sustainability Corporate governance 	<ul style="list-style-type: none"> Quarterly Board meetings Other ad hoc channels (e.g. email, web conferencing meetings) 	<ul style="list-style-type: none"> Business strategy management, risk assessment, sustainable business practices to improve financial performance Compliance with regulatory guidelines & standard operating procedures
Employees 	<ul style="list-style-type: none"> Business direction & financial performance Performance management & career development Remuneration & benefits Employment security & safety 	<ul style="list-style-type: none"> Annual performance appraisal Monthly management meetings Multiple channels (e.g. emails, meetings, training) 	<ul style="list-style-type: none"> Training & development Performance oriented appraisal Meetings / dialogue / townhall sessions for employee engagement

Corporate Sustainability Statement

Stakeholders	Sustainability Topic	Types of Engagement Methods	Initiatives
Merchants & Delivery Partners 	<ul style="list-style-type: none"> Product and service quality Ethical & efficient management & collection system 	<ul style="list-style-type: none"> Merchant & delivery partner quality and service evaluation by customer Multiple channels (email, phone call, training) Site visit to merchants' premises 	<ul style="list-style-type: none"> Establish good long term relationship with merchant & delivery partner to maintain reliability throughout the value chain
Government and Regulatory Authorities 	<ul style="list-style-type: none"> Regulatory disclosures Compliance with regulatory / government authorities' requirements 	<ul style="list-style-type: none"> Risk management and internal control on-time periodic reporting Participation in programmes organized by Government bodies 	<ul style="list-style-type: none"> Compliance with regulatory requirements Annual Report
Customers 	<ul style="list-style-type: none"> Product and service innovation & quality Customer satisfaction & loyalty Effective resolution of complains & improvements Safety, security & privacy 	<ul style="list-style-type: none"> Customer Feedback via multiple channels (e.g. emails, Gemspot platform, social media platforms) 	<ul style="list-style-type: none"> Food quality & delivery service excellence Online/offline communication channels
Community 	<ul style="list-style-type: none"> Environment protection Local community activities involvement 	<ul style="list-style-type: none"> Participating to the local communities' activities Sponsorship and donations 	<ul style="list-style-type: none"> Maintain our promise towards corporate social responsibility and improve wellbeing of individuals from the charitable organisation

APPROACH TO SUSTAINABILITY

The following table provides the details of the identified material issues which were classified in below categories and our approaches towards maintaining sustainable business and generating long-term shareholder value:-

Stakeholders	Sustainability Topic	Types of Engagement Methods
Economic Performance 	<ul style="list-style-type: none"> To ensure sustainability in financial performance Code of Ethics and Conduct Innovation, Automation and Intellectual Property 	<ul style="list-style-type: none"> Introduced employee KPI performance measurement system for each division. Continuous review of the Group's Code of Ethics and Conduct within the Employees' Handbook to instill ethics, integrity, accountability, transparency, and professionalism. Continuous Innovation of our products and solutions utilising state of the art technology.
Environment 	<ul style="list-style-type: none"> Compliance with environmental laws and regulations Conservation of Energy Material consumption and management 	<ul style="list-style-type: none"> To comply with applicable environmental legislation, regulations and other requirements. to reduce consumption of non-renewable and non-recycled materials. to provide safe and hygienic workplace and ensure all personnel are properly trained with the appropriate safety procedures and control actions.
Social & Community Involvement 	<ul style="list-style-type: none"> Community Initiatives Healthy Work-life Practices Employee Development and Talent Management 	<ul style="list-style-type: none"> discharging our social responsibility through giving back to society and local communities. encourages internal activities for employees to foster a pleasant work environment and maintain a driven workforce. Staff activities are organised throughout the year to facilitate bonding among the employees. employees will undergo an orientation programme to help familiarise them with the culture and background of the organisation. New employees will also go through on-the-job structured training programme that is tailored to their respective roles.

PROFILE OF DIRECTORS

YM TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN

*Chairman / Senior Independent
Non-Executive Director*

Malaysian
51 years old
Male

YM Tengku Ahmad Badli Shah Bin Raja Hussin (“YM Tengku Badli”) is the Chairman/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 is also a Director of Fintec Global Berhad and Dolphin International Berhad. YM Tengku Badli is a member of the Audit and Risk Management Committee as well as the Nominating and Remuneration Committee of the Company. 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
50 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 is also a Director of Fintec Global Berhad and GPA Holdings Berhad. He is the Chairman of the Audit and Risk Management Committee as well as the Nominating and Remuneration Committee of the Company. 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 Directors

YONG KET INN

*Non-Independent
Non-Executive Director*

Malaysian
64 years old
Male

Yong Ket Inn (“Mr Yong”) was appointed to the Board on 9 June 2015 as an Independent Non-Executive Director of NetX. On 26 January 2021, he was redesignated as Non-Independent Non-Executive Director of the Company. 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 is a member of the Audit and Risk Management Committee as well as the Nominating and Remuneration Committee of the Company. He does not hold directorships in any other public listed companies. 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
44 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 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.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SIK EEK

The profile of **Mr Tan** is outlined in the Profile of the Board of Directors on page 15.

Executive Director

Malaysian
44 years old
Male

CHARISSA LIM ZHU AI

*Chief Executive Officer of
Gem Live Sdn Bhd*

Malaysian
34 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 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.

YEE KAR SOON

*General Manager of
E-FX Sdn Bhd*

Malaysian
42 years old
Male

Mr Yee is the General Manager of E-FX Sdn Bhd, a wholly owned subsidiary of NetX, appointed on 2 January 2021. He graduated from the National University of Malaysia in Master of Business Administration and Bachelor of Science (Hons.) in Mathematics.

Mr Yee was formerly the Chief Executive Officer for Paydibs Sdn Bhd (“Paydibs”), one of the non-bank merchant acquirers registered under Malaysia’s Financial Services Act 2013 since 2012. Prior to joining Paydibs, he headed up the operation team of an online marketplace owned by a public listed company in Malaysia.

He has more than 16 years of experiences in developing and executing new businesses in the financial technology and e-commerce sector. He had built up few successful startups in Malaysia.

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.

CHAN KEE WONG

*Chief Operating Officer of
Gem Pay Sdn Bhd*

Malaysian
29 years old
Male

Mr Chan (“Jacky”) is the Chief Operating Officer of Gem Pay Sdn Bhd, a subsidiary of NetX, appointed on December 2019. He holds a Bachelor of Science (BSC (Hons) Computing) from Segi College.

Having started his career in a technology startup in Penang, he then relocated to the Klang Valley to join Fave Asia where his was a part of the operations department in addition to project management. Prior to joining

the company, Jacky held the position of Country Manager at Tamago Live, a live streaming company incubated by Astro Malaysia Holdings 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of NetX Holdings Berhad (“NetX” or “Company” or “Group”) is pleased to present the report of the Audit and Risk Management Committee for the financial year ended 30 November 2020.

COMPOSITION AND MEETING ATTENDANCES

The current composition of the Audit and Risk Management Committee (“ARMC” or “Committee”) of the Company comprises of two (2) Independent Non-Executive Directors and (1) Non-Independent Non-Executive Director, which is in line with Rule 15.09 (1) (a) and (b) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The ARMC held six (6) meetings during the financial year ended 30 November 2020. The composition and the attendance by each member at the ARMC Meeting during the financial year are as follows:

Member	Designation	Directorship	Attendance
Chu Chee Peng <i>(Redesignated as the Chairman on 26 January 2021)</i>	Chairman	Independent Non-Executive Director	6/6
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Member	Chairman / Senior Independent Non-Executive Director	6/6
Yong Ket Inn <i>(Redesignated as member on 26 January 2021)</i>	Member	Non-Independent Non-Executive Director	6/6

A member 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 year ended 30 November 2020 in discharging their duties and responsibilities:

1. Financial Reporting

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

Date of Meetings	Review of Quarterly Financial Statements
21 January 2020	The unaudited quarterly results for the quarter ended 30 November 2019
22 May 2020	First quarter results for quarter ended 29 February 2020
23 July 2020	Second quarter results for quarter ended 31 May 2020
22 October 2020	Third quarter results for quarter ended 31 August 2020

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.

- 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 November 2019 at its meeting held on 19 March 2020, 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.

Audit and Risk Management Committee Report

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

2. External Audit

- a. Reviewed with External Auditors, Messrs SBY Partners PLT (formerly known as Siew Boon Yeong & Associates) (“SBY”) at the meeting held on 23 December 2019, their audit plan for the financial period ended 30 November 2019, outlining the audit approach 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.
- b. Reviewed and discussed with External Auditors, SBY and made recommendations to the Board, the Audit Review Memorandum for the financial period ended 30 November 2019 and, had a private session with SBY without the presence of the management at its meeting held on 21 January 2020. 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 period ended 30 November 2019.
- c. Discussed with External Auditors, SBY on the Audited Financial Statements and Audit Closure Memorandum for the financial period ended 30 November 2019 at its meeting held on 19 March 2020. The Audit Closure Memorandum outlined the audit opinion, Key Audit matters and Unadjusted Audit Differences in relation to the audit for the financial period ended 30 November 2019.
- d. Evaluated the performance of the External Auditors for the financial year ended 30 November 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence. The ARMC satisfied with the independence, suitability and performance of SBY, had recommended to the Board for approval, the re-appointment of SBY as External Auditors for the financial year ended 30 November 2020 at its meeting held on 19 March 2020.
- e. Reviewed with External Auditors, SBY at the meeting held on 22 October 2020, their audit plan for the financial year ended 30 November 2020, outlining the audit approach 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.

3. Internal Audit

- a. Reviewed with Internal Auditors at the meeting held on 19 March 2020, their Internal Audit Planning Memorandum for Year 2020 to 2021, outlined the internal audit charter which outlined standards of audit practice and methodology, overview of the internal audit activities carried out and proposed internal audit scope and proposed timetable.
- b. Reviewed the Risk Management Report prepared by the Internal Auditors at the meeting held on 23 July 2020, outlined the updated Risk Profile and Risk Registered of the Group. A detailed Internal audit plan for Year 2020 to 2022, outlined the entities and functions to be reviewed and its proposed timetable, were also proposed and discussed during this meeting.
- c. Reviewed Internal Audit reports on Gem Live Sdn Bhd, an operating subsidiary of the Group on the following areas:-
 - i. Sales and Marketing Management; and
 - ii. Application Maintenance Management.
- d. 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 on quarterly basis at its meetings held during the financial year, together with the quarterly financial statements of the Group.

Audit and Risk Management Committee Report

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

5. Other activities

- a. Reviewed and recommended to the Board for approval, the Overview Statement on Corporate Governance, ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report on 19 March 2020.
- b. Reviewed and recommended to the Board for approval, the Fixed Assets Policy and Procedure on 22 October 2020.

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.

Wensen comprises of 9 auditors, and is headed by Mr. Edward Yap who is assisted by an audit team comprising of Engagement Managers and Consultants. Mr. Edward Yap, is a member of Malaysian Institute of Accountants (MIA), member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The audit team (including junior executive/ fresh graduates) possess at least a degree (BSc Hons) in Accounting and Finance from local or overseas universities, while some possess professional qualification certificates (i.e. ACCA).

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 report 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.

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. Reviewed and updated Risk Profile and Risk Register of the Group;
- iii. 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
- iv. 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 year ended 30 November 2020 amounted to RM13,000.

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 year ended 30 November 2020.

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 (“NetX” or “Company” 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 2020 (“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:

Name of Director	Designation
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Senior Independent Non-Executive Director / Chairman
Tan Sik Eek	Executive Director
Yong Ket Inn	Non-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. BOARD RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the Board Charter to discharge its stewardship and fiduciary responsibilities. The key matters reserved for approval by the Board are the quarterly financial results, audited financial statements, annual budget, significant expenditures, significant acquisitions and disposals, appointment of Directors/ Board Committee members, related party transactions 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’s effectiveness and conduct whilst the Executive Directors has the overall responsibilities over the Group’s operating units, organizational effectiveness and implementation of Board’s 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.

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.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.2 Roles and Responsibilities of the Board (continued)

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 also the Senior Independent Non-Executive Director of the Company. 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 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's website to ensure effective communication with its shareholders. The Company's website at www.netx.com.my also contains an Investor Relations section and contact email address where the shareholders could communicate with the Board.

The Board has identified YM Tengku Ahmad Badli Shah Bin Raja Hussin as 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.

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 Committee operates within its respective terms of reference that clearly define its respective functions and authorities.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.3 Promoting Good Business Conduct and Corporate Structure

i. Code of Conduct and Ethics

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

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

ii. Whistleblowing Policy

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

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

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

iii. Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

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

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABAC Policy to foster commitment of the employees in instill the spirit of integrity and avoid all forms of corruption practices within the organization.

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

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 Corporate Sustainability Statement of this Annual Report.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

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.

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 year, the Board met on six (6) 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	6/6
Tan Sik Eek	6/6
Yong Ket Inn	6/6
Chu Chee Peng	6/6

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 the 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.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

1.6 Board Meetings and Access to Information and Advice (continued)

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.

2. BOARD COMPOSITION

The Board currently consists of four (4) members, comprising of one (1) Senior Independent Non-Executive Chairman, one (1) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director 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 (2) Board Committees ("Committees") to assist in the performance of certain duties of the Board. The Board delegates specific responsibilities to the respective Committees, namely the 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.

