UCrest

UCREST BERHAD

199701004560 (420056-K)

2020 ANNUAL REPORT

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FINANCIAL STATEMENTS

CORPORATE **INFORMATION**

BOARD OF DIRECTORS :	Eg Kah Yee	(Chairman / Managing Director)
	Abdul Razak Bin Dato' Haji Ipap	(Independent Non-Executive Director)
	Thong Kooi Pin	(Independent Non-Executive Director)
	Chuan Tsui Ju	(Independent Non-Executive Director)
	Prof. Low Teck Seng	(Independent Non-Executive Director)
	Dato' Dr. Mohd Fikri Bin Abdullah	(Independent Non-Executive Director)
	Eg Kaa Chee	(Non-Independent Non-Executive Director)

COMPANY SECRETARIES :
Wong Wai Foong
SSM PC NO. 202008001472 (MAICSA 7001358)

Joanne Toh Joo Ann
SSM PC NO. 202008001119 (LS 0008574)

REGISTERED OFFICE :
Unit 30-01, Level 30, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03-2783 9191 Fax : 03-2783 9111

BUSINESS ADDRESS :
Lot 6.04, Level 6, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan.
Tel : 03-7728 9880 Fax : 03-7728 1080

AUDITORS :
CAS Malaysia PLT (LLP0009918-LCA) & (AF1476)
B-5-1, IOI Boulevard, Jalan Kenari 5,
Bandar Puchong Jaya,
47170 Puchong, Selangor Darul Ehsan
Tel : 03-8075 2300

SHARE REGISTRAR :
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03- 2783 9299 Fax : 03- 2783 9222

CORPORATE SOLICITORS :
Rajah, Lau & Associates
B-13-13, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : 03-2710 5585 Fax : 03-2710 5589

PRINCIPAL BANKERS :
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING :
Bursa Malaysia Securities Berhad
(ACE Market)
Stock name : UCREST
Stock code : 0005

CORPORATE WEBSITE :
www.ucrest.net

BOARD OF DIRECTORS AND
KEY SENIOR MANAGEMENT'S PROFILE

EG KAH YEE
Chairman / Managing Director

Mr. Eg Kah Yee, a Malaysian, male, aged 60, is the founder, Chairman / Managing Director of UCrest Berhad. He was appointed to the Board on 7 May 1998. He obtained his Bachelor of Computer Science from West Virginia University, USA in 1983. He started his career as System Analyst with Phoenix Data Systems Inc., a Silicon Valley company in Santa Clara, California USA, where he developed VLSI Layout Verification System. In 1985, he joined Daisy Systems Corporation; a Silicon Valley company listed on NASDAQ based in Mountain View, California which he was the R&D Project Manager responsible for the development of second generation Digital Logic Simulator (DLSII) where he designed and implemented the simulation engine and DBMS. In 1988, he was promoted to be the Director of North Asia Region responsible for business in China, Hong Kong, Taiwan and Korea. He is the Chairman of the Option Committee.

In 1990, he left Daisy Systems Corporation and joined Synopsys Inc., a Silicon Valley based startup pioneer in logic synthesis and High Level Design for ASIC and VLSI design. He started as the Regional Manager for South Asia Pacific Operations where he was responsible for the starting and growing of the business in Taiwan, Asean countries, India, Australia and New Zealand. The Company was listed on NASDAQ in 1992. He was later promoted to be the General Manager for Asia Pacific Operation where he was responsible for global business operation excluding America, Europe and Japan.

In 1996, he left Synopsys Inc. and started to invest and groom companies. He started Canvas Technology Inc. in Taiwan, a company specialise in Real Time Operating System (RTOS) for embedded designs where the team has done numerous co-development of set-top-boxes, networking products, PDA and defense systems. He has also invested in Silicon Vision Inc., a Silicon Valley company specialise in optical products, in Freemont, California together with two Venture Capitalists from Taiwan and a few high net-worth individuals from USA.

Currently, he also sits on the board of Key ASIC Berhad and various private limited companies.

Apart from his brother, Eg Kaa Chee, who is also a Non-Independent Non-Executive Director of the Company, he does not have any family relationship with any of the Directors of the Company. He is a major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

EG KAA CHEE
Non-Independent Non-Executive Director

Mr. Eg Kaa Chee, a Malaysian, male, aged 56, was appointed as the Director of UCrest Berhad since 26 May 1997. He obtained his LLB from University of Malaya in 1989. He started his legal practice in 1990. He specialised in litigation and conveyance. He is the senior partner of Rajah, Lau & Associates. Presently he is the Legal Advisor for several companies and non-governmental organisations.

Mr. Eg Kaa Chee does not hold any directorship in other public companies.

Apart from his brother, Eg Kah Yee, who is also the Chairman/Managing Director of the Company, he does not have any family relationship with any of the Directors of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS AND **KEY SENIOR MANAGEMENT'S PROFILE**
CONT'D

ABDUL RAZAK BIN DATO' HAJI IPAP
Independent Non-Executive Director

En. Abdul Razak Bin Dato' Haji Ipap, a Malaysian, male, aged 60, was appointed as the Director of UCrest Berhad on 1 June 2001. He was re-designated to a Non-Independent Non-Executive Director of UCrest on 25 August 2010. On 8 September 2016, he was re-designated as an Independent Non-Executive Director of UCrest. He graduated with Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia (currently known as Universiti Putra Malaysia) in 1988. He started his career by joining Shell Chemical Sdn Bhd as Trainee Executive in year 1986, responsible for sales development for the Company. In 1988, he joined United Engineers (M) Bhd as Business Development Executive where he was responsible for developing new sales and managing the existing project portfolio. From 1993 to 1995, he was attached to Sime Logistics Sdn Bhd as Manager in Operations and Marketing. In 1995, he joined Celcom (M) Sdn Bhd as Senior Manager (Logistics) responsible for the smooth flowing of the entire company's logistic and was subsequently promoted as the Vice president Logistics. He left Celcom in Year 2000 to start off his own career in IT business. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Option Committee of UCrest.

En. Abdul Razak Bin Dato' Haji Ipap does not hold any directorship in other public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

THONG KOOI PIN
Independent Non-Executive Director

Mr. Thong Kooi Pin, a Malaysian, male, aged 47, was appointed as the Independent Non-Executive Director of UCrest Berhad on 18 December 2006. He graduated with a professional degree in ACCA (Association of Chartered Certified Accountant) in 1998 and admitted as member of Malaysian Institute of Accountants as Chartered Accountant in year 2000. He further obtained his Master degree in business administration majoring in finance in year 2005 from Universiti Putra Malaysia. He is the Chairman of the Nomination Committee and Audit Committee and a member of the Remuneration Committee and Option Committee of UCrest.

Mr. Thong Kooi Pin does not hold any directorship in other public companies. He currently holds the position as Financial Controller for Key ASIC Berhad.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS AND **KEY SENIOR MANAGEMENT'S PROFILE**
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CHUAN TSUI JU
Independent Non-Executive Director

Ms. Chuan Tsui Ju, a Malaysian, female, aged 59, was appointed as the Independent Non-Executive Director of UCrest Berhad on 22 November 2013. She completed the General Certificate of Education. She joined construction company, Lim & Chia Sdn Bhd as an Account Executive right after finishing her accounting courses in 1980 and subsequently in 1985, she left the Company and continues her career in construction and development industry with Ample's group. In 1990, she was hired by Jujutsu Industries group initially as an Administrator and rose to the rank of Director responsible for the whole operation of the Group. She left Jujutsu Industry in 1996 to set up her own business in tutorial sector and sold it off in 1999. Currently, she is working as Director of Project Coordinator at A&P Solution Enterprise which specialises in advertising and promotion activities. She is a member of the Audit Committee of UCrest.

Ms. Chuan Tsui Ju does not hold any directorship in other public companies.

She does not have any family relationship with any of the other Directors and/or major shareholders of the Company. She has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

She has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

PROF. LOW TECK SENG
Independent Non-Executive Director

Prof. Low Teck Seng, a Singaporean, male, aged 65, was appointed as the Independent Non-Executive Director of UCrest Berhad on 29 November 2017. Prof.Low Teck Seng vacated office pursuant to Rule 15.05(3)(C) of the Ace Market Listing Requirement of Bursa Malaysia Securities Berhad and was re-appointed on 25 September 2020.

Prof. Low Teck Seng is the Chief Executive Officer of the National Research Foundation (NRF), Prime Minister's Office, Singapore. The NRF sets the national direction for research and development (R&D) by developing policies, plans and strategies for research, innovation and enterprise. Prior to joining NRF in July 2012, Prof. Low served as the Managing Director of the Agency for Science, Technology and Research. Prof. Low was instrumental in setting up the Magnetics Technology Centre (MTC) in National University of Singapore (NUS) in 1992. The MTC is the predecessor of the Data Storage Institute (DSI), a leading research institute focusing on data storage technologies. He was Dean of Engineering at the NUS from 1998 to 2000. Prof. Low is presently a tenured professor at the National University of Singapore. He is a Fellow of the Singapore Academy of Engineers; Fellow of the IEEE and International Fellow of the Royal Academy of Engineers, UK.

Prof. Low is also the Independent Non-Executive Director of Key ASIC Berhad.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS AND **KEY SENIOR MANAGEMENT'S PROFILE**
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DATO' DR. MOHD FIKRI BIN ABDULLAH
Independent Non-Executive Director

Dato' Dr. Fikri Bin Abdullah, a Malaysian, male, aged 54, was appointed as the Independent Non-Executive Director of UCrest Berhad on 16 May 2018. He is a principal consultant of the team for specialist Imperial Doctors in China.

He is an outstanding Cardiovascular & Thoracic surgeon trained in United Kingdom from October 1986 until July 2000, specializing in adult surgery, he is in private practice at KPJ Ampang Puteri Hospital (a JCI accredited hospital). He is dedicated to teaching, new technology, new surgical technique as well as medical research. He initiated and submitted a proposal to the Ministry of Health, Malaysia; a structured curriculum for cardiothoracic surgery training leading to a postgraduate degree in cardiothoracic surgery in August 2000.