2.1 Board Independence

The current Board composition complies with Rule 15.02 of the Listing Requirements whereby one-third (1/3) of the Board members are Independent Directors.

The two (2) 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.

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

The Group has not appointed a Group CEO. Nonetheless, the position of Chairman and Executive Director are held by 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.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.3 Audit and Risk Management Committees (“ARMC”)

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

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

2.4 Nominating and Remuneration Committees (“NRC”)

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

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;
- recommend to the Board, the remuneration packages of Executive Directors of the Company in all its forms, drawing from outside advice as necessary; and
- recommend to the Board, the Directors’ fees and other benefits payable to the Directors for shareholders’ approval.

The NRC met once during the financial year ended 30 November 2020. The summary of the activities of the NRC during the financial year are as follows:

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Directors.
- Discussed and recommended the Directors’ retirement by rotation.
- Assessed the performance of the ARMC, and its members and their term of office.
- Reviewed the remuneration package of Executive Director.
- Recommended to the Board for approval the Directors’ fees and other benefits payable to the Directors for shareholders’ approval.

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.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.5 Appointment and Re-election of Directors (continued)

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 Director 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 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 Annual General Meeting 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 assessment conducted for the financial year 2020, the Board and the NRC are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members. The assessment and evaluation are properly documented.

2.7 Assessment on Independence of Directors

The Board conducts assessment on the independence of the Independent Directors on yearly basis. During the financial year, 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 MCGG, 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 intends to retain the said Director as an Independent Director, the Board must justify and seek shareholders' approval at the Annual General Meeting.

The Board does not have a formal policy to limit the tenure of Independent Directors, however the Board notes the recommendations of MCGG 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 nine (9) years.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

2.8 Directors' Training

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

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.

The seminars, conferences and training programs attended by the Directors during the financial year ended 30 November 2020 are as follows:

Name of Director	Seminars / Conference / Forum Attended
YM Tengku Ahmad Badli Shah Bin Raja Hussin	<ul style="list-style-type: none"> • OIC International Investment Conference 2019, Istanbul Turkey • Corporate Liability and Anti-Bribery Plan for Organisation • Anti-bribery Management System Awareness • Corporate Liability & AMLA Course
Tan Sik Eek	<ul style="list-style-type: none"> • Transaction and RPT Rules • Corporate Liability on Corruption Under Malaysian Anti-Corruption Act 2009 • WIFE – SIDC Powertalk Webinar 2020 • Moving Forward: Banking & Capital Market Trends
Yong Ket Inn	<ul style="list-style-type: none"> • Anti-Money Laundering & Counter Financing of Terrorism (AMLCFT) Essentials For Accountants • E-Commerce / Digital Service Tax • Data Driven Decision for Finance and Accounting Professionals
Chu Chee Peng	<ul style="list-style-type: none"> • Transaction and Related Party Transaction Rules

2.9 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.

3. REMUNERATION

3.1 Directors' Remuneration

The Board has established a remuneration policy to facilitate the NRC to review, consider and recommend to the Board for decision on the Directors' remuneration. The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term goals and enhance shareholders' value. The Board's objective is to offer a competitive remuneration package in order to attract, develop and retained talented individuals to serve as Directors.

Overview Statement on Corporate Governance

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. REMUNERATION (CONTINUED)

3.1 Directors' Remuneration (continued)

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 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 year ended 30 November 2020 were as follows:

Company:					
Directors	Fees	Salaries	Meeting allowances	Other emoluments	Total
YM Tengku Ahmad Badli Shah Bin Raja Hussin	60,000	-	6,500	2,400	68,900
Tan Sik Eek	-	78,000	-	10,283	88,283
Yong Ket Inn	48,000	-	7,500	2,400	57,900
Chu Chee Peng	48,000	-	7,500	2,400	57,900
Group:					
Directors	Fees	Salaries	Meeting allowances	Other emoluments	Total
YM Tengku Ahmad Badli Shah Bin Raja Hussin	60,000	-	6,500	2,400	68,900
Tan Sik Eek	332,065	78,000	-	10,283	420,348
Yong Ket Inn	48,000	-	7,500	2,400	57,900
Chu Chee Peng	48,000	-	7,500	2,400	57,900

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
RM100,001 - RM150,000	1
RM250,001 - RM300,000	1
RM400,001 - RM450,000	1

Overview Statement on Corporate Governance

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Financial Reporting

The Board through the ARMC endeavors to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects, through the annual audited financial statements 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.

4.2 Relationship and Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. The ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Group's financial statements. The External Auditors would share with the ARMC 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 Annual General Meeting. 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.

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 Annual General Meeting held on 22 May 2020 approved the re-appointment of Messrs. SBY Partners PLT (formerly known as Siew Boon Yeong & Associates) as the External Auditors of the Company.

The non-audit fees paid or payable to External Auditors for the financial year ended 30 November 2020 amounted to RM8,000 in respect of annual review of the Statement of Risk Management and Internal Control and RM80,000 in respect of Reporting Accountants services for Share Consolidation and Right Issue with Warrants.

Overview Statement on Corporate Governance

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management Framework

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

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

5.2 Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm to provide the ARMC with an independent assessment 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. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

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

The Company has adopted a Corporate Disclosure Policy 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.

Overview Statement on Corporate Governance

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

7. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting (“AGM”) is the main delivery channel for dialogue with all shareholders. As recommended by the MCGG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have 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.

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 Eighteenth (18th) and Nineteenth (19th) AGM of the Company held on 22 May 2020, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

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

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

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 MCGG 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 year ended 30 November 2020. 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 year to ensure proper risk governance and determine the nature and extent of the significant risks that may hinder the Group from achieving its objectives are being adequately evaluated, managed and controlled. Audit issues as well as actions agreed by the Management to address them were tabled and deliberated by Internal Auditors during the ARMC Meetings, the minutes of which are then presented to the Board.

The Board is assisted by the Management in the implementation of the Board’s policies and procedures on risks and control by identifying and assessing the risks faced, and in the design, operation and monitoring 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 Non-Executive Directors, was maintained throughout the financial year. 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 year 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 year 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 year under review and up to the date of issuance of the financial statements.

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

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report for financial year ended 30 November 2020. 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.

MPEX has been enhanced to be a payment exchange system that allows users to make payments, receive money, exchange with other currencies and withdraw money using other popular and established payment services and will be renamed as eFX system. The balance of proceeds available will be channelled towards the development and marketing of eFX system.

As at 30 November 2020, 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 eFX system	20,000	9,044	10,956	Within 48 months
Working Capital	323	323	-	Within 24 months
Expenses in relation to Share Issuance	780	780	-	Immediate
	<u>21,103</u>	<u>10,147</u>	<u>10,956</u>	

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

On 15 March 2018, The Company proposed 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 2020, the proceeds raised from the said exercise has been fully utilised 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	6,504	-	Within 36 months
Expenses for the Private Placement	108	108	-	Immediate
	<u>6,612</u>	<u>6,612</u>	<u>-</u>	

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 2020, 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	6,381	133	Within 24 months
Expenses for the Private Placement	300	300	-	Immediate
	<u>12,814</u>	<u>12,681</u>	<u>133</u>	

Other Compliance Information

1. UTILISATION OF PROCEEDS (CONTINUED)

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

On 9 January 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third party investors. The Private Placement was completed on 21 April 2020 following the listing and quotation of 390,038,800 placement shares on the ACE Market of Bursa Securities, raising RM4,668,357 for the Company. As at 30 November 2020, the summary of the utilisation of proceeds were as follows :-

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Rebranding and upgrading of the GEM application	4,573	1,231	3,342	Within 12 months
Expenses for the Private Placement	95	95	-	Immediate
	4,668	1,326	3,342	

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

On 29 May 2020, the Company proposed to undertake the private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors. The Private Placement was completed on 16 June 2020 following the listing and quotation of 459,891,000 placement shares on the Ace Market of Bursa Securities, raising RM4,690,888 for the Company. As at 30 November 2020, the summary of the utilisation of proceeds were as follows :-

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Enhancement of GemSpot and GemSpot Lite	4,581	502	4,079	Within 12 months
Expenses for the Private Placement	110	110	-	Immediate
	4,691	612	4,079	

f. Share Consolidation and Rights Issue with Warrants

On 14 August 2020, the Company proposed to undertake the corporate exercise relating to the consolidation of every 25 ordinary shares in NetX Shares into 1 NetX Share and renounceable rights issue of up to 629,491,596 new Shares ("Rights Shares") together with up to 314,745,798 free detachable warrants in NetX ("Warrants C") on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Share (after the Share Consolidation) held by the entitled shareholders ("Rights Issue with Warrant"). The Rights Issue with Warrant has been completed on 3 November 2020 following the listing and quotation of 626,136,825 Rights Shares and 313,068,412 Warrants C, raising RM81,397,787 for the Company. As at 30 November 2020, the summary of the utilisation of proceeds were as follows :-

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of a F&B e-commerce platform	5,000	-	5,000	Within 18 months
Marketing of GemSpot and GemSpot Lite	25,000	-	25,000	Within 36 months
Development and intergration of business intelligence and data analytics system	8,000	-	8,000	Within 36 months
Investment or partnership in other complementary businesses or assets	25,000	-	25,000	Within 36 months
Working capital	17,498	282	17,216	Within 24 months
Expenses for the Right Issue	900	900	-	Immediate
	81,398	1,182	80,216	

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 year ended 30 November 2020 is as follows:

Detail of fees	Group RM	Company RM
Statutory Audit fees	147,704	80,000
Non-audit fees for review of Statement of Risk Management and Internal Control	8,000	8,000
Non-audit fees as Reporting Accountants for Share Consolidation and Right Issue with Warrants	80,000	80,000
	235,704	168,000

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 year or entered into since the end of the previous financial period.

4. LIST OF PROPERTY AS AT 30 NOVEMBER 2020

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 30-11-2020
Management Office	9 years	990 sq-metres	5,781,492

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

Save for such disclosure made in note 34 of the audited financial statements on pages 96 and 97 of this Annual Report, there were no other material recurrent related party transactions entered by the Group during the financial year 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.

Other Compliance Information

6. SHARE ISSUANCE SCHEME ("SIS") (CONTINUED)

The total number of SIS options granted, exercised and outstanding as at 30 November 2020 are set out in the table below:

Total number of options/ shares outstanding as at 1 December 2019	Total number of options exercised during the financial year ended 30 November 2020	Total number of options/ shares granted during the financial year ended 30 November 2020	Total options/shares outstanding as at 30 November 2020
-	755,445,500	755,445,500	-

Options granted to Directors and Chief Executive

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

Options granted to Directors and Senior Management

	Percentage
Aggregate maximum allocation	80
Actual percentage granted during the financial year	10
Actual percentage granted since the commencement of the SIS	25

Breakdown of the options offered to and exercised by non-executives Directors pursuant to SIS in respect of the financial year 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, 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 year, as well as to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

41

Directors' Report

45

Statement by Directors

45

Statutory Declaration

46

Independent Auditors' Report

50

Statements of Financial Position

51

Statements of Profit or Loss and
Other Comprehensive Income

52

Statements of Changes In Equity

54

Statements of Cash Flows

56

Notes to the Financial Statements

DIRECTORS' REPORT

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

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 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

CHANGE OF FINANCIAL YEAR

In previous financial period, the Company changed its financial year end from 30 June to 30 November.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year		
Attributable to:		
Owners of the Company	(15,870,540)	(72,032,372)
Non-controlling interests	(1,270,500)	-

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

DIVIDEND

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

MOVEMENTS ON RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

- (a) 849,929,800 new ordinary shares under private placement to third party investors; and
- (b) 755,445,500 new ordinary shares under Share Issuance Scheme ("SIS").
- (c) 626,136,825 new ordinary shares under right issue with warrants.

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 year.

WARRANTS 2020/2023

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

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

The salient features and other terms of the Warrants are disclosed in Note 19 to the financial statements.

Directors' Report

SIS

At an extraordinary general meeting held on 21 January 2016, the Company's shareholders approved the establishment of SIS of up to 30% of the issued share capital of the Company at any point in time throughout the duration of the scheme to eligible employees of the Company and its 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 SIS.