He pioneered a few new techniques in cardiothoracic surgery at National University Hospital Malaysia between August 2000 and December 2003 such as:
1. Beating Heart Coronary Bypass Surgery (Off-Pump CABG),
2. Endoscopic Vein Harvesting (EVH),
3. Video Assisted Thoracoscopic (VATS) Lung Surgery, VATS Sympathectomy and VATS Thymectomy,
4. Blood Cardioplegia for myocardial protection,
5. Radial Artery conduit and Harmonic Scalpel harvesting technique,
6. Outpatient Treatment of Pneumothorax Using Pneumostat (Heimlich Valve) Device.

In 2002, he performed the world first successful SVC Bypass surgery using Bovine Pericardium. In 2003, he performed the world first successful Off-Pump Coronary Bypass in a High Risk Dextrocardia patient. For these clinical achievement, he was awarded The Outstanding Young Malaysian (TOYM) Award in 2006. In 2009, a conjoint effort with National University Hospital of Malaysia (UKMMC) cardiac team, he introduced a new technique of endoscopic vein harvesting using a German made Vascular Micro Milling System (VMMS). In 2011, he pioneered the use of thermo reactive Nitinol sternal closure clips (Flexigrip) in Malaysia. In February 2012, he pioneered the use of Everpoint (tungsten-rhenium alloy) suture by Johnson & Johnson for Coronary Bypass Surgery cases in Malaysia. The first 72 successful cases were presented during Cardiac Review Symposium at University of Singapore in November 2012.

Dato' Dr. Mohd Fikri does not hold any directorship in other public companies,

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors.

He has not been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year.

MASRI BIN MD HASIM
Senior Business Development Manager

En. Masri, a Malaysian, male, aged 41, was appointed as Senior Business Development Manager on 1 July 2019. He graduated with a professional degree in Engineering in 2002 from Stevens Institute of Technology, New Jersey, USA.

En. Masri has more than 12 years of experience in Medical Device industry, focusing on setups for Invasive Catherization Laboratory, Operating Theatre, Cardiology and Special Diagnostics. En. Masri used to serve Medical Device companies such as BBraun, Biotronik and Medtronic.

En. Masri does not hold any directorship in other public companies.

He does not have any family relationship with any Director and /or major shareholder. He does not have any conflict of interest with the company and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS AND **KEY SENIOR MANAGEMENT'S PROFILE**
CONT'D

SATHEESH CHANDRAN
Software Development Manager

Mr Satheesh Chandran, an Indian male, aged 42 was appointed as Software Development Manager on 15 July 2020. He is a solution provider, with 18 years of industry experience in developing, managing, leading software projects from conception through implementation and also expert in software project design, architect, development and deployment in open source technologies. He obtained his Master of Computer Application from Annamalai University, India in the year of 2003. His specialities include organizing and coordinating software development team members to meet complex, highly technical challenges while meeting the stringent deadlines and quality requirements.

Mr Satheesh does not hold any directorship in other public companies

He does not have any family relationship with any Director and /or major shareholder. He does not have any conflict of interest with the company and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

I am pleased as the Chairman of UCrest Berhad to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2020 **("FYE 2020")**.

Financial and Operational Performance

The Group has posted a net loss of RM20.751 million FYE 2020.

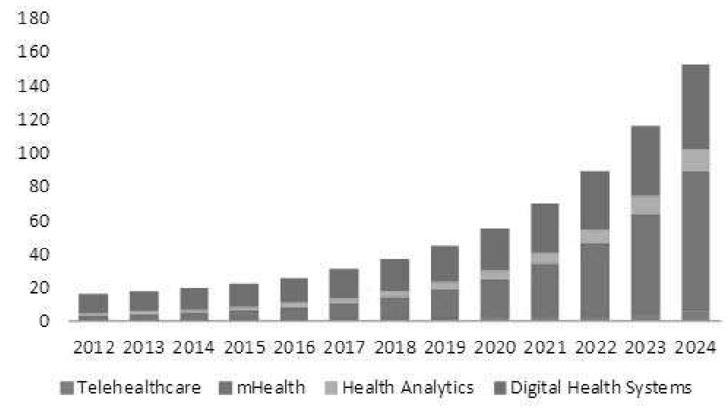
The Group has made some significant breakthroughs in FYE 2020 despite of the COVID-19 pandemic. The Group has signed a strategic partnership agreement with China Non-Government Medical Institute Association that are responsible for overseeing the development of private healthcare industry in China where the Association will promote the adoption of iMedic™ to its member hospitals. There are over 20,000 private hospitals in China and the number is growing annually. The Group has also successfully bundled iMedic™ with CPAP machines of an emerging leading manufacturer in China. The Group has also penetrated to respiratory clinics or sleep centers in the United States of America enabling respiratory doctors to remotely manage sleep apnea or COVID-19 patients.

The Group was affected by the COVID-19 pandemic as well as the oil crisis and the lengthy China-US trade war. The revenue of the Group was affected due to the reduction of the government healthcare budget in the customer base. Resources and attention have been diverted to the management of the pandemic. The set budgets for non-critical medical services or the elective services such as online healthcare management for chronic patients are diverted to the necessities.

However, the pandemic is also a wake-up call to the healthcare industry that telemedicine or remote monitoring of patients is a necessary capability for the hospital so that front line medical professionals are well protected from infection and also should have the ability to continue to provide medical services to regular patients when the hospitals are overwhelmed with the pandemic patients. The Group sees acceleration in the adoption of online medical services globally.

Industry Outlook and Development

The global market for telemedicine or digital health is expected to grow to about USD160B by 2024, expanding at a CAGR of 15% over the forecast period, according to a market research as shown in the chart below. With the extremely infectious COVID-19 pandemic, the growth rate is expected to be further accelerated.



Due to the pandemic, Governments in various countries have accelerated the digital transformation of the healthcare industry. Australia, South Korea, Japan and ASEAN countries have passed favorable regulations to encourage the use of the telemedicine, especially when the resources in the hospitals are drained by the pandemic. The U.S. Medicare has also increased the codes for more online medical services at the beginning of 2020. Telemedicine will be part of the new normal.

CHAIRMAN'S **STATEMENT**
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Like the development cycle of any new technology, only early adopters are comfortable in using telemedicine at this stage. As the technologies get more improved over time, the market will move into the main stream users. Based on the recent adoption rate, the market is going into a higher rate of growth in the next few years.

Prospects

The market has become very receptive to telemedicine in recent months due to the pandemic. The market is significantly more receptive to the adoption of iMedic™. With the insurers, reinsurers, pharmaceutical companies and pharmacies begin to adopt the digital health system, the Group foresees that the business to be good in the next few years.

iMedic™ has proven successful models with every stakeholder of the healthcare industry namely the device manufacturers, doctors/clinics/hospitals, pharmaceutical companies and reinsurers/insurers, the business of the Group is expected to have a higher growth in the future.

Appreciation

I wish to express my greatest appreciation to all the members of the Board of Directors, valuable employees, our supportive business partners and associates, for their relentless effort and their continuous contribution to the Group.

Thank You.

EG KAH YEE
Chairman/ Managing Director

MANAGEMENT'S DISCUSSION **AND ANALYSIS**

General Description of the Group's Business

The pandemic has accelerated the adoption of telemedicine!

Doctors, hospitals, patients and insurance were lukewarm in the adoption of telemedicine prior to the outbreak of COVID-19. Clinics and hospitals were hit hard during the pandemic other than hospitals with COVID-19 patients. The general patients are fearful of visiting clinics or hospitals and likewise doctors are fearful of seeing patients to avoid being infected unnecessarily.

The market is likely to see the pandemic as the inflexion point of the telemedicine industry in the next few years. The Group is well positioned to capitalize on this growth.

The Group has made penetration to the respiratory and sleep apnea market in the United States of America by targeting the sleep centres. There are more than 3,000 sleep centers in the U.S., and the Group has penetrated some of the significant ones. Each sleep centre manages over 50,000 patients with sleep apnea. With the iMedic™ and the MCard technology, the patient no longer needs to visit the clinic regularly as the sleep data are recorded on the MCard and uploaded to the iMedic Cloud daily. Respiratory doctor or sleep therapist will review the data monthly or bi-monthly and provide the consultation accordingly.

The Group is also actively developing the market for Chronic Care Management (CCM) clinics in the USA. Cardiologists, urologists or family doctors will be able to manage their hypertension, cardiovascular disease and diabetic patients remotely using iMedic™ and the FDA and CE approved IOT medical devices.

The Group has also signed a strategic partnership agreement with China Non-Government Medical Institutions Association in the promotion of iMedic™ to the private hospitals and clinics in China. The Agreement also includes the development of an international telemedicine platform based on iMedic™ to enable the collaboration of cross-border doctors to provide consultation and medical second opinions to the patients anywhere in the world.

Triggered by the pandemic, the hospitals are also adopting remote monitoring of the patients in the hospital beds and ICU to reduce the contacts with the COVID-19 infected patients. The Group is currently working on providing the products and solutions to serve this fast-growing market.

The Group expects to the business to be on the curve of growing steadily in the future and telemedicine with iMedic shall soon be the common platform for the market.

Financial Year Ended 31 May 2020 ("FYE 2020")

Revenue

The Group registered total revenue of RM12.276 million in FYE 2020.

Costs and expenses

Total costs and expenses before finance costs for FYE 2020 which amounted to RM35.681 million comprised of the following items:

(a) Purchases and other direct costs amounted to RM8.229 million for FYE 2020.

(b) Selling and distribution costs amounted to RM0.091 million for FYE 2020.

(c) Administration and other expenses amounted to RM27.361 million was mainly due to payroll costs, rental, depreciation, amortisation of intangible assets and impairment loss on receivables and intangible assets.

MANAGEMENT'S DISCUSSION **AND ANALYSIS** CONT'D

Other income

Other income of the Group stood at RM0.508 million in FYE 2020, mainly due to fixed deposit interest income of RM0.026 million and foreign exchange gains of RM0.483 million on the Group's USD denominated assets as a result of the strengthening of US Dollar against Malaysian Ringgit.

Finance costs

The Group's finance cost of RM0.094 million was mainly due to the overdraft interests and unwinding of discount on trade payables incurred during the financial year.

Taxation

The income tax credit for the Group was RM2.239 million.

Loss attributable to Owners of the Company

Loss attributable to Owners of the Company was RM20.751 million or 4.47 sen per basic share.

Liquidity and capital resources

Cash and cash equivalents of the Group amounted to RM1.539 million which comprises the fixed deposits with licensed bank of RM0.047 million, cash and bank balances of RM1.492 million.

The Group's net cash used in operating activities was RM1.147 million, and capital expenditure in respect of property, plant and equipment was RM0.033 million for 2020.

Prospects

The pandemic is going to be the inflexion point for the telemedicine industry. COVID-19 has accelerated the adoption of telemedicine by doctors, patients, insurance, pharmaceutical and medical device companies as all parties are trying to reduce the face to face contacts to avoid the virus infection. This effect is here to stay as general public is now knowledgeable about the danger of viral or bacterial infection. Many patients would prefer to have online medical services instead of visiting hospitals.

In addition to deepening the concept of "home is clinic", the Group is also focusing on developing the concept of "office is clinic" so that employees can see a doctor online without having to spend 2-3 hours in the clinic for a simple outpatient disease. It will greatly help to reduce or even eliminate the risk of having employees being infected at the clinic or hospital.

Due to popular demand, the Group has also invested resources into developing the complete solution for iMedic™ to be used in the hospital. The Group has also developed the NurseAPP that allow nurses in the hospitals to take vital signs of the patients in the wards easily without having to have contact with the patients. This app will be released soon to the market.

The Group has developed the payment gateway in iMedic™ so that payment can be made online for the consultation as well as the purchase and delivery of the medication.

The Group will be focusing on D2P (or B2C) business model and of the following services:

- Medical Second Opinion (MSO) with doctors in the USA, China or any renowned doctors in any country.
- Chronic Care Management (CCM) by doctors or specialists locally or internationally
- Cancer Management by Multi-Discipline Team (MDT) of doctors in the USA, China or any renowned doctors in any country.

MANAGEMENT'S DISCUSSION **AND ANALYSIS** CONT'D

- Remote review of X-Ray, CT Scan and MRI images by radiologists.

- Simple outpatient or chronic disease consultation

iMedic™ certified devices will be deployed in offices or home so that vital signs can be taken regularly and doctors have more real time data from the patient for the consultation.

Insurance is promoting telemedicine to their clients as online consultation is lower price than clinical visit. With the data of the patients tracked regularly at a high degree of transparency, it is possible to predict the potential risk of the client with artificial intelligence analytics.

The Group expects the telemedicine market to be on a steady growth in the next 10 years.

The Group has also taken cognizance of the principal risks that may impact the Group in achieving its business objectives and have developed mitigation procedures on them. Some of the principal risks identified are categorized as follows:

- Strategic, which are risks that impact the business direction of the Group – Risks such as changes in the policy of the government in respect of healthcare can be a major impact to the revenue growth in i-Medic™. Secondly, changes in the medical practitioner standard prescription in mobile healthcare may have positive or negative impact on the revenue as well. In regulatory trend is to continue to open up the telemedicine to compliment the offline medical services and in most countries, Government is taking the position to encourage the adoption of telemedicine since the outbreak of COVID-19;

- Operational, which are risks that affect the operational efficiency and effectiveness of the Group's activities and products – risks such as availability of suitable approved medical equipment by the Ministry of Health and its compatibility with our i-Medic application. The Group has been actively registering the medical devices that are certified and proven with iMedic in various jurisdiction;

- Financial, which are risks related to financial processes and reporting – the financial constraint that the Group may face in promoting and implementing i-Medic to the public, The Group has adopted to strategy to partners with strategic partners in promoting the platform to the patients directly; and

- Competency, which are risks associated with knowledge and resources in operational management and activities. Identifying suitable candidate that understand the mobile healthcare and its industry that we operated in can be a challenge. In addition to talented engineers, the Group has been actively working with medical experts of various specialties and also training the engineers with medical knowledge so that the team can deliver the leading edge telemedicine platform at the professional level to all stakeholder.

AUDIT COMMITTEE **REPORT**

The Audit Committee (AC) was established with the primary objective to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate governance and practices for the Group, to improve the business efficiency and enhance the independent role of external and internal auditors.

1. COMPOSITION OF AUDIT COMMITTEE

The present members of the Audit Committee comprise of:-

Chairman
Thong Kooi Pin – Independent Non-Executive Director

Members
Abdul Razak Bin Dato' Haji Ipap – Independent Non-Executive Director
Chuan Tsui Ju – Independent Non-Executive Director

2. SECRETARIES

The Secretaries to the AC are the Company Secretaries of the Company.

3. TERMS OF REFERENCE

The Terms of Reference is available on our corporate website at www.ucrest.net for further reference.

4. SUMMARY OF MEETING AND ACTIVITIES UNDERTAKEN

In view of the implementation of the Movement Control Order ("MCO") by the government, the Audit Committee only managed to meet three (3) times during the financial year ended 31 May 2020. The attendance records of the meetings are as follows:-

	Meetings attended
Thong Kooi Pin	3/3
Abdul Razak Bin Dato' Haji Ipap	3/3
Chuan Tsui Ju	3/3

SUMMARY OF ACTIVITIES OF COMMITTEE

During the financial year ended 31 May 2020, the Committee has carried out the following activities:-

(i) reviewed the annual financial statements of the Group on 19 September 2019 prior to submission to the Board for their consideration and approval;

(ii) reviewed the quarterly unaudited financial results of the Group on July 2019, October 2019, January 2020 prior to recommending them for approval by the Board. The third quarter unaudited financial results which were supposed to be reviewed in April 2020 was postponed to June 2020 due to the MCO implemented by the government to combat the outbreak of the COVID-19 pandemic. The financial results were presented by Management in the presence of the Auditors who attended to the queries raised by the Committee. The Committee was satisfied that the financial results had been prepared in accordance with Malaysian Financial Reporting Standards 134;

(iii) reviewed the recurrent related party transactions entered into by the Group and ensured that the transactions were within the threshold as set and in accordance with the mandate obtained from the shareholders;

AUDIT COMMITTEE **REPORT**
CONT'D

(iv) reviewed the Circular to shareholders in relation to the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

(v) discussed and reviewed the fees of the External Auditors;

(vi) review and discussed with the External Auditors the Management Letter, and Audit Planning Memorandum for the 2020 and recommended the same for the Board's notation;

(vii) the assessment on the External Auditors was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance and independence Checklist. The AC had, with the assistance from the Management, assessed the performance and independence of Afrizan Tarmili Khairul Azhar ("AFTAAS") and recommended that AFTAAS be re-appointed as the External Auditors of the Company. AFTAAS was re-appointed as the External Auditors of the Company at the last Annual General Meeting of the Company. Subsequent thereto, the Company had received a notice in writing from AFTAAS on their resignation as External Auditors of the Company. The AC had reviewed and recommended that Messrs CAS Malaysia PLT be appointed as the External Auditors of the Company for the financial year ended 31 May 2020 in place of AFTAAS.

(viii) assessed the suitability and independence of Messrs CAS Malaysia PLT and recommended the re-appointment as the External Auditors of the Company at the forthcoming Annual General Meeting.

(ix) reviewed and discussed with the Internal Auditors the Internal Audit Plan and on the key risks of the Group covered in the Enterprise Risk Management Report prepared by the Internal Auditors including the management action plans based on the recommendation highlighted by the Internal Auditors before updating the Board;

(x) reviewed and discussed with the Internal Auditors, the Internal Audit Report on Procurement and Accounts Payable Management, Research and Development (R&D) of Information and Technology (IT) Department including the management action plans based on the recommendation highlighted by the Internal Auditors before updating the Board; and

(xi) assessed the performance of the Internal Auditors based on personalised evaluation form. The AC was satisfied with the performance of the Internal Auditors.

5. INTERNAL AUDIT FUNCTION

Internal auditors reports directly to the AC. The functions of the internal auditors are to ensure a regular review of the adequacy and integrity of its internal control system. The internal auditors will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach.

The internal auditors is required to conduct regular and systematic reviews on all operating units and submit an independent report to the AC for review and approval to ensure adequate coverage. The Group has incurred approximately RM16,000 in the financial year ended 31 May 2020 in maintaining the internal audit function.

6. OVERSIGHT OF EXTERNAL AUDIT

(i) The External Auditors attended three (3) AC Meetings held in FYE 2020.

(ii) Reviewed the Audit Planning Memorandum FYE 2020 by the External Auditors, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group;

AUDIT COMMITTEE **REPORT**
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(iii) Received the communications from the External Auditors for the financial year ended 31 May 2020, covering updates of matters to highlight and significant outstanding information/ documents from the audit field works;

(iv) Reviewed the suitability and independence of the External Auditors vide a personalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval;

(v) Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the FYE 2020, including any significant issues and concerns arising from the audit; and

(vi) Reviewed the audit fees for FYE 2020 prior to the Board's approval.

7. OVERSIGHT OF INTERNAL AUDIT

(i) The internal auditors attended three (3) AC Meetings held in FYE 2020;

(ii) Reviewed the risk-based Internal Audit Plan for the Group for FYE 2020 and approved for adoption of the same by the Group throughout FYE 2020;

(iii) Reviewed the Internal Audit Reports for FYE 2020 and assessed the internal auditors' findings and the management's responses and made the necessary recommendations to the Board for approval;

(iv) Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports;

(v) Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities for FYE 2020; and

(vi) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for FYE 2020 and that they have the necessary authority to carry out their work.

8. REVIEW OF RELATED PARTY TRANSACTION

(i) Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity at each AC quarterly meetings.

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The Board recognises the importance of good corporate governance in discharging its responsibilities, protecting and enhancing shareholders' value through promoting and practicing high standards of corporate governance throughout the Group. The Board adopts and applies the principles and best practices as governed by the Ace Market Listing Requirements of Bursa Securities ("LR") and Malaysian Code on Corporate Governance ("Code"). Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed herein with explanations.