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

During the financial year, the details of the SIS offered are as follows:

Date of offer	Exercise price	No. of Ordinary Shares			Balance 30.11.2020
		Balance 01.12.2019	Granted	Exercised	
18.12.2019	RM0.0200	-	50,000,000	50,000,000	-
13.01.2020	RM0.0200	-	50,000,000	50,000,000	-
05.02.2020	RM0.0200	-	50,000,000	50,000,000	-
21.02.2020	RM0.0200	-	50,000,000	50,000,000	-
02.03.2020	RM0.0175	-	60,000,000	50,000,000	-
21.04.2020	RM0.0100	-	221,900,000	221,900,000	-
30.04.2020	RM0.0100	-	66,603,500	66,603,500	-
14.05.2020	RM0.0125	-	19,981,000	19,981,000	-
16.06.2020	RM0.0100	-	143,961,000	143,961,000	-
25.06.2020	RM0.0125	-	43,000,000	43,000,000	-

Subsequent to the financial year, the Company offered:

- (i) a total of 213,412,750 share options under the SIS at an exercise price of RM0.135 each to eligible employees of the Company on 29 December 2020; and
- (ii) a total of 313,200,000 share options under the SIS at an exercise price of RM0.125 each to eligible employees of the Company on 5 March 2021.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors of the Company in office since the 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:

Ding Shukun
 Lynch Stephen Joseph Chor (appointed on 03.09.2020)

Directors' Report

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company during the financial year are as follows:

	← No. of Ordinary Shares →			Balance 30.11.2020
	Balance 01.12.2019	Bought	Sold	
Yong Ket Inn	-	50,160,000	32,000,000	18,160,000
Tan Sik Eek	-	100,160,000	39,660,000	60,500,000

	← No. of Warrants →			
Yong Ket Inn	-	25,060,000	25,060,000	-
Tan Sik Eek	-	50,060,000	50,060,000	-

By virtue of their interest in the shares of the Company, Yong Ket Inn and Tan Sik Eek are also deemed to have interests in the shares in the Company and its subsidiary companies to the extent the Company has an interest.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 31 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 34 to the financial statements.

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

DIRECTORS' REMUNERATION

	Group RM	Company RM
Executive Director's remuneration		
- fees	332,065	-
- other emoluments	88,283	88,283
	420,348	88,283
Non-executive Directors' remuneration		
- fees	156,000	156,000
- other emoluments	119,686	28,700
	275,686	184,700
Total directors' remuneration	696,034	272,983

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 year.

Directors' Report

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

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

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year, except as disclosed in *Note 37* to the financial statements.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 39* to the financial statements.

AUDITORS

The details of the auditors' remuneration for the financial year ended 30 November 2020 are disclosed in *Note 28* to the financial statements.

The auditors, Messrs SBY Partners PLT (converted from a conventional partnership to a limited partnership effective 11 January 2021, and formerly known as 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: 24 March 2021

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 50 to 107 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 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in Kuala Lumpur on 24 March 2021

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

.....
TAN SIK EEK

.....
TENGGU 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 50 to 107 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Tan Sik Eek at
Kuala Lumpur on 24 March 2021

Before me

.....
TAN SIK EEK

KAPT (B) JASNI BIN YUSOFF

License No: 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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 107.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 8 to the financial statements)</p> <p>As at 30 November 2020, the Group's intangible assets stood at RM13.85 million. The carrying amount of intangible assets comprise application software and software development of RM2.19 million and RM11.67 million respectively.</p> <p>During the financial year, the management has provided the following:</p> <p>(i) Intangible assets written off amounting to RM19,440; (ii) Impairment loss on intangible assets of RM8.05 million; and (iii) Amortization of intangible assets amounting to RM1.23 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; - discussed with the management to understand the reasons for the technological obsolescence that lead to the written-off of the intangible assets; and - Assessed the sensitivity analysis performed by management on the key inputs used in the cash flow projection to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts.

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 13 to the financial statements)</p> <p>Receivables are subject to credit risk exposure.</p> <p>As at 30 November 2020, the Group's trade receivables stood at RM7.99 million.</p> <p>During the financial year, the management has provided the following:</p> <p>(i) Bad debts written off amounting to RM14,670; and (ii) Impairment loss on trade receivables amounting to RM221,800.</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.
<p>Plant and equipment (Note 5 to the financial statements)</p> <p>Wireless fidelity hardware is categorised as hardware in Note 5 to the financial statements.</p> <p>As at 30 November 2020, included in plant and equipment are wireless fidelity hardware with carrying value of RM2.427 million (2019: Nil). These assets are located in Thailand and as at the date of these financial statements were authorised for issue no revenue was contributed to the Group by this wireless fidelity hardware.</p> <p>Consequently, the aforementioned asset may be impaired and it is an area of focus of our audit.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - Appointed an external professional based in Thailand to performed physical sighting on sampling basis; - Reviewed the cash flow projection and key assumptions prepared by the management; - Reviewed the discount rate used and compare the key inputs with other data for reasonableness; - Obtained the signed agreement by a subsidiary Company with a third-party company registered in Thailand; - Obtained the relevant approval letter issued by the Thailand authority in authorising placement of the wireless fidelity hardware in a specific area in Thailand; and - Assessed the sensitivity analysis performed by management on the key inputs used in the cash flow projection to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts.

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report

To the Members of NetX Holdings Berhad Incorporated in Malaysia

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

Independent Auditors' Report

To the Members of NetX Holdings Berhad
Incorporated in Malaysia

Report on the Audit of the Financial Statements (Continued)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

.....

SBY PARTNERS PLT

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

.....

TEH SEW HONG

03062/02/2023 J
Chartered Accountant

Kuala Lumpur,
Date: 24 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 30 November 2020

	Note	Group		Company	
		2020 RM	2019 RM Restated	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Plant and equipment	5	6,252,453	5,630,529	429,615	574,901
Investment properties	6	5,781,492	4,937,709	-	-
Right-of-use assets	7	57,905	-	-	-
Intangible assets	8	13,853,277	20,791,854	-	-
Investment in subsidiary companies	9	-	-	87,210	-
Other investments	10	13,524,000	7,326,000	-	-
Goodwill	11	-	-	-	-
		39,469,127	38,686,092	516,825	574,901
CURRENT ASSETS					
Inventories	12	2,301	15,999	-	-
Trade receivables	13	7,987,465	4,061,911	-	-
Other receivables, deposits and prepayments	14	19,698,848	2,161,604	15,430	10,280
Contract assets	24	-	-	-	-
Amount owing by subsidiary companies	15	-	-	10,600	8,100,829
Current tax assets		4,613	1,331	-	-
Short-term investments	16	40,055,124	-	40,055,124	-
Cash and bank balances	17	60,593,261	35,228,794	761,814	2,824,496
		128,341,612	41,469,639	40,842,968	10,935,605
TOTAL ASSETS		167,810,739	80,155,731	41,359,793	11,510,506
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	205,876,718	103,280,378	205,876,718	103,280,378
Reserves	19	(39,498,408)	(24,272,528)	(164,667,075)	(92,634,703)
Total equity attributable to owners of the Company		166,378,310	79,007,850	41,209,643	10,645,675
Non-controlling interests		(3,911,075)	(2,700,758)	-	-
TOTAL EQUITY		162,467,235	76,307,092	41,209,643	10,645,675
LIABILITIES					
NON-CURRENT LIABILITIES					
Term loan	20	1,623,714	1,779,181	-	-
Deferred tax liabilities	21	126,989	-	-	-
		1,750,703	1,779,181	-	-
CURRENT LIABILITIES					
Trade payables	22	2,432,416	421,904	-	-
Other payables and accruals	23	387,381	1,197,940	150,150	864,831
Contract liabilities	24	343,719	120,752	-	-
Lease liabilities	25	59,032	-	-	-
Term loan	20	370,253	328,862	-	-
		3,592,801	2,069,458	150,150	864,831
TOTAL LIABILITIES		5,343,504	3,848,639	150,150	864,831
TOTAL EQUITY AND LIABILITIES		167,810,739	80,155,731	41,359,793	11,510,506

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 November 2020

	Note	Group		Company	
		From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM Restated
REVENUE	26	14,897,440	9,993,299	-	-
COST OF SALES		(5,982,844)	(6,149,637)	-	-
GROSS PROFIT		8,914,596	3,843,662	-	-
OTHER OPERATING INCOME		2,473,521	2,913,199	605,428	139,900
ADMINISTRATIVE EXPENSES		(15,556,194)	(18,108,450)	(2,334,279)	(1,651,752)
OTHER OPERATING EXPENSES		(12,728,469)	(20,467,666)	(70,303,521)	(97,810,492)
LOSS FROM OPERATIONS		(16,896,546)	(31,819,255)	(72,032,372)	(99,322,344)
FINANCE COSTS	27	(116,925)	(175,762)	-	-
LOSS BEFORE TAXATION	28	(17,013,471)	(31,995,017)	(72,032,372)	(99,322,344)
INCOME TAX EXPENSE	29	(127,569)	-	-	-
LOSS FOR THE FINANCIAL YEAR/ PERIOD		(17,141,040)	(31,995,017)	(72,032,372)	(99,322,344)
OTHER COMPREHENSIVE INCOME					
<u>Items that are reclassified</u>					
<u>subsequently to profit or loss</u>					
- exchange differences on translation of the financial statements of foreign subsidiary companies		715,643	(48,895)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR/PERIOD		(16,425,397)	(32,043,912)	(72,032,372)	(99,322,344)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(15,870,540)	(30,643,516)		
Non-controlling interests		(1,270,500)	(1,351,501)		
		(17,141,040)	(31,995,017)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(15,183,988)	(30,676,630)		
Non-controlling interests		(1,241,409)	(1,367,282)		
		(16,425,397)	(32,043,912)		
LOSS PER SHARE (Sen)					
Basic	30	(0.34)	(1.39)		
Diluted	30	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 November 2020

GROUP	Note	← Attributable to owners of the Company →							Total equity
		Share capital	Warrants reserve	Share option reserve	Foreign currency translation reserve	Retained Profits / (accumulated losses)	Attributable to owners of the Company	Non-controlling interests	
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2018		87,034,618	15,263,494	-	(141,340)	(8,718,052)	93,438,720	(1,333,476)	92,105,244
<u>Transactions with owners:</u>									
Issuance of shares pursuant to private placement	18	12,814,411	-	-	-	-	12,814,411	-	12,814,411
Issuance of shares pursuant to the exercise of SIS	18	3,431,349	-	(814,218)	-	-	2,617,131	-	2,617,131
Provision of SIS reserve		-	-	814,218	-	-	814,218	-	814,218
Reversal of warrants	19	-	(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		-	-	-	-	(30,643,516)	(30,643,516)	(1,351,501)	(31,995,017)
Other comprehensive loss:									
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/ 1 December 2020		103,280,378	-	-	(174,454)	(24,098,074)	79,007,850	(2,700,758)	76,307,092
<u>Transactions with owners:</u>									
Issuance of shares pursuant to private placement	18	9,359,245	-	-	-	-	9,359,245	-	9,359,245
Issuance of shares pursuant to the exercise of SIS	18	11,839,308	-	1,677,400	-	-	13,516,708	-	13,516,708
Provision of SIS reserve		-	-	(1,677,400)	-	-	(1,677,400)	-	(1,677,400)
Right shares issued	18	81,397,787	-	-	-	-	81,397,787	-	81,397,787
Allocation of warrant reserve	19	-	19,226,263	-	-	(19,226,263)	-	-	-
Total transactions with owners		102,596,340	19,226,263	-	-	(19,226,263)	102,596,340	-	102,596,340
Loss after taxation		-	-	-	-	(15,870,540)	(15,870,540)	(1,270,500)	(17,141,040)
Other comprehensive loss:									
Foreign currency translation reserve		-	-	-	644,660	-	644,660	60,183	704,843
Total comprehensive loss for the financial year		-	-	-	644,660	(15,870,540)	(15,225,880)	(1,210,317)	(16,436,197)
At 30 November 2020		205,876,718	19,226,263	-	470,206	(59,194,877)	166,378,310	(3,911,075)	162,467,235

Statements of Changes in Equity

For the financial year ended 30 November 2020

Company	Note	← <i>Non-distributable</i> →		Share option reserve	Accumulated losses	Total equity
		Share capital	Warrant reserve			
		RM	RM	RM	RM	RM
At 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	18	12,814,411	-	-	-	12,814,411
Issuance of shares pursuant to the exercise of SIS	18	3,431,349	-	(814,218)	-	2,617,131
Provision of SIS reserve		-	-	814,218	-	814,218
Reversal of warrants	19	-	(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/ 1 December 2019		103,280,378	-	-	(92,634,703)	10,645,675
<u>Transactions with owners:</u>						
Issuance of shares pursuant to private placement	18	9,359,245	-	-	-	9,359,245
Issuance of shares pursuant to the exercise of SIS	18	11,839,308	-	1,677,400	-	13,516,708
Provision of SIS reserve		-	-	(1,677,400)	-	(1,677,400)
Right shares issued	18	81,397,787	-	-	-	81,397,787
Allocation of warrant reserve	19	-	19,226,263	-	(19,226,263)	-
Total transactions with owners		102,596,340	19,226,263	-	(19,226,263)	102,596,340
Total comprehensive loss for the financial year		-	-	-	(72,032,372)	(72,032,372)
At 30 November 2020		205,876,718	19,226,263	-	(183,893,338)	41,209,643