The Corporate Governance Report (CG Report) provides the details on how UCrest has applied each Practice as set out in the Code during the financial year ended 31 May 2020 ("FYE 2020"). The CG Report is available on our corporate website at www.ucrest.net.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board's Role and Responsibilities

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is responsible in formulating and reviewing of strategic plans, key policies and monitoring the Group's business operations. The Board delegates the day-to-day management of the Company's business to the management team but reserves for its consideration significant matters such as the following:-

- Approval of financial results;
- Declaration of dividends;
- Risk appetite setting;
- Credit policy;
- Business (Acquisitions/Disposal);
- Capital Expenditures;
- Corporate Proposal; and
- Budget.

The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board Meetings when reviewing the unaudited quarterly results. During the meeting, the Board participates in the discussion on the performance of the Group.

The Board assumes the following responsibilities:-

- Reviewing, adopting and monitoring strategic plan for the Group
- Overseeing the conduct of the Company's business
- Identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks
- Succession planning, including appointing, training, fixing the compensation of the key managements
- Ensuring measures are in place to assess and oversee Management's performance
- Developing and implementing an investor relations programme or shareholder communications policy for the Group
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Option Committee ("OC")

CORPORATE GOVERNANCE
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The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated by the Committees.

1.2 Chairman of the Board

The Chairman leads the strategic planning at the Board level. He ensures that all the Directors are briefed on issues arising at Board meetings and sufficient time is allowed for discussion.

The position of Chairman is currently headed by the Managing Director, Eg Kah Yee. During this period, the Managing Director undertakes the roles and functions of the Chairmanship:-

(a) Act as Advisor to the Senior Management by providing support and guidance;
(b) Chairing the Board and Board Executive Committee meetings;
(c) Providing leadership to the Board and is responsible for the developmental needs of the Board;
(d) Ensuring that guidelines and procedures are in place to govern the Board's operation and conduct;
(e) Ensuring the smooth functioning of the Board and the Governance structure and inculcating positive culture in the Board; and
(f) Sets the objective, maintains good corporate governance for the Board to focus towards the Company's goals.

1.3 Separation of Position of Chairman and Managing Director

There is a division of responsibilities between the Chairman and the Managing Director ("MD") to ensure that there is balance of power and authority ever since the first Executive Director ("ED") of the Group has been appointed. The Chairman is responsible for the Board's effectiveness and conduct, whilst the ED has overall responsibilities over the business and operation of the Group. The ED is responsible to formulate business and operations strategies and is empowered to structure the management team in discharging his duties to achieve the goals that has been assigned to him by the Board. The Board is still in favour of the abovementioned division of responsibilities despite the Chairman has assumed the role of ED.

Currently, the Chairman of the Board is headed by the Managing Director, Eg Kah Yee. Although a separation of position of Chairman and the Managing Director is recommended, it is the collective view of the Board, based on the current state of affair of and his shareholdings in the company, Eg Kah Yee's expertise is highly needed and the Board is confident that the current practice is best in maintaining the sustainability and the creativity of the Group in moving forward for Eg Kah Yee to remain as the Chairman.

In addition to the above mentioned, the current composition of the Board comprises of a majority of Independent Non- Executive Directors. This provides a check and balance on the Company management with a view to safeguarding and protects the interest of all shareholders as a whole.

1.4 Qualified and Competent Company Secretaries

The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016.

The Board is updated by the Company Secretaries on new statutes and directives issued by the regulatory authorities. The Company Secretaries has attended the Board and Committee meetings and ensured that all procedures are adhered.

Roles and responsibilities of the Company Secretaries can be found in the CG Report.

The Company Secretaries also attend regular trainings to keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** CONT'D

1.5 Access to Information and Advice

In reviewing and analysing the quarterly interim financial results, the Board was provided with various corroborative information and data. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the scheduled meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the Board papers and seek clarification, if necessary, and enable them to deliberate issues raised during Board meetings more effectively. Additionally, management was also invited to brief and report in meetings of the Board and Board Committees.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretaries will circulate the draft minutes of meetings for the Board and Board's Committee review in a timely manner.

1.6 Board Charter

A Board Charter had been established with the objectives to ensure that all Board Members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct, principles and practices of good corporate governance are applied accordingly. The Board Charter is reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

Roles and responsibilities of the board can be found in the CG Report.

The Board Charter was last reviewed and updated on 24 April 2018 and would be reviewed and updated periodically.

The Board Charter is available on the Company's website at www.ucrest.net

1.7 Code of Conduct and Whistle-Blowing policy

The Board strongly believes in applying good working ethics and code of conduct in all business dealings.The Board established the Code of Conduct and Ethics based on the following principles:-

(a) Conflicts of interest;
(b) Corporate opportunities;
(c) Protection of confidential information;
(d) Protection and Proper Use of Company Assets;
(e) Compliance with laws, rules and regulations;
(f) Trading on inside information;
(g) Bribery and corruption;
(h) Money laundering;
(i) Preventing the abuse of power;
(j) Compliance with this Code and reporting of any illegal or unethical behavior; and
(k) Waivers and amendments.

The Code of Conduct and Ethics was reviewed and updated on 24 April 2018 and will be reviewed and updated periodically.

The Code of Conduct and Ethics is available on the Company's website at www.ucrest.net

The Board recognises the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group. The Company is committed to operating in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its board members, officers and/or employees. The Board had established a whistle-blowing policy which outlines procedures for employees to report actions that an employee reasonably believes violate a law, or regulation or that constitutes fraudulent accounting or other practices. This policy applies to any matter which is related to the Group's business. This policy has accordingly been inserted in the employee manual/handbook.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** CONT'D

The Whistle-Blowing policy was reviewed and updated on 24 April 2018 and will be reviewed and updated periodically.

1.8 Time Commitments

The Board is primarily responsible for the strategic directions of the Group and is scheduled to meet at least four (4) times a year. However, additional meetings may be convened as and when deemed necessary as determined by the members of the Board.

Similarly, due to the outbreak of the COVID-19 pandemic and the implementation of the MCO, only three (3) Board Meetings were held during the financial year ended 31 May 2020 and the third quarter unaudited financial results which were supposed to be reviewed in April 2020 was postponed to June 2020.

During the financial year ended 31 May 2020, three (3) board meetings were held and the details of each Director's attendance are set out as follows:-

Directors	Meeting Attendance
Eg Kah Yee (Chairman)	3/3
Eg Kaa Chee	3/3
Abdul Razak Bin Dato' Haji Ipap	3/3
Thong Kooi Pin	3/3
Chuan Tsui Ju	3/3
Prof. Low Teck Seng	1/3
Dato' Dr. Mohd Fikri Bin Abdullah	2/3

Currently, all Directors of the Company held less than five (5) directorships in other listed companies.

The Chairman of the Board and the Company Secretaries shall be notified of any new directorship by any Board members before accepting new directorship. The notification shall include an indication of time that will be spent on the new appointment. The Company does not have policy nor impose any time commitment on its independent and non-executive director's position to commit their time to the Company but the Board members are supportive of the Chairman whenever a board meeting is called to deliberate important matters related to the Group.

The Directors are required to notify the Chairman, prior to their acceptance of new directorships in other companies.

1.9 Board Composition

The existing composition of the Board is as set out below:-

Directors	**Designation**
Eg Kah Yee	*Chairman/Managing Director*
Eg Kaa Chee	*Non-Independent Non-Executive Director*
Abdul Razak Bin Dato' Haji Ipap	*Independent Non-Executive Director*
Thong Kooi Pin	*Independent Non-Executive Director*
Chuan Tsui Ju	*Independent Non-Executive Director*
Prof. Low Teck Seng	*Independent Non-Executive Director*
Dato' Dr. Mohd Fikri Bin Abdullah	*Independent Non-Executive Director*

The current Board has seven (7) members comprising the Managing Director (Chairman), one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. The

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composition of the Board comprises of a majority of Independent Non-Executive Directors. The Board is satisfied with the current composition and the composition fairly reflects the investment of shareholders and balance in view of the Group's Business.

2.0 Independent Non-Executive Directors

The Company do not have a policy which limits the tenure of its independent directors to nine (9) years. However, the Board takes note that the Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director. If the Board continues to retain the Independent Non-executive Director after the twelfth year, the Board should seek annual shareholders' approval through a two tier voting process.

Shareholders' approval would be sought if an Independent Director who has served in that capacity for more than nine (9) and twelve (12) years shall remain as an Independent Director. The Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the (NC), and recommend to the Board for recommendation to the shareholders. Justification for the approval would be provided.

The details of director who serve more than 9 years can be found in CG Report.

2.1 Appointments to the Board

As documented in the approved Board Charter, the Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act as a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the NC.

The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their responsibilities.

2.2 Boardroom and Gender Diversity

The Board recognises the importance of gender diversity and is committed to the extent practicable, to address the recommendation of the Code relating to the establishment of a policy formalising its approach to boardroom and workplace diversity.

The Board has on 25 April 2018 adopted a Gender Diversity Policy. Diversity which encompasses various areas such as gender, age, ethnicity and cultural background and the Board firmly believe that a well diversify workplace could benefit the Company to achieve:-

(a) a good morale between the workforce that leads to a healthy work culture where employees motivate each other to perform at a higher level;
(b) With a gender-diverse workforce, the company can expand its customer base and offer better services;
(c) improved employment and career development opportunities for women;
(d) a gender-balanced team brings with it greater industry knowledge and helps the company access more resources, as well as multiple channels of information; and
(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The appointment of Chuan Tsui Ju on 22 November 2013 reflects that the Board recognises the value of a lady member of the Board and is a step taken by the Board towards achieving a more gender diversified Board.

2.3 Re-election of Directors

In accordance to the Company's Constitution, Directors appointed during the year is required to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Constitution also require one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

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The Nomination Committee has considered the assessment of Eg Kaa Chee, Thong Kooi Pin and Prof. Low Teck Seng, the Directors standing for re-election and collectively agrees that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors.