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 November 2020

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM Restated	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(17,013,471)	(31,995,017)	(72,032,372)	(99,322,344)
<i>Adjustments for:</i>				
Amortisation of intangible assets	1,225,145	4,352,791	-	-
Bad debts written off	14,670	7,003,572	-	-
Depreciation of plant and equipment	2,400,037	746,437	145,286	146,619
Depreciation of investment properties	56,217	79,640	-	-
Depreciation of right-of-use assets	115,809	-	-	-
Dividend income	(70,838)	(119,698)	(70,838)	(119,698)
Fair value losses on other investments	2,086,245	996,876	-	-
Fair value losses on short-term investments	15,714	-	15,714	-
Loss/(gain) on foreign exchange - unrealised	2,430,617	(1,424,349)	-	-
Impairment losses on amount owing by subsidiary companies	-	-	63,026,159	90,945,825
Impairment losses on investment in subsidiary companies	-	-	5,584,248	6,050,449
Impairment losses on intangible assets	8,051,784	-	-	-
Impairment losses on other investments	-	308,612	-	-
Impairment losses on trade receivables	221,800	4,096,002	-	-
Intangible assets written off	19,440	2,823,341	-	-
Interest expenses	116,925	175,762	-	-
Interest income	(1,575,977)	(1,332,052)	(12,591)	(20,202)
Inventories written off	14,080	50,878	-	-
Plant and equipment written off	627,337	21,376	-	-
Reversal of impairment losses on amount owing by subsidiary companies	-	-	(512,399)	-
Reversal of impairment losses on trade receivables	(22,772)	-	-	-
Share-based payment expenses	1,677,400	814,218	1,677,400	814,218
<i>Operating profit/(loss) before working capital changes</i>	390,162	(13,401,611)	(2,179,393)	(1,505,133)
Changes in contract assets/contract liabilities	222,967	1,583,031	-	-
Increase in inventories	(382)	-	-	-
(Increase)/decrease in receivables	(24,121,428)	11,365,890	(5,150)	37,305
(Decrease)/increase in payables	(1,452,142)	844,688	(714,681)	767,950
<i>Cash (used in)/generated from operations</i>	(24,960,823)	391,998	(2,899,224)	(699,878)
Interest received	1,575,977	1,332,052	12,591	20,202
Tax paid	(3,862)	(6,340)	-	-
<i>Net cash (used in)/generated from operating activities</i>	(23,388,708)	1,717,710	(2,886,633)	(679,676)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(2,471,034)	(15,664,480)	-	-
Additions in other investments	(8,442,399)	(4,468,757)	-	-
Dividend received	70,838	119,698	70,838	119,698
Investment in subsidiary company	-	-	(5,671,458)	-
Purchase of plant and equipment (Note A)	(116,693)	(5,038,732)	-	(710,432)
Purchase of investment properties	(900,000)	-	-	-
<i>Net cash used in investing activities</i>	(11,859,288)	(25,052,271)	(5,600,620)	(590,734)

Statements of Cash Flows

For the financial year ended 30 November 2020

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM Restated	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in amount owing by subsidiary companies	-	-	(54,423,531)	(26,270,435)
Interest paid on term loan	(112,226)	(175,762)	-	-
Interest paid on lease liabilities	(4,699)	-	-	-
(Placement)/withdrawal of short-term investments	(40,070,838)	1,004,865	(40,070,838)	3,169,441
Proceeds from issuance of shares	102,596,340	15,431,542	102,596,340	15,431,542
Repayment of lease liabilities	(114,682)	-	-	-
Repayment of term loan	(114,076)	(465,427)	-	-
Share issuance expenses	(1,677,400)	-	(1,677,400)	-
Withdrawal of fixed deposits with licensed banks	-	4,672,197	-	1,004,865
<i>Net cash generated from/(used in) financing activities</i>	60,502,419	20,467,415	6,424,571	(6,664,587)
<i>Net increase/(decrease) in cash and cash equivalents</i>	25,254,423	(2,867,146)	(2,062,682)	(7,934,997)
<i>Cash and cash equivalents at the beginning of the financial year/period</i>	35,228,794	37,754,153	2,824,496	10,759,493
<i>Effect of exchange differences</i>	110,044	341,787	-	-
<i>Cash and cash equivalents at the end of the financial year/period (Note B)</i>	60,593,261	35,228,794	761,814	2,824,496
NOTES TO STATEMENTS OF CASH FLOWS				
(A) Purchase of plant and equipment				
Aggregate cost	3,732,986	5,038,732	-	710,432
Less: Debts settlement	(3,616,293)	-	-	-
	116,693	5,038,732	-	710,432
(B) Cash and cash equivalents comprise:				
Short-term investments	40,055,124	-	40,055,124	-
Cash and bank balances	60,593,261	35,228,794	761,814	2,824,496
	100,648,385	35,228,794	40,816,938	2,824,496
Less: Short-term investments	(40,055,124)	-	(40,055,124)	-
	60,593,261	35,228,794	761,814	2,824,496

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

NOTES TO THE FINANCIAL STATEMENTS

- 30 November 2020

1. GENERAL INFORMATION

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

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

The principal 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 9. There were no significant changes in the nature of these activities during the financial year.

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 December 2019 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 December 2019:

MFRS 16 - Leases

Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long term Interest in Associates and Joint Ventures

Annual Improvements to MFRS standards 2015 - 2017 Cycle

IC Interpretation 23 Uncertainty over Income Tax Treatments

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
Amendments to MFRS 3 – Definition of a Business	1 January 2020
Amendments to MFRS 9 - Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 – Definition of Material	1 January 2020
Amendments to MFRS 16 Leases – Covid 19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9 Financial Instruments, MFRS 4 Insurance Contracts - Interest Rate Benchmark Reform - Phase 2	1 January 2021

Notes to the Financial Statements

- 30 November 2020

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

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 116 Property, plant and equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
MFRS 17 - Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current	1 January 2023
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 and Amendments to MFRSs that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis Of Consolidation (Continued)

(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) Plant And Equipment

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

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

EFTPOS terminals	8 years
Office equipment	3 - 10 years
Furniture and fittings	2 - 10 years
Machinery	2 years
Hardware	5 years
Renovation	3 - 10 years

The residual value, useful lives and depreciation method of 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 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.

(d) Investment properties

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (Continued)

The Group are using cost model to measure their investment properties after initial recognition.

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

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

Leasehold building	97 years
--------------------	----------

(e) Goodwill

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

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

(f) Intangible Assets - Research And Development Costs

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

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite 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.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible Assets - Research And Development Costs (Continued)

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.

(g) 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.

(h) Inventories

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

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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').

(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.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Assets (Continued)

(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.

(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.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Assets (Continued)

(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.

(j) Financial Liabilities

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

(i) *Financial Liabilities At FVTPL*

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Equity Instruments

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

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

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

(l) 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.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Contract Assets/Contract Liabilities (Continued)

(ii) *Contract Liabilities*

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

(m) Lease

The Group and the Company has applied MFRS 16 Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been related - i.e it is presented, as previously reported under MFRS 117 Leases and related interpretations.

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

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

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

Recognition And Measurement

(i) *Initial Measurement*

As a Lessor

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

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

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

When the Group and the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use assets arising from head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Lease (Continued)

Recognition And Measurement (Continued)

(i) *Initial Measurement (Continued)*

As a Lessee

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

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

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

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

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

The Group and the Company assesses at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and lease of low-value assets. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

(ii) *Subsequent measurement*

As a Lessor

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

As a Lessee

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Lease (Continued)

Recognition And Measurement (Continued)

(ii) *Subsequent measurement (Continued)*

As a Lessee (Continued)

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

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

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

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

(n) Revenue Recognition

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

A contract with customer exists when the contract has commercial substance, the Group and the Company and their 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 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Rental Income

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Dividend Income

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

(q) Interest Income

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

(r) 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.

(s) Income Tax Expense

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

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

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 year.

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 year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.
- (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.

(u) 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.

(v) 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 year are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Functional And Foreign Currency (Continued)

(iii) *Foreign Operations*

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

(w) 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.

(x) 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.

(y) 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.

(z) Earnings Per Ordinary Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

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

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

Notes to the Financial Statements

- 30 November 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) 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.

(ab) Warrant Reserve

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

(ac) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible 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.

Notes to the Financial Statements

- 30 November 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Depreciation of Plant and Equipment And Investment Properties

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

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

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

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

(b) Amortisation of Intangible Assets

Changes in the expected level of usage 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.

(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.

Notes to the Financial Statements

- 30 November 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 year.

(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 year.

(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.

5. PLANT AND EQUIPMENT

The details of plant and equipment are as follows:

Group	Note	Leasehold building RM	EFTPOS terminals RM	Office equipment RM	Furniture and fittings RM	Machinery RM	Hardware RM	Renovation RM	Total RM
<i>Cost</i>									
At 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 investment properties	6	(5,453,030)	-	-	-	-	-	-	(5,453,030)
Transfer to inventories		-	(40,272)	-	-	-	-	-	(40,272)
Translation differences		-	-	95	-	-	-	-	95
At 30 November 2019/ 1 December 2019		-	1,074,589	634,380	46,398	-	4,098,323	1,191,479	7,045,169
Additions		-	-	58,356	19,537	38,800	3,616,293	-	3,732,986
Written off		-	(1,069,099)	(214,546)	-	-	-	-	(1,283,645)
Translation differences		-	-	908	-	-	(121,624)	-	(120,716)
At 30 November 2020		-	5,490	479,098	65,935	38,800	7,592,992	1,191,479	9,373,794

Notes to the Financial Statements

- 30 November 2020

5. PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold building RM	EFTPOS terminals RM	Office equipment RM	Furniture and fittings RM	Machinery RM	Hardware RM	Renovation RM	Total RM
<i>Accumulated depreciation</i>									
At 1 July 2018		435,681	147,754	318,588	114,787	-	-	353,774	1,370,584
Charge for the financial period		-	193,258	130,914	7,114	-	204,916	210,235	746,437
Written off		-	(8,573)	(114,156)	(86,221)	-	-	(42,278)	(251,228)
Transfer to investment properties	6	(435,681)	-	-	-	-	-	-	(435,681)
Transfer to inventories		-	(15,481)	-	-	-	-	-	(15,481)
Translation differences		-	-	9	-	-	-	-	9
At 30 November 2019/ 1 December 2019		-	316,958	335,355	35,680	-	204,916	521,731	1,414,640
Charge for the financial year		-	141,965	112,331	13,124	17,783	1,924,643	190,191	2,400,037
Written off		-	(455,920)	(200,388)	-	-	-	-	(656,308)
Translation differences		-	-	135	-	-	(37,163)	-	(37,028)
At 30 November 2020		-	3,003	247,433	48,804	17,783	2,092,396	711,922	3,121,341
<i>Net carrying amount</i>									
At 30 November 2020		-	2,487	231,665	17,131	21,017	5,500,596	479,557	6,252,453
At 30 November 2019 (Restated)		-	757,631	299,025	10,718	-	3,893,407	669,748	5,630,529
					Office equipment RM	Renovation RM	Total RM		
<i>Cost</i>									
At 1 July 2018					15,998	-			15,998
Addition					-	710,432			710,432
At 30 November 2019/1 December 2019/30 November 2020					15,998	710,432			726,430
<i>Accumulated depreciation</i>									
At 1 July 2018					4,910	-			4,910
Charge for the financial period					4,533	142,086			146,619
At 30 November 2019/1 December 2019					9,443	142,086			151,529
Charge for the financial year					3,200	142,086			145,286
At 30 November 2020					12,643	284,172			296,815
<i>Net carrying amount</i>									
At 30 November 2020					3,355	426,260			429,615
At 30 November 2019					6,555	568,346			574,901

Notes to the Financial Statements

- 30 November 2020

6. INVESTMENT PROPERTIES

Group	Note	Leasehold building RM
<i>Cost</i>		
At 1 July 2018		-
Transfer from plant and equipment	5	5,453,030
At 30 November 2019/1 December 2019		5,453,030
Addition		900,000
At 30 November 2020		6,353,030
<i>Accumulated depreciation</i>		
At 1 July 2018		-
Transfer from plant and equipment	5	435,681
Charge for the financial period		79,640
At 30 November 2019/1 December 2019		515,321
Charge for the financial year		56,217
At 30 November 2020		571,538
<i>Net carrying amount</i>		
At 30 November 2020		5,781,492
At 30 November 2019 (<i>Restated</i>)		4,937,709

Assets pledged as securities to financial institutions

Group

The carrying amount of investment properties of the Group pledged as security for term loan as disclosed in Note 20 is:

	2020 RM	2019 RM
Leasehold building	4,881,492	4,937,709

The fair value of investment properties of the Group is:

	2020 RM	2019 RM
Leasehold building	5,800,000	-

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Investment properties	-	5,800,000	-	5,800,000

There was no transfer between level 1 and level 3 during the financial year ended 30 November 2020.

Level 2 Fair Value

Level 2 fair value of leasehold building have been derived by using the comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attribute such as property size. The most significant inputs of this valuation approach is price per square foot of the comparable buildings.

Highest and Best Use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The property rental income earned by the Group from its investment properties of which is leased out under operating lease, amounting to RM140,500 (2019: RM156,774). Direct operating expenses pertaining to the investment properties amounting to RM158,138 (2019: RM254,333).

Notes to the Financial Statements

- 30 November 2020

7. RIGHT-OF-USE ASSETS

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

Group	Office building RM
<i>Cost</i>	
At 1 July 2018/30 November 2019/1 December 2019	-
Addition	173,714
At 30 November 2020	<u>173,714</u>
<i>Accumulated depreciation</i>	
At 1 July 2018/30 November 2019/1 December 2019	-
Charge for the financial year	115,809
At 30 November 2020	<u>115,809</u>
<i>Net carrying amount</i>	
At 30 November 2020	<u>57,905</u>
At 30 November 2019	<u>-</u>

8. INTANGIBLE ASSETS

The details of intangible assets is as follows:

Group	Application software RM	Development costs RM	Total RM
<i>Cost</i>			
At 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)	(9,519,391)
Translation differences	614,901	76,823	691,724
At 30 November 2019/1 December 2019	<u>6,048,499</u>	<u>15,773,263</u>	<u>21,821,762</u>
Additions	-	2,471,034	2,471,034
Written off	(48,600)	-	(48,600)
Translation differences	(120,178)	(334,005)	(454,183)
At 30 November 2020	<u>5,879,721</u>	<u>17,910,292</u>	<u>23,790,013</u>
<i>Accumulated amortisation</i>			
At 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)	-	(6,696,050)
Translation differences	59,267	-	59,267
At 30 November 2019/1 December 2019	<u>1,029,908</u>	<u>-</u>	<u>1,029,908</u>
Charge for the financial year	1,225,145	-	1,225,145
Written off	(29,160)	-	(29,160)
Translation differences	(79,394)	-	(79,394)
At 30 November 2020	<u>2,146,499</u>	<u>-</u>	<u>2,146,499</u>

Notes to the Financial Statements

- 30 November 2020

8. INTANGIBLE ASSETS (CONTINUED)

The details of intangible assets is as follows: (Continued)

Group	Application software RM	Development costs RM	Total RM
<i>Accumulated impairment</i>			
At 1 July 2018/30 November 2019/1 December 2019	-	-	-
Additions	1,599,057	6,452,727	8,051,784
Translation differences	(51,942)	(209,605)	(261,547)
At 30 November 2020	1,547,115	6,243,122	7,790,237
<i>Net carrying amount</i>			
At 30 November 2020	2,186,107	11,667,170	13,853,277
At 30 November 2019	5,018,591	15,773,263	20,791,854

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.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
<i>Unquoted shares, at cost</i>		
In Malaysia		
At 1 December 2019/1 July 2018	38,850,000	38,850,000
Additions	5,671,458	-
At 30 November 2020/2019	44,521,458	38,850,000
Outside Malaysia		
At 1 July 2018/30 November 2019	49,908	49,908
1 December 2019/30 November 2020	44,571,366	38,899,908
<i>Less: Accumulated impairment losses</i>		
At 1 December 2019/1 July 2018	(38,899,908)	(32,849,459)
Additions	(5,584,248)	(6,050,449)
At 30 November 2020/2019	(44,484,156)	(38,899,908)
	87,210	-

Notes to the Financial Statements

- 30 November 2020

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2020 %	2019 %	
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. ("GEM Pay")	Malaysia	99.31	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
E-Fx Sdn Bhd ("E-Fx")	Malaysia	100	-	Provision of services relating to information technology including trading of computer software and hardware
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*# ("NDL")	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
Indirect holding:				
Subsidiary companies of GEM Live:				
Gem Excite Sdn. Bhd. ("GEM Excite")	Malaysia	100	-	Provision of the rental services for all kinds of machinery and equipment
Indirect holding:				
Subsidiary companies of NDL:				
NetX Digital Taiwan Limited*# ("NDL Taiwan")	Taiwan	100	-	Trading of information technology related hardware and software equipment

* Subsidiary companies not audited by SBY Partners PLT

The financial statements of these subsidiary companies were reviewed by SBY Partners PLT for consolidation purposes.

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 year/period.

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

The Company had incorporated a wholly-owned subsidiary, E-Fx, with issued and paid-up capital of RM1. E-Fx is currently a dormant company and its intended principal activities are provision of services relating to information technology including trading of computer software and hardware.

Notes to the Financial Statements

- 30 November 2020

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

GEM Live had incorporated a wholly-owned subsidiary company, GEM Excite, with issued and paid-up capital of RM1. GEM Excite is currently a dormant company and its intended principal activities are provision of the rental services for all kinds of machinery and equipment.

NDL had incorporated a wholly-owned subsidiary company, NDL Taiwan, with issued and paid-up capital of RM830,646. NDL Taiwan is currently a dormant company and its intended principal activities are trading of information technology related hardware and software equipment.

10. OTHER INVESTMENTS

	Group	
	2020 RM	2019 RM
<i>Quoted shares in Malaysia at FVTPL</i>		
At 1 December 2019/1 July 2018	7,326,000	3,845,966
Additions	8,442,399	4,468,757
Fair value changes	(2,086,245)	(996,876)
Gain on foreign exchange - unrealised	171,743	-
Translation differences	(329,897)	8,153
At 30 November 2020/2019	13,524,000	7,326,000
<i>Investment in the business of movie production at FVTOCI</i>		
At 1 December 2019/1 July 2018	308,612	299,762
Translation differences	-	8,850
At 30 November 2020/2019	308,612	308,612
<i>Less: Accumulated impairment losses</i>		
At 1 December 2019/1 July 2018	(308,612)	-
Additions	-	(308,612)
At 30 November 2020/2019	(308,612)	(308,612)
	-	-
	13,524,000	7,326,000

Impairment loss recognised

In previous 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.

11. GOODWILL

	Group	
	2020 RM	2019 RM
At 1 July 2018/30 November 2019		
1 December 2019/30 November 2020	27,477,811	27,477,811
<i>Less: Accumulated impairment losses</i>		
At 1 July 2018/30 November 2019		
1 December 2019/30 November 2020	(27,477,811)	(27,477,811)
	-	-

Notes to the Financial Statements

- 30 November 2020

11. GOODWILL (CONTINUED)

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.

12. INVENTORIES

	Group	
	2020 RM	2019 RM
<i>At cost:</i>		
EFTPOS terminals	1,081	15,161
Unutilised SMS	-	838
Finished goods	1,220	-
	2,301	15,999
<u>Recognised in profit or loss</u>		
Inventories recognised as cost of sales	3,899	51,716

13. TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Trade receivables	12,229,027	8,220,984
Less: Accumulated impairment losses	(4,241,562)	(4,159,073)
	7,987,465	4,061,911

Trade receivables are non-interest bearing and are generally on 30 to 180 days (2019: 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:

	Group	
	2020 RM	2019 RM
At 1 December 2019/1 July 2018	4,159,073	460,799
Additions	221,800	4,096,002
Bad debts written off	(50,817)	(417,522)
Reversal	(22,772)	-
Translation differences	(65,722)	19,794
At 30 November 2020/2019	4,241,562	4,159,073

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

	Group	
	2020 RM	2019 RM
RM	7,613,584	481,247
United States Dollar ("USD")	4,615,443	7,739,737
	12,229,027	8,220,984

Notes to the Financial Statements

- 30 November 2020

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	11,260,476	877,670	444	444
Less: Accumulated impairment losses	(49,363)	(49,363)	-	-
	11,211,113	828,307	444	444
Deposits	2,537,706	1,269,472	-	-
Prepayments	5,950,029	63,825	14,986	9,836
	19,698,848	2,161,604	15,430	10,280

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	
	2020 RM	2019 RM
At 1 July 2018/30 November 2019/1 December 2019 /30 November 2020	49,363	49,363

Included in deposits is an amount of RM960,000 (2019: RM960,000) relating to purchase of a motor vehicle. As at the date of these financial statements were authorised for issue, the purchase of the abovementioned motor vehicle was cancelled and the deposit amounting to RM960,000 was refunded.

Included in prepayment is an amount of RM1,139,143 (2019: Nil) paid for the rental of servers for data storage purposes.

Included in prepayment is an amount of RM4,692,777 (2019: Nil) paid for the purchase of subscription of renounceable right issue of quoted new ordinary shares in Malaysia.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables				
- Hong Kong Dollar ("HKD")	5,482,325	40,425	-	-
- RM	865,006	825,353	444	444
- Renminbi ("RMB")	-	11,892	-	-
- Taiwan Dollar ("TWD")	4,913,145	-	-	-
Deposits				
- RM	2,537,706	1,269,472	-	-
Prepayments				
- HKD	4,741,175	14,018	-	-
- RM	1,208,854	49,807	14,986	9,836
	19,748,211	2,210,967	15,430	10,280

Notes to the Financial Statements

- 30 November 2020

15. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
Amount owing by subsidiary companies	153,651,404	99,227,873
Less: Accumulated impairment losses	(153,640,804)	(91,127,044)
	10,600	8,100,829

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

During the financial year, the Company has recognised an impairment loss of RM62,513,760 (2019: 90,945,825) 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.

Movements in the accumulated impairment losses are as follows:

	Group	
	2020 RM	2019 RM
At 1 December 2019/1 July 2018	91,127,044	181,219
Additions	63,026,159	90,945,825
Reversal	(512,399)	-
At 30 November 2020/2019	153,640,804	91,127,044

16. SHORT-TERM INVESTMENTS

Group and Company

The short-term investments represented investment in highly liquid money market, placed with financial institutions in Malaysia and redeemable with one (1) day notice. The distribution income from this fund was tax exempted and distributed on quarterly basis. The effective interest rate was 0.16% per month.

17. CASH AND BANK BALANCES

Group

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
HKD	38,004	225,333	-	-
RM	4,534,839	3,143,958	761,814	2,824,496
RMB	434,846	8,852,829	-	-
USD	55,581,626	23,006,674	-	-
TWD	3,946	-	-	-
	60,593,261	35,228,794	761,814	2,824,496

Notes to the Financial Statements

- 30 November 2020

18. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		RM	RM
Issued share capital:				
At 1 December 2019/1 July 2018	3,640,388,016	2,683,981,616	103,280,378	87,034,618
Issuance of shares pursuant to private placement	849,929,800	840,089,500	9,359,245	12,814,411
Issuance of shares pursuant to exercise of SIS	755,445,500	116,316,900	11,839,308	3,431,349
Share Consolidate	(5,035,932,804)	-	-	-
Issue of right shares	626,136,825	-	81,397,787	-
At 30 November 2020/2019	<u>835,967,337</u>	<u>3,640,388,016</u>	<u>205,876,718</u>	<u>103,280,378</u>

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 year, the Company had issued the following:

- (a) 849,929,800 new ordinary shares under Private Placement to third party investors;
- (b) 755,445,500 new ordinary shares under SIS; and
- (c) 626,136,825 new ordinary shares under right issue with warrants.

In the previous 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 SIS.

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

19. RESERVES

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Warrant reserve	(a)	19,226,263	-	19,226,263	-
Accumulated losses		(59,194,877)	(24,098,074)	(183,893,338)	(92,634,703)
Other reserves:					
Foreign currency translation reserve	(b)	470,206	(174,454)	-	-
		<u>(39,498,408)</u>	<u>(24,272,528)</u>	<u>(164,667,075)</u>	<u>(92,634,703)</u>

- (a) Warrant reserve

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

The Warrants were constituted by the Deed Poll dated 18 September 2020 ("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 RM0.13 during the 3-year period expiring on 26 October 2023 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- (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

Notes to the Financial Statements

- 30 November 2020

19. RESERVES (CONTINUED)

(a) Warrant reserve (Continued)

- (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.

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 Trinomial Option pricing model.

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

(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.

20. TERM LOAN

The term loan is repayable as follows:

	Group	
	2020 RM	2019 RM
<i>Shown under current liabilities</i>		
Within 1 year		
- secured	370,253	328,862
<i>Shown under non-current liabilities</i>		
Between 2 to 5 years		
- secured	1,623,714	1,779,181
	1,993,967	2,108,043

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 6; and
 (b) Corporate guarantee by the Company and third parties.

The term loan is repayable over 168 equal monthly instalments of RM37,717 per instalments commencing from the drawn down date.

The term loan bears effective interest rate ranged from 4.13% to 5.87% (2019: 5.87%) per annum.

21. DEFERRED TAX LIABILITIES

	Group	
	2020 RM	2019 RM
At 1 December 2019/ 1 July 2018	-	-
Realised in profit or loss (Note 29)	126,989	-
At 30 November 2020/2019	126,989	-

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

Notes to the Financial Statements

- 30 November 2020

22. TRADE PAYABLES

Group

Trade payables are non-interest bearing and are generally on 60 to 150 days (2019: 60 to 150 days) credit terms.

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

	Group	
	2020 RM	2019 RM
RM	2,208,269	197,730
USD	224,147	224,174
	<u>2,432,416</u>	<u>421,904</u>

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	151,882	961,397	57,950	763,770
Accruals	188,099	211,643	92,200	101,061
Deposit received	47,400	24,900	-	-
	<u>387,381</u>	<u>1,197,940</u>	<u>150,150</u>	<u>864,831</u>

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
HKD	21,332	31,498	-	-
RM	366,049	1,166,442	150,150	864,831
	<u>387,381</u>	<u>1,197,940</u>	<u>150,150</u>	<u>864,831</u>

24. (CONTRACT LIABILITIES)/CONTRACT ASSETS

	Group	
	2020 RM	2019 RM
<i>Shown under current assets</i>		
Service contracts (a)	-	-
<i>Shown under current liabilities</i>		
Deferred income (b)	(343,719)	(120,752)

Notes to the Financial Statements

- 30 November 2020

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

(a) Service contracts

	Group	
	2020 RM	2019 RM
Aggregate cost incurred to date	-	14,119,923
Add: Attributable profits	-	1,550,077
	-	15,670,000
Less: Progress billings	-	(15,670,000)
	-	-
Service contracts revenue recognised during the financial year/period (Note 26)	-	351,800
Service contracts cost recognised during the financial year/period	-	317,000

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	
	2020 RM	2019 RM
At 1 December 2019/1 July 2018	120,752	504,629
Add: Advance billings	430,407	573,142
Less: Recognised in profit or loss	(207,440)	(967,564)
Translation differences	-	10,545
At 30 November 2020/2019	343,719	120,752

25. LEASE LIABILITIES

The lease liabilities is repayable as follows:

Group	Future instalments payable RM	Undue interest RM	Principal payable RM
2020			
<i>Shown under current liabilities</i>			
Within 1 year	59,690	(658)	59,032
	RM	RM	RM
2019	-	-	-

Notes to the Financial Statements

- 30 November 2020

25. LEASE LIABILITIES (CONTINUED)

Movements of lease liabilities for the financial year are as follows:

	Group 2020 RM
Total lease liabilities recognised:	
At 1 December	-
Additions	173,714
Accretion interest	4,699
Lease payments - principal portion	(114,682)
Interest paid	(4,699)
At 30 November	<u>59,032</u>

Group

The lease liabilities bear effective interest rates at 3.86% (2019: Nil) per annum.