2.4 Professional Developments

The Directors during financial year 2020, have attended the following trainings:-

Director	Trainings	Date
Eg Kah Yee	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
Eg Kaa Chee	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
Abdul Razak Bin Dato' Haji Ipap	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
Thong Kooi Pin	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
Chuan Tsui Ju	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
Prof Low Teck Seng	Science Technology and Society Forum	6 – 10 October 2019
	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019
	Updates on IFRS by E&Y	12 February 2020
	Briefing to Directors by E&Y	26 February 2020
Dato' Dr. Mohd Fikri Bin Abdullah	Corporate Disclosure Policy under the Listing Requirements and Detecting Financial Fraud by Tricor Hive Sdn Bhd	21 November 2019

2.5 Nomination Committee

The NC was established on 22 February 2013 and has been tasked with the responsibilities to recommend new appointment to the Board. The NC shall be appointed by the Board of Directors and shall comprise exclusively of non-executive directors, a majority of whom are independent directors. The NC has two (2) members, all of whom are Independent Directors:

Chairman
Thong Kooi Pin (Independent Non-Executive Director)

Member
Abdul Razak Bin Dato' Haji Ipap (Independent Non-Executive Director)

The Terms of Reference of the NC is available at the Company's website at www.ucrest.net

Summary of Activities undertaken by the Nomination Committee

During the financial year ended 2020, the following activities were undertaken by Nomination Committee:-

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- Assessed the effectiveness and required mix of skills and experience and other qualities, including core competencies of the Board as a whole, the committees of the Board and the contribution of each existing Director and thereafter, recommend the findings to the Board;
- Assessed the term of office and performance of the Audit Committee and each individual member;
- Assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements;
- Reviewed and recommended the re-election of Eg Kaa Chee and Thong Kooi Pin;
- Reviewed and recommended the retention of Thong Kooi Pin and Abdul Razak Bin Dato' Haji Ipap to continue in office as Independent Non-Executive Directors; and
- Reviewed the training needs of the Directors.

On 29 July 2020, the NC assessed the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, integrity and time commitment, independence of Independent Directors. The NC reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

The summary of the assessment and its findings was tabled to the NC on 29 July 2020. Based on the summary as presented, the NC tabled its recommendations to the Board of Directors at the Board of Directors' Meeting held on 29 July 2020.

The NC had on 29 July 2020, assessed the independence of the independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Based on the recommendations from the NC, the Board had also assessed and would be proposing to the shareholders' for approval the continuation in office of Thong Kooi Pin and Abdul Razak Bin Dato' Haji Ipap as Independent Non-Executive Directors of the Company at the AGM. A two-tier voting process would be adopted when seeking the shareholders' approval to retain Encik Abdul Razak bin Dato' Haji Ipap and Thong Kooi Pin as Independent Non-Executive Directors of the Company.

The Board's proposal for continuation in office as Independent Non-Executive Directors were based on the following:-

Thong Kooi Pin

(i) He fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Thus, he would able to function as a check and balance and bring an element of objectivity to the Board;

(ii) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and

(iii) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders.

Abdul Razak Bin Dato' Haji Ipap

(i) He fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Thus, he would able to function as a check and balance and bring an element of objectivity to the Board;

(ii) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and

(iii) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders.

Other than Directors' fees, options granted and allowances paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been

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paid to the Independent Directors that would cause biases in their objective and independent judgement in board deliberation.

2.6 Remuneration Policy

The Company has established a remuneration policy for the Directors and Senior Management to support and drive business strategy and long-term objectives of the Company and its subsidiaries.

Among others, the following are some of the criteria adopted by the Company and its subsidiaries in considering the remuneration of the Senior Management:-

- The overall performance of the Company and its subsidiaries;
- General economic situation;
- Prevailing market practice;
- Salary position against market;
- Skills and experience; and
- Individual performance

In this regard, the RC is responsible to implement the policies and procedures on the remuneration for the Managing Director ("MD") whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including MD and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high caliber and astute insights to run the business successfully.

The remuneration package is reflective of the individual Director's and Senior Management's experience and level of responsibilities and it is structured to link to corporate and individual performance. The RC is responsible for determining the level and make up of MD's remuneration and approved by the Board, with the presence of a majority of non-executive directors. The MD however, does not participate in any way when determining their respective remuneration package. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Key Senior Management.

All Directors are paid fixed monthly directors' fees except for the managing director. The managing director received annual remuneration package including but not limited to telecommunication facilities and other reimbursable/claimable benefits-in-kind as may be determined from time to time, for the purposes of carrying out his duty as MD. The determination of the monthly annual directors' fee for Directors is a matter for the Board as a whole, depending on any additional responsibilities taken. The monthly directors' fee payable to Directors is presented to the shareholders at the Annual General Meeting for their approval.

The Remuneration Policy of Directors and Senior Management was adopted by the Board on 25 April 2018. The Policy would be reviewed and updated periodically.

Details of remuneration of Directors of the Company for the financial year ended 31 May 2020 are as follows:-

Director	Group (RM)	Company (RM)
Eg Kah Yee	120,000.00	120,000.00
Eg Kaa Chee	24,000.00	24,000.00
Thong Kooi Pin	24,000.00	24,000.00
Chuan Tsui Ju	24,000.00	24,000.00
Abdul Razak Bin Dato' Haji Ipap	24,000.00	24,000.00
Dato' Dr. Mohd Fikri Bin Abdullah	24,000.00	24,000.00
Prof Low Teck Seng	24,000.00	24,000.00

The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.

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However, the Company would endeavour to ensure that the remuneration package of the employees are in line with the industry practices and the annual increments and bonuses pay-out are based on individual performances.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1.1 Audit Committee

The Audit Committee ("AC") was established with the primary objective to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate governance and practices for the Group, to improve the business efficiency and enhance the independent role of external and internal auditors.

The AC has three (3) members who are independent Non-Executive Directors. The following are the members of the AC:-

Chairman
Thong Kooi Pin – Independent Non-Executive Director

Members
Abdul Razak Bin Dato' Haji Ipap – Independent Non-Executive Director
Chuan Tsui Ju – Independent Non-Executive Director

The Chairman of the AC is not the Chairman of the Board.

1.2 External Auditors

The Board has established a transparent relationship with the External Auditors through the AC, which has been accorded the authority to communicate directly with the external auditors. The auditors in turn are able to highlight matters which require the attention of the Board to the AC in terms of compliance with the accounting standards and other related regulatory requirements.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

The AC undertakes annual assessment of the suitability and independence of the External Auditors. The factors considered by the AC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the External Auditors, the fees and the independence of and the level of non-audit services rendered to the Group.

The AC is satisfied with the external auditors' confirmation of independence and their conduct of the audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

The AC had on 29 July 2020 conducted an assessment on the suitability and independence of the External Auditors. Based on the assessment, the AC was satisfied with Messrs CAS Malaysia PLT's competency, experience and independence. The Board, based on the AC's recommendation, would be tabling the re-appointment of Messrs CAS Malaysia PLT as the External Auditors of the Company at the Twenty-Third AGM.

The amounts of audit and non-audit fees paid to the External Auditors or a firm affiliated to the External Auditors by the Company and the Group for the financial year ended 31 May 2020 are as follows:-

	Group (RM)	Company (RM)
Audit	125,000	94,000
Non-Audit	5,000	5,000

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1.3 Internal Audit Function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm to provide its services to meet with the Group's required service level.

Internal auditor reports directly to the AC. The functions of the internal auditor are to ensure a regular review of the adequacy and integrity of its internal control system. The internal auditor will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach based on COSO assessment model.

The assessment of the internal audit is reported periodically to the AC. The recommendations arising from the internal audit and its implementations would be monitored.

The internal audit function is outsourced to an independent professional firm, Vaersa Advisory Sdn Bhd. The internal audit team is headed by Mr Quincy Gan who possesses the relevant qualification and experience and is assisted by four members.

The expenses incurred for the internal audit function for FYE 2020 is RM16,000.

1.4 Risk Management and Internal Control Framework

The Group has put in place an Enterprise Risk Management framework ("ERM") which comprises the following elements:

- Communicate and disseminate across the organisation the vision, role and direction of the Group;
- Provide guiding principles and approach towards risk management;
- Process of identification, assessment, evaluation and management of the various principal risks which affect the Group's business;
- Creation of a risk-awareness culture and risk ownership for more effective management of risks;
- Regular review, tracking and reporting on keys risks identified and corresponding mitigation procedures; and
- Regular review of the effectiveness of the system of internal control.

The framework is applied to determine, evaluate and manage principal risks of the Group. This is complemented by the system of internal control that is integrated into the Group's operations and processes.

During FYE 2020, the AC reviewed and updated the risk management function constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to external consultant which report directly to the AC.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on page 32 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

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

1.1 Communication

The Company is committed to provide clear, accurate and timely disclosure of all material information to its stakeholders and the general public. The Company will ensure compliance with the disclosure requirements as set out in the Listing Requirements ("LR") at all times.

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1.2 Leverage on Information Technology for Effective Dissemination of Information

The Company maintains various methods of dissemination of information and has established a website at www.ucrest.net from which shareholders and the general public may access among others, the latest information on the activities of the Group; product information; announcements made to Bursa Securities; Annual Report and Board Charter.

1.3 Encourage Shareholder Participation at General Meetings

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the Code.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

Based on the previous general meetings, the Company does not have a large number of shareholders to warrant voting in absentia and/ or remote shareholders' participation at AGM.

Additionally, the Company's general meeting are held at prominent places within the Klang Valley which is easily accessible to all shareholders. The shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meetings.

Notice of the Twenty-Second Annual General Meeting ("AGM") together with the Company's Annual Report was issued to the shareholders on 30 September 2019, being more than 28 days in advance of the scheduled AGM which was held on 22 November 2019. This is to enable the shareholders have sufficient time to read and understand the Company's financial and non-financial performance before the meeting.

Pursuant to the ACE Market Listing Requirement, any resolution set out in the notice of any general meeting, or in any notice of resolutions which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Voting for all resolutions as set out in the Notice of AGM held on 22 November 2019 were voted by poll and validated by an Independent Scrutineer.

1.4 Effective Communication and Proactive Engagement

AGM also provides an effective means of face-to-face communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM.

This CG Overview Statement was approved by the Board of the Company on 22 September 2020.

STATEMENT ON DIRECTORS' RESPONSIBILITY **FOR PREPARING THE FINANCIAL STATEMENTS**

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 2016 and the applicable approved accounting standards set by Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Company and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

a) selecting suitable accounting policies and then applying them consistently. This is done through discussion with the current reporting auditor if there is any changes in the accounting standard that may affect the way of the financial statement is presented;
b) stating whether applicable accounting standards have been followed;
c) making judgments and estimates that are reasonable and prudent. The Board makes judgment and estimate by carefully consider all aspect of the variables concerned and especially in the case of sustainability on the book value of the intangible assets; and
d) preparing the financial statements on a going concern basis, having made reasonable enquiries and assessment on the resources of the Company on its ability to continue further business in foreseeable future.

SUSTAINABILITY **STATEMENT**

Overview and scope of sustainability at UCrest Berhad

Sustainability is one of the strategic pillars for UCrest Berhad. Our sustainability performance is considered fundamental to our business success and sustainability is in fact embedded in our day to day operations. Central to our approach is a strong emphasis on Health and Safety. It is a core value for our culture and provides the framework for the way employees are expected to behave. We are committed to enthral and engage with communities within which we operate through regular dialogues, socioeconomic footprint studies and community activities. It is an opportunity for us to gain feedback on our operations and how we impact them. In order to focus our efforts and strengthen our benchmarks for economic, environmental and social sustainability (“EES”).

Our organisation’s sustainability strategy is determined by our Board of Directors, who provides an oversight of our corporate sustainability policies and performance. Senior Management oversees the implementation of the organisation’s sustainability approach and ensures that key targets are being met. The respective division’s management heads are responsible for identifying, evaluating, monitoring and managing economic, environmental and social risks and opportunities directly.

Board of Sustainability

The Board recognises the importance of building a sustainable business, therefore takes into consideration of the environmental, social and governance impact while developing corporate strategies.

The Board regularly reviews the strategic direction of the Company and the progress of the Company’s operations, taking into account changes in the business and political environment and risk factors such as level of competition.

The Board promotes good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. Accordingly, the Company takes cognisance of the global environmental, social, governance and sustainability agenda.

The Company recognises the value of a diversed and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the Company into the future. The Company is committed to leveraging the diverse backgrounds in terms of gender, ethnicity and age, experiences and perspectives of our workforce, to provide good customer service to an equally diverse customer base. The Company’s commitment in recognising the importance of diversity extends to all areas of our business including recruitment, skills, enhancement, appointment to roles, retention of employees, succession planning and training and development.

Stakeholders Review & Engagement

Stakeholder Group	Engagement Methodology	Frequency of engagement
Customers	Customer feedback management	Regular
	Complaint management	Regular
	Market research & innovation	Regular
Vendors	Independent evaluation	Annually
	Vendor relationship management	Regular
Governance & Regulaters	Formal meetings/visits	Ad-hoc
	Licensing, audits & inspections	Ad-hoc
Employees	Employee performance appraisal	Annually
	Dialogue and engagement	Weekly
	Employee engagement programmes	Regular

SUSTAINABILITY **STATEMENT**
CONT'D

Material Sustainability & Relevant Action Plan

The following is the Company's identified material sustainability matters, identified via management reviews and assessments of the context and strategy with considerations to relevant stakeholders' requirements and expectations. These are critical internal and external risk and opportunities that are pertinent to our long-term growth and continual improvement.

Material sustainability issues	
Economics	Research & Development and commitment to innovation on related medical equipment's, mobile medical technology and technical know-how.
	Customer satisfaction and complaint management process for adherence and enhancement of products and service deliverables
	Sustainable value chain management with vendors, subcontractors, transporters, assessment, evaluation and improvements
Social responsibilities	Workforce diversity and human rights factor inculcation within human resources development and capital management
	Occupational Safety & Health Management policies and practices enforcement
Environmental stewardships	Product and Services Responsibility Compliance to local statutory and regulatory requirements

We periodically update the full list of sustainability matters and revise our prioritisation annually based on our corporate strategy and external developments.

The Group is realising key benefits from integrating sustainability in business by including:

- Enhancement of process risk management via risk-based thinking group wide.
- To strengthen our international market presence without compromising aspects of quality and sustainability, and to be responsive to the challenges and changing expectations of stakeholders within the healthcare industry.
- Promoting innovation and attracting new customers with improvement initiatives and marketing strategy.
- Maintaining a licence to operate for best practices, fulfilling stakeholders needs and compliance to obligations.
- Securing capital with periodic business context and stakeholders review of requirements an expectation on environment, social and governance matters.
- To provide a safe working environment that is conducive for the personal and professional growth of our employees and corporate culture that is built on good communication practices, transparency and integrity.

SUSTAINABILITY **STATEMENT**
CONT'D

- To strengthen our commitment to manage our impact on the environment by prioritizing strict adherence to environmental regulations.

The Company has undertaken the following initiatives as an integral part of its business operations and practices by contributing to the welfare of its employees, stakeholders, the general public and the environment it operates in:-

1. CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

The Group remains committed to support the community as a responsible corporate citizen during the financial year under review. The Group's CSR initiatives are focused on enhancement of the workplace and environment conservation.

We acknowledge the importance of both financial and non-financial strategies in our continuous efforts to maintain long term and sustainable performance for the Group. While we focus on managing our business deliverables through improving financial profitability and shareholders' value, we are also mindful of our goals to provide a sustainable workplace for our human assets' career developments as they are critical components to our growth and to promote a sustainable environmentally responsible organisation.

2. WORKPLACE

Our people are our valuable assets. The Group provides its employees a quality work environment which complies with the health and safety standard as we understand a good environment would raise the efficiency and productivity of employees besides improving the quality of life of our employees.

We practice open door policy where employees have easy accessibility to their superiors. Two-way communications are encouraged to ensure share of ideas and/or work grievances to improve work processes and working environment. Periodical downward communication sessions from key management team with subordinates are also carried out as a way to impart the Company's fundamentals and directions while addressing issues of concern.

The Company also actively organises a variety of recreational activities such as staffs dinner, festive gatherings and birthday celebration to create an amiable workplace for its staffs. In addition, health insurance and medical care are provided to employees.

3. VENDOR

Sustainability in the supply chain from upstream to downstream is essential to maintain smooth business operations. Therefore, selection process of suppliers with the capacity to conduct business ethically, with professionalism and preparedness to adapt to changes that impact sustainability under the risk management plan is of paramount importance. We also valued co-generation of opportunity with our suppliers, under an efficient assessment program. All these arrangements are in place to manage risk by making our resources secured from few suppliers, critical suppliers and suppliers who fail to comply with rules and regulations, or stakeholders' expectations. These risks can ultimately harm our reputation and disrupt our business.

The selection of suppliers is on the basis of commitment to comply to UCrest's business processes for sustainable business. Conduct assessment and certification of suppliers annually and continuously in order to mitigate risk in the supply chain.

4. ENVIRONMENT

The Group remains committed towards environmental conservation; continuing on recycle program as part of our efforts to reduce our environmental and carbon footprints and our commitment as an environmentally responsible organisation.

In line with commitment to reduce carbon footprints, employees are encouraged to fully maximise the benefits of electronic environment (eg. email, instant messaging and etc.) for communication and only print hard copy when necessary. Employees are also encouraged to print on both sides of paper to

SUSTAINABILITY **STATEMENT**
CONT'D

minimise paper usage. Energy efficient bulbs are used throughout and all computer peripherals and lighting are switched off when not in use.

5. HEALTH AND SAFETY

At UCrest, we believe in creating a strong safety culture. The Group reports on employee incidents and identifies trends and key risk areas, such as employee injuries, needle-stick injuries, employee falls, employee mobility incidents, occupational health-related incidents, infection-related incidents and exposure to bodily fluids. Our safety mechanism also entails the submission of health and safety recommendations about workplace conditions, the continual improvement of occupational health and safety standards by applying the lessons gained through experience and ongoing instruction and advice for staff and management.

6. TRAININGS

External trainings are provided to employees to enhance their skills and abilities which would offer excellent opportunities for career enhancement.

7. GROUP'S DIVERSITY

Diversity report on the breakdown of directors :-

Age group	Gender						Ethnicity							
	Male	%	Female	%	Total	%	Malays	%	Chinese	%	Other	%	Total	%
41-50	1	17	-	-	1	14	-	-	1	20	-	-	1	14
51-60	4	66	1	100	5	72	2	100	3	60	-	-	5	72
61-70	1	17	-	-	1	14	-	-	1	20	-	-	1	14
	6	**100**	**1**	**100**	**7**	**100**	**2**	**100**	**5**	**100**	**-**	**-**	**7**	**100**

Diversity report on the breakdown of employees :-

Age group	Gender						Ethnicity							
	Male	%	Female	%	Total	%	Malays	%	Chinese	%	Indian	%	Total	%
21-30	3	37	-	-	3	30	-	-	-	-	3	43	3	30
31-40	3	37	1	50	4	40	-	-	-	-	4	57	4	40
41-50	1	13	1	50	2	20	2	67	-	-	-	-	2	20
51-60	1	13	-	-	1	10	1	33	-	-	-	-	1	10
	8	**100**	**2**	**100**	**10**	**100**	**3**	**100**	**0**	**-**	**7**	**100**	**10**	**100**

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

1. Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the Group for the financial year ended 31 May 2020. This Statement on Risk Management and Internal Control is issued in line with the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance ("Code").

The Board is committed to maintaining a sound system of internal control of the Company and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Company during the year.

2. Board Responsibilities

The Board of Directors recognises the importance of sound internal controls and risk management in safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.

The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and are subject to continuous improvement.

3. Risk Management Framework

The Board has established and developed an Enterprise Risk Management ("ERM") framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the Group's business;
- create a risk-awareness culture and risk ownership for more effective management of risks; and
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the Board at the scheduled board meetings. This serves as the on-going process of identifying; assessing and managing risks faced by the Group and has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

The Group's risk management continues to be driven by the Managing Director and assisted by management. The Managing Director and management are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage risk. These processes are embedded and carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**
CONT'D

the management team when necessary. In order to ensure the objectivity of the review of the risk management and systems of internal control in the Group, the Audit Committee is instituted by the Board to undertake this role.