The following table explains the difference between the operating lease commitments disclosed in previous financial period (determined under MFRS 117):

The Group as lessor

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

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

	Group	
	2020 RM	2019 RM
Leasehold building		
- within 1 year	90,000	-
- between 2 to 5 years	43,000	-
	<u>133,000</u>	<u>-</u>
EFTPOS terminals		
- within 1 year	-	394,284
- between 2 to 5 years	-	2,531,737
	<u>-</u>	<u>2,926,021</u>

26. REVENUE

	Group	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Rendering of services	727,476	5,538,803
Rental income	-	441,824
Service contracts revenue	12,487,500	351,800
Software licensing fees	1,682,464	3,660,872
	<u>14,897,440</u>	<u>9,993,299</u>

Notes to the Financial Statements

- 30 November 2020

26. REVENUE (CONTINUED)

Segmentation of revenue

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

	Group	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Major services		
- Electronic transaction processing	133,418	233,103
- Rental of EFTPOS terminals	231,640	441,824
- Solutions and services	203,870	5,305,700
- Software development	12,487,500	351,800
- Software license	1,682,464	3,660,872
- Others	158,548	-
	14,897,440	9,993,299
Timing and recognition		
- At a point in time	12,984,003	3,893,975
- Over time	1,913,437	6,099,324
Total revenue	14,897,440	9,993,299

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

27. FINANCE COSTS

	Group	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Lease liabilities interest	4,699	-
Term loan interest	112,226	175,762
	116,925	175,762

Notes to the Financial Statements

- 30 November 2020

28. LOSS BEFORE TAXATION

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Loss before taxation is stated <i>after charging</i> :				
Auditors' remuneration				
- statutory audits				
- current year's/period's provision	147,704	150,088	80,000	80,000
- other services	88,000	8,000	88,000	8,000
Amortisation of intangible assets	1,225,145	4,352,791	-	-
Bad debts written off	14,670	7,003,572	-	-
Depreciation of plant and equipment	2,400,037	746,437	145,286	146,619
Depreciation of investment properties	56,217	79,640	-	-
Depreciation of right-of-use assets	115,809	-	-	-
Fair value losses on other investments	2,086,245	996,876	-	-
Fair value losses on short-term investments	15,714	-	15,714	-
Impairment losses on amount owing by subsidiary companies	-	-	63,026,159	90,945,825
Impairment losses on investment in subsidiary companies	-	-	5,584,248	6,050,449
Impairment losses on other investments	-	308,612	-	-
Impairment losses on intangible assets	8,051,784	-	-	-
Impairment losses on trade receivables	221,800	4,096,002	-	-
Incorporation fees	7,398	-	-	-
Intangible assets written off	19,440	2,823,341	-	-
Inventories written off	14,080	50,878	-	-
Loss on foreign exchange				
- realised	-	191,317	-	-
- unrealised	2,430,617	-	-	-
Plant and equipment written off	627,337	21,376	-	-
Server co location	962,500	-	-	-
Small value of assets :				
- rental of equipment	7,332	10,788	-	1,200
- rental of premises	134,769	523,080	1,000	1,000
Share-based payment expenses	1,677,400	814,218	1,677,400	814,218
Employee benefit expenses (<i>Note 31</i>)	5,943,724	7,219,523	1,971,342	1,353,617
<i>and crediting:</i>				
Dividend income	70,838	119,698	70,838	119,698
Gain on foreign exchange				
- realised	524,710	-	-	-
- unrealised	-	1,424,349	-	-
Interest income	1,575,977	1,332,052	12,591	20,202
Rental income	140,500	156,774	-	-
Reversal of impairment loss on trade receivables	22,772	-	-	-
Wages subsidy by government	29,300	-	-	-

Notes to the Financial Statements

- 30 November 2020

29. INCOME TAX EXPENSE

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Malaysian income tax:				
- current year's/period's provision	580	-	-	-
	580	-	-	-
Deferred tax (Note 21):				
- origination and reversal of temporary differences	126,989	-	-	-
	127,569	-	-	-

Income tax is calculated based on the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year/period. 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 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Loss before taxation	(17,013,471)	(31,995,017)	(72,032,372)	(99,322,344)
Income tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	(4,083,233)	(7,678,804)	(17,287,769)	(23,837,363)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	3,404,384	4,108,270	17,433,072	23,866,091
- income not subject to tax	(551,902)	(554,978)	(145,303)	(28,728)
- different tax rates in overseas subsidiary companies	76,596	303,739	-	-
- deferred tax assets not recognised during the financial year/period	2,257,886	3,821,773	-	-
- utilisation of deferred tax assets not recognised in respect of prior year	(976,162)	-	-	-
	4,210,802	7,678,804	17,287,769	23,837,363
	127,569	-	-	-

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Excess of accumulated depreciation claimed over corresponding capital allowances	(14,394,740)	(22,458,282)	-	-
Unutilised capital allowances	443,325	1,708,258	-	-
Unabsorbed business losses	57,235,199	54,626,034	5,580,462	5,580,462
	43,283,784	33,876,010	5,580,462	5,580,462

Notes to the Financial Statements

- 30 November 2020

30. LOSS PER SHARE

Loss Per Share

The basic loss per ordinary share as at 30 November 2020 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 01.12.2019 to 30.11.2020	From 01.07.2018 to 30.11.2019
Loss attributable to owners of the Company (RM)	(15,870,540)	(30,643,516)
Weighted average number of ordinary shares (units)	4,600,942,595	2,211,503,522
Basic loss per share (Sen)	(0.34)	(1.39)

Diluted Loss Per Share

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

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

31. EMPLOYEE BENEFIT EXPENSES

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

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Salaries, bonus, wages and allowances	3,529,331	4,810,713	106,700	260,117
Defined contribution plan	316,961	415,572	9,360	27,547
Other employee benefit	420,032	1,179,020	177,882	251,735
Share-based payment expenses	1,677,400	814,218	1,677,400	814,218
	5,943,724	7,219,523	1,971,342	1,353,617

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 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Directors' remuneration				
- fees	488,065	731,402	156,000	221,000
- other emoluments	207,969	439,223	116,983	165,268

Notes to the Financial Statements

- 30 November 2020

32. 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: -

Group	At 01.12.2019 RM	Net Cash Flows RM	Non-cash Changes RM	At 30.11.2020 RM
Term loan	2,108,043	(114,076)	-	1,993,967
Lease liabilities	-	(114,682)	173,714	59,032

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

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Director as chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on 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 2020

33. OPERATING SEGMENTS (CONTINUED)

Business segments

Group 2020	Electronic payment services RM	Non- electronic payment services RM	GEM RM	Others RM	Elimination RM	Total RM
Revenue						
External revenue	365,058	12,487,500	2,044,882	-	-	14,897,440
Inter-company	351,105	-	7,582	-	(358,687)	-
Total revenue	716,163	12,487,500	2,052,464	-	(358,687)	14,897,440
Results						
Segment operating loss	(785,836)	4,738,221	(4,533,814)	(6,060,169)	-	(6,641,598)
Other operating income						2,473,521
Unallocated expenses						(12,728,469)
Finance costs						(116,925)
Loss before taxation						(17,013,471)
Income tax expense						(127,569)
Loss after taxation						(17,141,040)
Non-controlling interest						1,270,500
Loss attribute to owners of the Company						(15,870,540)
Assets						
Segment assets	42,671,867	29,478,789	37,388,494	58,271,589	-	167,810,739
Total assets						167,810,739
Liabilities						
Segment liabilities	234,535	2,613,923	374,090	-	-	3,222,548
Term loan						1,993,967
Deferred tax liability						126,989
Total liabilities						5,343,504
Other information						
Amortisation of intangible assets						1,225,145
Bad debts written off						14,670
Depreciation of plant and equipment						2,400,037
Depreciation of investment properties						56,217
Depreciation of right-of-use assets						115,809
Fair value losses on other investments						2,086,245
Fair value losses on short-term investments						15,714
Impairment losses on intangible assets						8,051,784
Impairment losses on trade receivables						221,800
Intangible assets written off						19,440
Inventories written off						14,080
Loss on foreign exchange - unrealised						2,430,617
Plant and equipment written off						627,337
Share-based payment expenses						1,677,400

Notes to the Financial Statements

- 30 November 2020

33. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

Group 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 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 losses 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
Plant and equipment written off						21,376
Share-based payment expenses						814,218

Notes to the Financial Statements

- 30 November 2020

33. OPERATING SEGMENTS (CONTINUED)

Geographical information

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

Group	Revenue	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Malaysia	14,897,440	5,494,509
Hong Kong	-	4,498,790
	<u>14,897,440</u>	<u>9,993,299</u>

34. RELATED PARTY DISCLOSURE

(a) Identities of related parties

- (i) The Group has related party relationship with companies in which directors have financial interest and its key management personnel; and
- (ii) The Company has related party relationships with its 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 year as follows:

(i) Transaction with related party of which a director of the Company:

	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Sales	(11,500)	-
Service revenue	(8,979,500)	-
Services rendered	(91,878)	-
Rental income	(52,500)	-
Rental paid	-	21,000

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 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Short-term employee benefit expenses				
Executive Director:-				
- fees	332,065	510,402	-	-
- other emoluments	88,283	399,023	88,283	125,068
	<u>420,348</u>	<u>909,425</u>	<u>88,283</u>	<u>125,068</u>

Notes to the Financial Statements

- 30 November 2020

34. RELATED PARTY DISCLOSURE

(b) (ii) Compensation of key management personnel (Continued)

	Group		Company	
	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM	From 01.12.2019 to 30.11.2020 RM	From 01.07.2018 to 30.11.2019 RM
Non-executive Directors:-				
- fees	156,000	221,000	156,000	221,000
- other emoluments	119,686	40,200	28,700	40,200
	275,686	261,200	184,700	261,200
	696,034	1,170,625	272,983	386,268

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity and cash flows risks. The Company's activities are exposed to credit risk and liquidity and cash flows risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, foreign currency risk, equity price risk, credit risk, and liquidity and cash flows risks. The Group's and the Company's policies in respect of the major areas of treasury activities are as follows:

(i) Interest Rate Risk

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

The Group's 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 year, with all other variables held constant: -

	Group	
	2020 Increase/ (decrease) RM	2019 Increase/ (decrease) RM
Effects on profit after taxation/equity		
Increase of 100 basis points	(15,154)	(12,648)
Decrease of 100 basis points	15,154	12,648

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Group's entities.

The currencies giving rise to this risk are primarily USD, HKD, RMB and TWD. 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	
	2020 RM	2019 RM
Trade receivables	4,615,443	7,739,737
Cash and bank balances	55,581,626	23,006,674
Trade payables	(224,147)	(224,147)
Currency exposure	59,972,922	30,522,264

Group	HKD	
	2020 RM	2019 RM
Other receivables, deposits and prepayments	10,223,500	54,443
Cash and bank balances	38,004	225,333
Other payables and accruals	(21,332)	(31,498)
Currency exposure	10,240,172	248,278

Group	RMB	
	2020 RM	2019 RM
Other receivables, deposits and prepayments	-	11,892
Cash and bank balances	434,846	8,852,829
Currency exposure	434,846	8,864,721

Group	TWD	
	2020 RM	2019 RM
Other receivables, deposits and prepayments	4,913,145	-
Cash and bank balances	3,946	-
Currency exposure	4,917,091	-

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(ii) Foreign Currency Risk (Continued)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting year, with all other variables held constant:

	Group	
	2020	2019
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after taxation/equity		
Strengthened by 10%		
- USD	4,557,942	2,319,690
- HKD	778,253	18,869
- RMB	33,048	673,719
- TWD	373,699	-
Weakened by 10%		
- USD	(4,557,942)	(2,319,690)
- HKD	(778,253)	(18,869)
- RMB	(33,048)	(673,719)
- TWD	(373,699)	-

(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% (2019: 10%) increase in the market price of the quoted shares as at the end of the reporting year would have increased equity by RM1,352,400 (2019: RM732,600). A 10% (2019: 10%) decrease in market price would have had equal but opposite effect on equity.