In conducting its review, the process is regularly reviewed by the Board via the Audit Committee ("AC") at the quarterly Board meeting with the assistance of the outsourced independent consulting firm Vaersa Partners Sdn. Bhd. to further review and improves the existing internal control processes within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the business changes and competitive environment.

Management further supplements the Audit Committee review on control and risk assessment when presenting the quarterly financial performance and results to the Audit Committee and the Board including pertinent explanations on the performance of the Group. With management consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with management representations on operations and the performance of its subsidiaries as well as deliberates the annual report and audited financial statements before recommending these documents to the Board for approval.

4. Internal Control Framework

The other key elements of the Group's internal control systems are described below:

- Monthly monitoring of operational results against the budget for the Board's review and discussion;
- Regular and comprehensive information provided to the Board, covering financial performance and key business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational efficiencies; and
- Regular management meeting with all key personnel of respective department to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have material impact against the operations of the Group for the financial year ended 31 May 2020.

5. Management Responsibilities and Assurance

In accordance to the Bursa Securities' Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

In producing this Statement, the Board has received assurance from the Managing Director that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

6. Board Assurance and Limitation

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there was no material loss resulted from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

The Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group could only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**
CONT'D

7. Review of the Statement by the External Auditors

As required by Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 May 2020. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 included in the Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

8. Conclusion

The Board recognises the necessity to monitor closely the adequacy and effectiveness of the Group's system of internal controls and risk management, taking into consideration the fast-changing business environment. Although the Board is of the view that the present risk management and internal control is adequately in place to safeguard the Company's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.

This Statement is issued in accordance with a resolution of the Directors dated 22 September 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. **Material Contracts**

   Neither the Company nor its subsidiary have entered into any contract which are or may be material (not being contracts entered into in the ordinary course of business) involving Directors' and Major Shareholders' interests since the end of the previous financial year.

2. **Recurrent Related Party Transactions ("RRPT")**

   Following the mandate obtained at last Annual General Meeting for the recurrent related party transactions, there were no recurrent related party transactions recorded during the financial year.

3. **Utilisation of Proceeds raised from Corporate Proposal**

   The Company had at the Extraordinary General Meeting held on 22 January 2018 obtained the shareholders' approval for a private placement exercise to issue up to 106,901,642 new ordinary shares in the Company representing not more than twenty percent (20%) of the issued share capital of the Company ("Private Placement").

   There were no shares issued pursuant to the Private Placement during the financial year. Bursa Malaysia Securities Berhad had, vide its letter dated 4 September 2020, resolved to grant a final extension of time from 29 June 2020 until 28 December 2020 to the Company to implement the Proposed Private Placement.

4. **Employee Share Option Scheme ("ESOS")**

   The Company had at the Extraordinary General Meeting held on 22 January 2018 obtained shareholders' approval for the establishment and administration of an Employee Share Option Scheme ("ESOS") with authority to allot and issue such number of new ordinary shares of up to 15% of the total number of issued shares of the Company (excluding treasury shares), if any, at any one time during the duration of the ESOS to the Eligible Persons from time to time pursuant the ESOS By-Laws. The ESOS is for a duration of five (5) years commencing from the date of implementation on 26 April 2018 to 25 April 2023, unless extended further.

   Total number of options granted to the eligible Directors and employees of the Group and the outstanding options as at 31 May 2020 are set out in the table below:-

Description	Directors	Other eligible employees	Total
Options granted	21,860,000	1,360,000	23,220,000
Options exercised	-	-	-
Outstanding options unexercised	21,860,000	1,360,000	23,220,000

In accordance with the Company's ESOS By-Law, not more than 50% of the total number of UCrest Shares comprised under the ESOS Scheme to be issued pursuant to the Proposed ESOS would be allocated (in aggregate) to the Directors and senior management of the Group. Since the commencement of the ESOS up to the FYE 2020, the Company has granted 31.4% of the options to the Directors and Senior Management.

ADDITIONAL
COMPLIANCE INFORMATION
CONT'D

As at FYE 2020, ESOS allocations to the Directors are as follows:-

Name of Directors	Number of options granted	Number of options exercised	Number of options unexercised
Chairman / Managing Director			
Eg Kah Yee	6,960,000	-	6,960,000
Independent Non-Executive Director			
Thong Kooi Pin	6,900,000	-	6,900,000
Abdul Razak Bin Dato' Hj Ipap	2,000,000	-	2,000,000
Chuan Tsui Ju	2,000,000	-	2,000,000
Prof Low Teck Seng	2,000,000	-	2,000,000
Non-Independent Non-Executive Director			
Eg Kaa Chee	2,000,000	-	2,000,000
Total	21,860,000	-	21,860,000

Subsequent to the FYE 2020 and up to the date if this report, the Group had issue 7,317,000 new ordinary shares pursuant to the ESOS. The new ordinary shares issued pursuant to the ESOS included 6,960,000 new ordinary shares issued to Eg Kah Yee, the Chairman/Managing Director of the Company.

As at the date of this report, the unexercised options pursuant to the Company's ESOS granted and accepted by eligible Directors and employees are 15,903,000 options.

DIRECTORS' **REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and design, development and marketing of information technology related products and services.

The information on the name, place of incorporation, principal activities and percentage of issued and paid-up share capital held by the holding company in each subsidiary are as disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group 2020 RM	Company 2020 RM
Loss for the financial year	(20,750,664)	(10,934,172)

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

RESERVES AND PROVISIONS

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

DIVIDENDS

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

SHARES AND DEBENTURES

There were no changes in the issued and paid up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

DIRECTORS' **REPORT**
CONT'D

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to Employee Share Option Scheme ("ESOS").

EMPLOYEE SHARE OPTION SCHEME("ESOS")

The Company has established an ESOS of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders as an Extraordinary General Meeting held on 22 January 2018.

The ESOS became effective for a period of three (3) years from 29 April 2020 to 28 April 2023.

The salient features and terms of the ESOS, details of share options exercised or lapsed during the financial year and outstanding at the end of the financial year are disclosed in Note 14 to the financial statements.

The movements of options offered to take up unissued ordinary shares during the financial year are as follows:

		Number of options over ordinary shares			
	Exercise price (RM)	As at 01.06.2019	Granted	Exercised	As at 31.05.2020
Grant date					
29 April 2020	0.0868	-	23,220,000	-	23,220,000

DIRECTORS

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

Eg Kah Yee
Eg Kaa Chee
Abdul Razak Bin Dato' Haji Ipap
Thong Kooi Pin
Chuan Tsui Ju
Prof. Low Teck Seng
Dato' Dr. Mohd Fikri Bin Abdullah

DIRECTORS' **REPORT**
CONT'D

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
Shareholdings in the name of directors	**As at 01.06.2019**	**Acquired**	**Sold**	**As at 31.05.2020**
Direct interest				
Eg Kah Yee	82,311,427	-	-	82,311,427
Eg Kaa Chee	2	-	-	2
Thong Kooi Pin	250	-	-	250
Chuan Tsui Ju	750	-	-	750
Indirect interest				
Eg Kah Yee *	2	-	-	2
Eg Kaa Chee **	82,311,427	-	-	82,311,427

	Number of options over ordinary shares			
Share options in the name of directors	**As at 01.06.2019**	**Granted**	**Exercised**	**As at 31.05.2020**
Eg Kah Yee	-	6,960,000	-	6,960,000
Thong Kooi Pin	-	6,900,000	-	6,900,000
Abdul Razak Bin Dato' Hj Ipap	-	2,000,000	-	2,000,000
Eg Kaa Chee	-	2,000,000	-	2,000,000
Chuan Tsui Ju	-	2,000,000	-	2,000,000
Prof. Low Teck Seng	-	2,000,000	-	2,000,000

* Deemed interested by virtue of his brother, Mr. Eg Kaa Chee's shareholding.
** Deemed interested by virtue of his brother, Mr. Eg Kah Yee's shareholding.

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

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

DIRECTORS' **REPORT**
CONT'D

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 21 to the financial statements.

The details of the other benefits otherwise than in cash received or receivable from the Group and the Company by the directors of the Group and of the Company during the financial year are disclosed in Note 21 to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (except for the share options granted pursuant to the ESOS and a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 14 and Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that no known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

DIRECTORS' **REPORT**
CONT'D

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

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

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

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

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

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

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

SIGNIFICANT AND SUBSEQUENT EVENT DURING THE FINANCIAL YEAR

Details of significant and subsequent event during the financial year is disclosed in Note 28 to the financial statements.

DIRECTORS' **REPORT**
CONT'D

AUDITORS

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 22 September 2020

EG KAH YEE
Director

EG KAA CHEE
Director

STATEMENT BY **DIRECTORS**

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

We, EG KAH YEE and EG KAA CHEE, being two of the directors of UCREST BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 16 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 22 September 2020

EG KAH YEE
Director

EG KAA CHEE
Director

STATUTORY **DECLARATION**

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

I, EG KAH YEE, being the director primarily responsible for the accounting records and financial management of UCREST BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 99 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
EG KAH YEE
at Puchong in the state of Selangor Darul Ehsan
on 22 September 2020

EG KAH YEE

Before me,

KHOR HAN GHEE
Commissioner for Oath

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF UCREST BERHAD (Incorporated in Malaysia)

(REGISTRATION NO.: 199701004560 (420056-K))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCrest Berhad, which comprise the statements of financial position as at 31 May 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 134.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT **AUDITORS' REPORT**
CONT'D

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
(a) Impairment of Intangible assets *Refer to Note 3.6 - Significant accounting policies, Note 4.2.6 - Significant Accounting Judgements, Estimates and Assumptions and Note 7 - Intangible assets.* As at 31 May 2020, the net carrying amount of intangible assets of the Group and of the Company amounted to RM24,679,675 and RM15,754,628 respectively. We emphasised on this account balance due to the significance of the carrying amount of the intangible assets, which represented 59% and 78% of the Group's and of the Company's total assets as at 31 May 2020, and significant assumptions and judgements involved in deriving the recoverable amount and assumptions supporting the underlying cash flow projections include sales, gross profit margin, discount rate and operating expenses of the intellectual property and software licenses rights. The Group engaged an independent valuer to carry out a formal valuation of the Group's cash-generating unit for the purpose of assessing impairment on the intangible assets. When estimating the value of the intangible assets, discounted cash flow method is applied as the primary basis of valuation.	Our audit procedures in relation to the valuation of intellectual property and software licenses rights are as follows:- i) evaluated the independent external valuers' competency, capabilities and objectivity which included consideration of their qualifications and experiences; ii) reviewed the valuation report and discuss with the independent valuers on the valuation approach and the significant judgement they made, including selection of comparable listed companies for application of price-to-earnings multiple method; iii) understood the scope and purpose of the valuation and assessing whether any matters that might have affected their objectivity or limited the scope of their work; and iv) assessed the valuation approach used and appropriateness of the key assumptions based on our knowledge of the industry.