(iv) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's 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 period.

- 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 year, the Group assesses whether any of the trade and other receivables are credit impaired.

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(iv) Credit Risk (Continued)

- Trade and other receivables (Continued)

Risk management objectives, policies and processes for managing the risk (Continued)

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 period.

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 year.

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 (2019: one) major customer constituting approximately 96% (2019: 85%) 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 year, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

	Group	
	2020	2019
	RM	RM
Not past due	1,929,020	326,048
Past due but not impaired:		
- 1 to 90 days	6,034,268	193,115
- 91 to 180 days	24,177	3,501,568
- more than 180 days	-	41,180
Impaired	6,058,445	3,735,863
	4,241,562	4,159,073
	12,229,027	8,220,984

Notes to the Financial Statements

- 30 November 2020

35. 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)

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 year, 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 year.

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.

(v) Liquidity and Cash Flows Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposure to liquidity and cash flows risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Policies (Continued)

(v) Liquidity and Cash Flows Risks (Continued)

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

Group 2020	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
Trade payables	-	2,432,416	2,432,416	2,432,416	-
Other payables and accruals	-	387,381	387,381	387,381	-
Lease liabilities	3.86	59,032	59,690	59,690	-
Term loan	4.13 - 5.87	1,993,967	2,036,718	452,604	1,584,114
		4,872,796	4,916,205	3,332,091	1,584,114

2019

Trade payables	-	421,904	421,904	421,904	-
Other payables and accruals	-	1,197,940	1,197,940	1,197,940	-
Term loan	5.87	2,108,043	2,263,020	452,604	1,810,416
		3,727,887	3,882,864	2,072,448	1,810,416

Company 2020	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM
Other payables and accruals	-	150,150	150,150	150,150
Contingent liabilities	-	1,993,967	1,993,967	1,993,967
		2,144,117	2,144,117	2,144,117

2019

Other payables and accruals	-	864,831	864,831	864,831
Contingent liabilities	-	2,964,000	2,964,000	2,964,000
		3,828,831	3,828,831	3,828,831

(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 plus lease liabilities and term loan less short-term investments and cash and bank balances.

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Capital Risk Management (Continued)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year/period were as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	2,432,416	421,904	-	-
Other payables and accruals	387,381	1,197,940	94,792	864,831
Lease liabilities	59,032	-	-	-
Term loan	1,993,967	2,108,043	-	-
	4,872,796	3,727,887	94,792	864,831
Less: Short-term investments	(40,055,124)	-	(40,055,124)	-
Less: Cash and bank balances	(60,593,261)	(35,228,794)	(761,814)	(2,824,496)
	(95,775,589)	(31,500,907)	(40,722,146)	(1,959,665)
Total equity	162,467,235	76,307,092	41,209,643	10,645,675
Debt-to-equity ratio	N/A	N/A	N/A	N/A

N/A: The cash and cash equivalents of the Group and of the Company are sufficient to settle all the debts of the Group and of the Company as at the financial year/ period end.

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

(c) Classification of Financial Instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
<u>Measured at FVTPL</u>				
Other investments				
- Investment in quoted shares	13,524,000	7,326,000	-	-
<u>Measured at amortised cost</u>				
Trade receivables	7,987,465	4,061,911	-	-
Other receivables and deposits	13,748,819	2,097,779	15,430	444
Amount owing by subsidiary companies	-	-	10,600	8,100,829
Short-term investments	40,055,124	-	40,055,124	-
Cash and bank balances	60,593,261	35,228,794	761,814	2,824,496
	122,384,669	41,388,484	40,842,968	10,925,769
Financial Liabilities				
<u>Measured at amortised cost</u>				
Trade payables	2,432,416	421,904	-	-
Other payables	387,381	1,197,940	150,150	763,770
Lease liabilities	59,032	-	-	-
Term loan	1,993,967	2,108,043	-	-
	4,872,796	3,727,887	150,150	763,770

Notes to the Financial Statements

- 30 November 2020

35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the relatively short term nature, except for:-

- (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 2020 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
2020				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	13,524,000	-	-	13,524,000
- Short-term investments	40,055,124	-	-	40,055,124
Investment properties	-	5,800,000	-	5,800,000
	53,579,124	5,800,000	-	59,379,124
2019				
<u>Financial Assets</u>				
Other investments				
- Investment in quoted shares	7,326,000	-	-	7,326,000
Investment properties	5,800,000	-	-	5,800,000
	13,126,000	-	-	13,126,000

The Group and the Company do not have any financial liabilities carried at fair value nor any financial assets classified as Level 3 as at 30 November 2020.

Notes to the Financial Statements

- 30 November 2020

36. COMMITMENTS

(a) 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.

	Group	
	2020 RM	2019 RM
Approved and contracted but not provided for - share subscription in a subsidiary company*	36,168,527	37,119,963

* On 20 June 2018, FUTL had incorporated FFUTCL, a company incorporated in Fujian, China, with registered capital of USD8,888,880 or equivalent to RM36,168,527 at the exchange rate of USD1: RM4.0690 (2019: RM37,119,963 at the exchange rate of USD1: RM4.1760). 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.

37. CONTINGENT LIABILITIES

	Company	
	2020 RM	2019 RM
Guarantees given to a financial institution for banking facilities granted to a subsidiary company	1,993,967	2,964,000

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) During the financial year, the Company had issued the following ordinary shares pursuant to the private placement of up to 10% of the enlarged total number of issued shares as follows:-
- (i) 200,000,000 new ordinary shares at an issue price of RM0.0144 per share amounting to RM2,880,000 on 16 March 2020;
 - (ii) 50,000,000 new ordinary shares at an issue price of RM0.0100 per share amounting to RM500,000 on 16 April 2020;
 - (iii) 140,038,800 new ordinary shares at an issue price of RM0.0092 per share amounting to RM1,288,357 on 21 April 2020; and
 - (iv) 451,891,000 new ordinary shares at an issue price of RM0.0102 per share amounting to RM4,690,888 on 16 June 2020.
- (b) On 18 December 2019, the Company offered 50,000,000 options at exercise price of RM0.0200 each to eligible employees.
- (c) On 13 January 2020, the Company offered 50,000,000 options at exercise price of RM0.0200 each to eligible employees.
- (d) On 5 February 2020, the Company offered 50,000,000 options at exercise price of RM0.0200 each to eligible employees.
- (e) On 21 February 2020, the Company offered 50,000,000 options at exercise price of RM0.0200 each to eligible employees.
- (f) On 28 February 2020, GEM Live, an indirect 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 the Company.
- (g) On 2 March 2020, the Company offered 60,000,000 options at exercise price of RM0.0175 each to eligible employees.

Notes to the Financial Statements

- 30 November 2020

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

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

The company have performed assessments on the overall impact of the situation on the company’s operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 30 November 2020.

Given the fluidity of the situation, the company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the company’s operations.

- (i) 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.
- (j) On 6 April 2020, GEM Live, an indirect wholly-owned subsidiary company of the Company had entered into a Memorandum of Understanding with LamboMove Sdn. Bhd. (formerly known as Oriented Media Services Sdn. Bhd.) (“LamboMove”) for the appointment of LamboMove as GEM Live’s food delivery service provider to its customers.
- (k) On 21 April 2020, the Company offered 221,900,000 options at exercise price of RM0.0100 each to eligible employees.
- (l) On 29 April 2020, E-FX, a wholly-owned subsidiary of the Company had entered into a Collaboration Agreement with Finexia Securities Ltd to introduce, promote and operate the Point-to-Point currency exchange digital platform with an inbuilt e-wallet function (“e-FX Platform”) in Australia.
- (m) On 30 April 2020, the Company offered 66,603,500 options at exercise price of RM0.0100 each to eligible employees.
- (n) On 14 May 2020, the Company offered 19,981,000 options at exercise price of RM0.0125 each to eligible employees.
- (o) On 16 June 2020, the Company offered 143,961,000 options at exercise price of RM0.0100 each to eligible employees.
- (p) On 25 June 2020, the Company offered 43,000,000 options at exercise price of RM0.0125 each to eligible employees.
- (q) On 3 September 2020, NDL, an indirect subsidiary company of the Company, had incorporated a new subsidiary company namely Netx Digital Taiwan Limited (“NDL Taiwan”). Consequently, NDL Taiwan became the subsidiary company of the Company.
- (r) On 14 August 2020, the Company proposed consolidation of every 25 shares held on 24 September 2020 into 1 share. On 25 September 2020, the Company announced that 209,830,512 Consolidated Shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Sdn. Bhd. (“Bursa Securities”), marking the completion of the share consolidation.
- (s) On 9 October 2020, GEM Pay, a subsidiary of the Company has entered into the following: -
- (i) Memorandum of Understanding (“MOU”) with XOX Media Sdn. Bhd. (“XOX Media”), a wholly-owned subsidiary of XOX Bhd. for the purpose to discuss, explore and enter into negotiations in business arrangement to provide and rent to XOX Media of up to 1,000 units of contactless payment terminals and/or cashless e-wallet payment solutions to be incorporated into smart vending machines.
- (ii) Collaboration Agreement with DGB Networks Sdn. Bhd. (“DGB Networks”), a wholly-owned subsidiary of DGB Asia Bhd., for the supply of up to 1,000 units of contactless payment terminals to aid cashless and e-wallet payment solutions via DGB Network’s next-generation artificial intelligence vending machines.
- (t) On 3 November 2020, the Rights Issue of Shares with Warrants had been completed with the listing of 626,136,825 Rights Shares together with 313,068,412 Warrants C on the ACE Market of Bursa Securities.

Notes to the Financial Statements

- 30 November 2020

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- (a) On 14 December 2020, GEM Pay has entered into the following: -
- (i) Shares Subscription Agreement with Mr. Foo Jee Hai for the acquisition of 1,800,000 ordinary shares in Emicro Capital (M) Sdn. Bhd. ("Emicro"), representing 60% of the total issued and paid-up share capital of Emicro for a total consideration of RM1,200,000.
 - (ii) Shares Subscription Agreement with Emicro for the subscription of up to 3,000,000 Redeemable Convertible Preference Share ("RCPS") in Emicro at the issue price of RM1.00 per RCPS in multiple tranches for a total consideration of RM3,000,000.
- On 1 March 2021, GEM Pay had completed the subscription of first tranche of RCPS in Emicro comprised of 1,000,000 RCPS of RM1.00 each.
- (b) On 29 December 2020, the Company offered 213,412,750 options at exercise price of RM0.135 each to eligible employees.
- (c) On 5 March 2021, the Company offered 313,200,000 options at exercise price of RM0.125 each to eligible employees.

40. COMPARATIVE FIGURES

- (a) The comparative figures were for a period of seventeen months and may not be comparable with current financial year's figures.
- (b) During the financial year ended 30 November 2020, a subsidiary Company, Ariantec Sdn. Bhd. has classified a leasehold building as property, plant and equipment instead of investment property. The financial effect in the correction of errors has no impact on the retained earnings of the Group as such the prior errors was corrected prospectively. As a result, certain comparative figures have been reclassified to conform with current financial year's presentation. The financial effects of correction of errors and reclassification are disclosed below:

Group	As previously reported 30.11.2019 RM	Reclassification RM	As restated 30.11.2019 RM
Statements of financial position (extracted):			
<i>Non current assets</i>			
Plant and equipments	10,568,238	(4,937,709)	5,630,529
Investment properties	-	4,937,709	4,937,709
Statements of cash flows (extracted):			
<i>Cash flow from operating activities</i>			
Depreciation of plant and equipment	826,077	(79,640)	746,437
Depreciation of investment properties	-	79,640	79,640
Statements of profit or loss and other comprehensive income (extracted):			
Depreciation of plant and equipment	826,077	(79,640)	746,437
Depreciation of investment properties	-	79,640	79,640
Company			
Statements of profit or loss and other comprehensive income (extracted):			
Administrative Expenses	1,651,753	(1)	1,651,752
Other operating expenses	97,810,491	1	97,810,492

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 24 March 2021 by the Board of Directors.

ANALYSIS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

Issued Share Capital	: 835,967,337 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	860	6.89	32,078	#
100 – 1,000	1,955	15.66	987,323	0.12
1,001 – 10,000	5,021	40.22	22,854,438	2.73
10,001 – 100,000	3,911	31.33	141,045,235	16.87
100,001 to less than 5% of issued shares	731	5.86	270,236,963	32.33
5% and above of issued shares	5	0.04	400,811,300	47.95
Total	12,483	100.00	835,967,337	100.00

Note:

Less than 0.01%

SUBSTANTIAL SHAREHOLDERS AS AT 8 MARCH 2021

(as per the Register of Substantial Shareholders)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Credit Suisse AG, Dublin Branch	52,470,000	6.28	-	-
Credit Suisse Group AG	-	-	52,470,000	6.28 ⁽¹⁾
Tan Sik Eek	60,500,000	7.24	-	-

Notes:

⁽¹⁾ Deemed interested for the shares hold by Credit Suisse AG, Dublin Branch pursuant to Section 8 of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS AS AT 8 MARCH 2021

(as per the Register of Directors' Shareholding)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sik Eek	60,500,000	7.24	-	-
Chu Chee Peng	-	-	-	-
Tengku Ahmad Badli Shah Bin Raja Hussin	-	-	-	-
Yong Ket Inn	18,160,000	2.17	-	-

Analysis of Shareholdings

As at 8 March 2021

LIST OF TOP 30 SHAREHOLDERS

		No. of Shares held	Percentage (%)
1	CGS-CIMB NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED</i>	160,623,400	19.214
2	M & A NOMINEE (TEMPATAN) SDN BHD <i>EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED</i>	78,660,000	9.409
3	CARTABAN NOMINEES (ASING) SDN BHD <i>BARCLAYS BANK PLC (RE EQUITIES)</i>	63,737,200	7.624
4	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CREDIT SUISSE AG (DUB CLT N-TREAT)</i>	52,470,000	6.277
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>EXEMPT AN FOR NOMURA PB NOMINEES LTD</i>	45,320,700	5.421
6	CHOO KENG KIT	6,200,000	0.742
7	LEE KIM SOON	5,657,700	0.677
8	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED</i>	5,165,500	0.618
9	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR NG AH YENG</i>	4,800,000	0.574
10	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>ONG KONG JIE (DEBBIE)</i>	3,301,000	0.395
11	TEOH HOOI BIN	3,100,000	0.371
12	PM NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ANG LIP CHEE (B)</i>	3,000,000	0.359
13	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)</i>	2,849,800	0.341
14	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIAW KOK TONG (CCTS)</i>	2,500,000	0.299
15	LIEW CHAK FATT	2,400,000	0.287
16	NG KEK CHONG	2,240,000	0.268
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SEAW WEI TAT (7000246)</i>	2,000,000	0.239
18	CHAN MEI WON	2,000,000	0.239
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>TAN KEE CHUAN</i>	1,888,000	0.226
20	CHOK PUI WOON	1,830,000	0.219
21	THEN KAR JUN	1,770,000	0.212
22	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR TEH KUM CHOY</i>	1,602,800	0.192
23	DAREN YOON THAI ON	1,600,000	0.191
24	KONG KOK KEONG	1,600,000	0.191
25	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,538,200	0.184
26	LEE GUAN HOOI	1,528,200	0.183
27	CHONG WOEI NAN	1,500,500	0.179
28	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HO LIH MENG</i>	1,500,000	0.179
29	RHB NOMINEES (TEMPATAN) SDN BHD <i>RHB ASSET MANAGEMENT SDN BHD FOR POOI WENG KEONG</i>	1,500,000	0.179
30	HLIB NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG BANK BHD FOR CHEW HIAN BOON</i>	1,420,000	0.170
		465,303,000	55.660

ANALYSIS OF WARRANT HOLDINGS

AS AT 8 MARCH 2021

Type of Securities	: Warrants C
Total Number of Warrants Issued	: 313,068,412
Total Number of Outstanding Warrants	: 313,068,412
Exercise Price	: RM0.13 per warrant

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant holders	% of Warrant holders	No. of Warrant held	% of Warrant holdings
Less than 100	29	1.20	1,326	#
100 - 1,000	103	4.27	52,708	0.02
1,001 - 10,000	685	28.40	3,478,315	1.11
10,001 - 100,000	1,137	47.14	47,373,281	15.13
100,001 to less than 5% of issued warrant	457	18.95	242,162,782	77.35
5% and above of issued warrant	1	0.04	20,000,000	6.39
Total	2,412	100.00	313,068,412	100.00

Note:

Less than 0.01%

DIRECTORS' WARRANT HOLDINGS AS AT 8 MARCH 2021 (as per the Register of Directors' Warrant holding)

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

Analysis of Warrant Holdings

As at 8 March 2021

LIST OF TOP 30 WARRANT HOLDERS

		No. of Shares held	Percentage (%)
1	CGS-CIMB NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED (FOREIGN CLIENT)</i>	20,000,000	6.388
2	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIAW KOK TONG (CCTS)</i>	12,000,000	3.833
3	LIM KEN HONG	9,900,000	3.162
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE</i>	5,000,000	1.597
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN (8109660)</i>	4,813,100	1.537
6	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHOO AH NGO</i>	3,840,000	1.227
7	TEOH HOOI BIN	3,345,742	1.069
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>ONG CHOON KOW (T-731045)</i>	3,173,500	1.014
9	CHONG HON HWEE	3,000,000	0.958
10	CHONG TEK LIONG	3,000,000	0.958
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN</i>	2,946,700	0.941
12	CHOO KENG KIT	2,700,000	0.862
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>YEOH BOON CHUAN</i>	2,500,000	0.799
14	ANG HUI CHAN	2,400,000	0.767
15	RAJIV A/L M.SAMMANTHAN	2,100,000	0.671
16	GAN FOO YEW	2,000,000	0.639
17	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>CHONG MEI</i>	2,000,000	0.639
18	LIM CHENG SAN	2,000,000	0.639
19	ONG CHAI HOCK	2,000,000	0.639
20	YEE SENG KENG	1,982,000	0.633
21	TAN CHOONG WEI	1,750,000	0.559
22	RHB CAPITAL NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN MEI FONG MARY</i>	1,748,300	0.558
23	CHAN TAI CHUAN	1,700,000	0.543
24	LOW CHON	1,600,000	0.511
25	TAN AH SWEE	1,556,900	0.497
26	MING KAY HOONG	1,550,000	0.495
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG (MY2166)</i>	1,500,000	0.479
28	CHEW MING CHAI	1,500,000	0.479
29	GOH TYE NAN	1,500,000	0.479
30	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG</i>	1,500,000	0.479
		106,606,242	34.052

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth (20th) Annual General Meeting of NetX Holdings Berhad (“NETX” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 5 May 2021 at 10.30 a.m. for the purpose of transacting the following businesses:

AGENDA

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 November 2020 together with the Directors’ and Auditors’ Reports thereon. | Please refer to Explanatory Note 1 |
| 2. | To approve the payment of directors’ fees and benefits of up to RM300,000 to the non-executive directors for their services from 5 May 2021 until the next annual general meeting of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect the Mr Tan Sik Eek who retires pursuant to Clause 115 of the Company’s Constitution. | Ordinary Resolution 2 |
| 4. | To re-appoint Messrs SBY Partners PLT 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:

- | | | |
|----|---|------------------------------|
| 5. | Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016 | Ordinary Resolution 4 |
|----|---|------------------------------|

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 April 2020 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 (“20% General Mandate”) and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.”

- | | | |
|----|---|-----------------------------|
| 6. | Proposed Amendments to the Constitution of the Company (“Proposed Amendments”) | Special Resolution 1 |
|----|---|-----------------------------|

“THAT proposed amendments to the Constitution of the Company as set out in the Appendix A, which is circulated together with the Notice of Twentieth (20th) Annual General Meeting dated 31 March 2021, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendment for and on behalf of the Company.”

- | | |
|----|---|
| 7. | To transact any other business of the Company for which due notice shall have been given. |
|----|---|

By order of the Board,

CHONG VOON WAH (SSM PC No. 202008001343) (MAICSA 7055003)
THAI KIAN YAU (SSM PC No. 202008001515) (MIA 36921)
 Company Secretaries

Kuala Lumpur
 31 March 2021

Notice of Annual General Meeting

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
5. The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via email at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 28 April 2021 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
7. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.
8. The AGM will be conducted fully virtual from the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 30 November 2020

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.

2. Ordinary Resolution 1 : To approve the payment of Directors’ fees and benefits payable

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees and benefits of the non-executive directors of the Company are as follows:

- Monthly Directors’ fees; and
- Meeting and telephone allowance.

Details of the fees and benefits paid to the non-executive directors for the financial year ended 30 November 2020 are disclosed on page 28 of the Corporate Governance Overview Statement in the 2020 Annual Report.

3. 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.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being (“20% General Mandate”). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 (“Extended Utilisation Period”) and thereafter, the 10% general mandate will be reinstated. Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

As at 15 March 2021, 459,891,000 new ordinary shares in the Company were issued by way of private placement pursuant to the general mandate granted to the Directors at the Nineteenth (19th) Annual General Meeting held on 22 May 2020. The total proceeds raised from the said private placement exercise was around RM4,690,888. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows :

Utilisation of Proceeds	Proposed Utilisation (RM'000)	Amount Utilisation (RM'000)	Balance Available for Utilisation (RM'000)
Enhancement of GemSpot and GemSpot Lite	4,581	502	4,079
Expenses for the Private Placement	110	110	-
Total	4,691	612	4,079

4. Special Resolution 1 : Proposed Amendments to the Constitution of the Company (“Proposed Amendments”)

The Proposed Amendments is primarily to provide further clarify on certain terms of the Constitution and provide more flexibility for the Company and to ensure the compliance with the Act, Listing Requirements of Bursa Malaysia Securities Berhad. The Proposed Amendments to be made to the Constitution are listed as per Appendix A, which is circulated together with the Notice of Twentieth (20th) Annual General Meeting dated 31 March 2021.

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 Twentieth (20th) 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 Twentieth (20th) Annual General Meeting of the Company for the details.

APPENDIX A

Proposed Amendments to the Constitution of the Company

The existing Constitution is to be amended by way of alterations, modifications, deletions and/or additions, where necessary, to reflect the proposed amendments thereto. The affected provisions of the existing Clauses are reproduced below with the proposed amendments highlighted alongside the respective Clauses:

Clause No.	Existing Clause	Proposed Amendments
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.	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, 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.

ADMINISTRATIVE GUIDE

TWENTIETH (20th) ANNUAL GENERAL MEETING

Date

Wednesday, 5 May 2021

Time

10.30 a.m.

Broadcast Venue

Level 4, 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 Twentieth (20th) Annual General Meeting (“**AGM**”) will be conducted by way of a fully virtual meeting and online remote voting using the Remote Participation and Voting Facilities (“**RPV Facilities**”) as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.
2. 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 AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors (“**Board**”) and/or management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

Registration

3. The AGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: <https://rebrand.ly/NetX-AGM>.
4. All the Shareholders are required to register in order to participate to the AGM. The registration will be open from 9.00 a.m. on 31 March 2021 and close at 10.30 a.m. on 4 May 2021.

Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.
5. After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an email to notify you if your registration is approved or rejected after 28 April 2021.
6. Should your registration be rejected, you can contact the Company’s Share Registrar 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, Mac, Android and iOS). Please follow the tutorial guide posted on <https://rebrand.ly/NetX-AGM>.

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 of the Company as at 28 April 2021 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

Twentieth (20th) Annual General Meeting

Corporate Members

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 4 May 2021 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, the Company's Share Registrar 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 the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 4 May 2021 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, the Company's Share Registrar 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. If an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV Facilities, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 20 below, to revoke the appointment of his/her proxy no later than 4 May 2021 at 10.30 a.m.

Poll Voting

17. The voting at the AGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Shareworks Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting and Sharepolls Sdn Bhd as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

Administrative Guide

Twentieth (20th) Annual General Meeting

RPV Facilities

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

Procedures		Action
Before AGM		
1.	Register as participant in Virtual AGM	<ul style="list-style-type: none"> Using your computer, access the website at https://rebrand.ly/NetX-AGM. Click on the Register button to register for the AGM session. Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	<ul style="list-style-type: none"> All the Shareholders are required to register prior to the meeting. The registration will be open from 9.00 a.m. on 31 March 2021 and the registration will close at 10.30 a.m. on 4 May 2021. 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 your CDS account number and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. 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 of the Company as at 28 April 2021, the system will send you an email to notify you if your registration is approved or rejected after 28 April 2021. If your registration is rejected, you can contact the Company's Share Registrar or the Company for clarifications or to appeal.
On the day of AGM		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM 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 appear 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 AGM, the live session will end.

Administrative Guide

Twentieth (20th) Annual General Meeting

No Recording or Photography

19. Strictly **NO recording or photography** of the proceedings of the AGM is allowed.

Enquiry

20. If you have any enquiry prior to the meeting, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday):

**For Registration, logging in and system related:
NetX Holdings Berhad**

Name : ZH Lee
Telephone No : +6016 328 7852
Email : vgm@mlabs.com

**For Proxy and other matters:
ShareWorks Sdn. Bhd.**

Name : Mr W.L. Fong / W.K. Chan
Telephone No : +603 6201 1120
Email : ir@shareworks.com.my



FORM OF PROXY

NETX HOLDINGS BERHAD

Company Registration No. 200001030834 (533441-W)
(Incorporated in Malaysia)

CDS Account No.	No. of Shares held

I/We, Tel. No.:
[Full name in block and NRIC No. / Registration No.]

of
[Address]

being a member/members of NetX Holdings Berhad, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No:			
Email Address:			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No:			
Email Address:			

or failing him, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Twentieth (20th) Annual General Meeting of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No.8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 5 May 2021 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

No.	Agenda	Resolution	For	Against
1.	To re-elect Tan Sik Eek as Director	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees and others benefits payable to the Directors.	Ordinary Resolution 2		
3.	To re-appoint Messrs SBY Partners PLT 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 amendments to the Constitution of the Company	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)

Signed this

.....

Signature*
Member

Notes

- A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
- The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via email at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 28 April 2021 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.
- The AGM will be conducted fully virtual from 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



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.

Tel : +603-7887 8818
Fax : +603-7886 2199



Download the
GemSpot Mobile App here