INDEPENDENT AUDITORS' REPORT
CONT'D

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
(b) Impairment of trade receivables	
Refer to Note 3.10 - Significant accounting policies, Note 4.2.5 - Significant Accounting Judgements, Estimates and Assumptions and Note 10 - Trade Receivables. Trade receivables are significant to the Group as these represent approximately 34% (2019: 33%) of the total assets. The key associated risk is the recoverability of the invoiced trade receivables as the recoverability of trade receivables required management judgment and estimation in determining the adequacy of the impairment loss associated with each individual trade receivables.	Our audit procedures included, among others: i) reviewed the receivables aging analysis and testing the reliability thereof; ii) evaluated subsequent year end receipts and recoverability of outstanding trade receivables; iii) made inquiries of management pertaining to the recoverability of significant and overdue debts; iv) evaluated the basis and evidence used by management for the impairment test and adequacy of allowance for impairment made; v) assessed the reasonableness of the Group's expected credit loss (ECL) model by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group; vi) identified any loss events subsequent to the end of reporting period for indications of increase in credit risk; and vii) made inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT **AUDITORS' REPORT**
CONT'D

Report on the Audit of the Financial Statements (continued)

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT **AUDITORS' REPORT**
CONT'D

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT
AUDITORS' REPORT
CONT'D

Report on the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

INDEPENDENT AUDITORS' REPORT
CONT'D

Report on the Audit of the Financial Statements (continued)

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 May 2019 were audited by another firm of chartered accountants whose report dated 19 September 2019 expressed an unmodified opinion on these financial statements.

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

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

KONG JUNE HON
[No. 03258/05/22(J)]
Chartered Accountant

Date: 22 September 2020

Puchong

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 MAY 2020

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
NON-CURRENT ASSETS					
Plant and equipment	5	578,644	832,669	578,124	832,149
Right-of-use assets	6	330,049	-	330,049	-
Intangible assets	7	24,679,675	31,706,890	15,754,628	21,736,554
Investment in subsidiary companies	8	-	-	7	7
		25,588,368	32,539,559	16,662,808	22,568,710
CURRENT ASSETS					
Trade receivables	9	14,297,576	18,312,942	2,542,643	5,793,784
Other receivables	10	509,054	1,589,697	94,552	104,500
Amount due from a subsidiary company	11	-	-	32,310	27,310
Tax recoverable		207,025	52,683	64,015	52,683
Deposits with licensed financial institutions	12	46,918	1,078,062	46,918	1,078,062
Cash and bank balances		1,491,980	1,842,338	708,040	940,620
		16,552,553	22,875,722	3,488,478	7,996,959
TOTAL ASSETS		42,140,921	55,415,281	20,151,286	30,565,669
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	21,761,860	21,761,860	21,761,860	21,761,860
Reserves	14	(2,891,845)	16,416,908	(12,644,201)	(3,186,821)
TOTAL EQUITY		18,870,015	38,178,768	9,117,659	18,575,039

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

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 MAY 2020
CONT'D

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
NON-CURRENT LIABILITIES					
Deferred tax liabilities	15	-	2,080,217	-	1,422,585
Trade payables	16	240,247	393,031	240,247	393,031
Lease liabilities	6	177,468	-	177,468	-
		417,715	2,473,248	417,715	1,815,616
CURRENT LIABILITIES					
Trade payables	16	16,195,689	8,463,862	3,468,522	3,322,256
Other payables	16	6,497,986	6,124,539	2,707,106	2,434,284
Amount due to subsidiary companies	11	-	-	4,281,476	4,418,474
Lease liabilities	6	158,808	-	158,808	-
Tax payables		-	174,864	-	-
Bank overdraft		708	-	-	-
		22,853,191	14,763,265	10,615,912	10,175,014
TOTAL LIABILITIES		23,270,906	17,236,513	11,033,627	11,990,630
TOTAL EQUITY AND LIABILITIES		42,140,921	55,415,281	20,151,286	30,565,669

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
Revenue	17	12,276,467	28,805,096	188,200	8,507,699
Cost of sales	18	(8,229,489)	(13,793,868)	(710)	(3,386,010)
GROSS PROFIT		4,046,978	15,011,228	187,490	5,121,689
Other income	19	508,405	785,080	143,759	114,120
Distribution expenses		(90,947)	(126,104)	(90,823)	(122,187)
Administrative expenses		(7,277,415)	(7,308,822)	(5,876,296)	(5,682,800)
Other operating expenses		(20,083,129)	(1,199,408)	(6,639,104)	(249,550)
Finance costs	20	(93,977)	(63,861)	(93,113)	(63,861)
(LOSS)/PROFIT BEFORE TAXATION	21	(22,990,085)	7,098,113	(12,368,087)	(882,589)
Tax credit/(expense)	22	2,239,421	(1,069,291)	1,433,915	(128,785)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(20,750,664)	6,028,822	(10,934,172)	(1,011,374)
Other comprehensive (expense)/ income, net of tax:					
Exchange differences on translation of foreign operation		(34,881)	123,270	-	-
Other comprehensive (expense)/ income for the year, net of tax		(34,881)	123,270	-	-
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR		(20,785,545)	6,152,092	(10,934,172)	(1,011,374)

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

AS AT 31 MAY 2020

CONT'D

	Note	Group 2020 RM	Group 2019 RM Restated
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company		(20,750,664)	6,028,822
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME ATTRIBUTABLE TO:			
Owners of the Company		(20,785,545)	6,152,092
Basic (loss)/earnings per share attributable to owners of the Company (sen)	23	(4.47)	1.63
Diluted (loss)/earnings per share attributable to owners of the Company (sen)	23	(4.38)	1.63

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Attributable to owners of the Company				
	Non-distributable				
2020 **Group**	**Share capital** **RM**	**Share options reserve** **RM**	**Foreign currency translation reserve** **RM**	**Retained earnings/ (Accumulated losses)** **RM**	**Total** **RM**
Balance as at 1 June 2019, as previously stated	21,761,860	-	123,270	16,749,638	38,634,768
Prior year adjustment	-	-	-	(456,000)	(456,000)
Balance as at 1 June 2019, as restated	21,761,860	-	123,270	16,293,638	38,178,768
Loss for the financial year	-	-	-	(20,750,664)	(20,750,664)
Other comprehensive expense	-	-	(34,881)	-	(34,881)
Total comprehensive expense for the financial year	-	-	(34,881)	(20,750,664)	(20,785,545)
Share options granted under ESOS	-	1,476,792	-	-	1,476,792
Balance as at 31 May 2020	21,761,860	1,476,792	88,389	(4,457,026)	18,870,015

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

	Attributable to owners of the Company			
	Non-distributable		Distributable	
2019 **Group**	**Share capital RM**	**Foreign currency translation reserve RM**	**Retained earnings RM**	**Total RM**
Balance as at 1 June 2018	21,761,860	-	10,264,816	32,026,676
Profit for the financial year, restated	-	-	6,028,822	6,028,822
Other comprehensive income	-	123,270	-	123,270
Total comprehensive expense for the financial year	-	123,270	6,028,822	6,152,092
Balance as at 31 May 2019	21,761,860	123,270	16,293,638	38,178,768

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

Company

	Attributable to owners of the Company			
	Non-distributable			
	Share capital RM	Share options reserve RM	Accumulated losses RM	Total RM
Balance as at 1 June 2018	21,761,860	-	(2,175,447)	19,586,413
Total comprehensive expense for the financial year, restated	-	-	(1,011,374)	(1,011,374)
Balance as at 31 May 2019	21,761,860	-	(3,186,821)	18,575,039
Balance as at 1 June 2019, as previously stated	21,761,860	-	(2,730,821)	19,031,039
Prior year adjustment	-	-	(456,000)	(456,000)
Balance as at 31 May 2019, as restated	21,761,860	-	(3,186,821)	18,575,039
Total comprehensive expense for the financial year	-	-	(10,934,172)	(10,934,172)
Share options granted under ESOS	-	1,476,792	-	1,476,792
Balance as at 31 May 2020	21,761,860	1,476,792	(14,120,993)	9,117,659

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
			Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(22,990,085)	7,098,113	(12,368,087)	(882,589)
Adjustments for:					
Amortisation of intangible assets	7	3,748,481	3,711,729	2,703,192	2,703,189
Depreciation					
Plant and equipment	5	287,145	284,850	287,145	284,850
Right-of-use asset	6	145,222	-	145,222	-
Interest expenses	20	93,977	63,861	93,113	63,861
Interest income	19	(25,644)	(77,191)	(20,214)	(68,873)
Impairment loss					
Trade receivables	9	15,327,603	1,232,202	1,883,578	282,344
Other receivables	10	-	73,206	-	73,206
Intangible assets	7	3,278,734	-	3,278,734	-
Inventories written off		-	25,799	-	22,062
Unrealised gain on foreign exchange	19	(467,531)	(669,618)	(108,315)	(45,247)
Unrealised loss on foreign exchange	21	423,205	247	192,323	-
Share-based payments expense		1,476,792	-	1,476,792	-
Operating profit/(loss) before working capital changes		1,297,899	11,743,198	(2,436,517)	2,432,803
(Increased)/decrease in receivables		(9,897,952)	(15,697,476)	1,482,075	(5,678,158)
Increased in payables		7,597,409	6,809,669	73,151	(14,981)
Net cash (used in)/generated from operations		(1,002,644)	2,855,391	(881,291)	(3,260,336)
Tax paid		(170,000)	(468,635)	-	(228,195)
Interest received	19	25,644	77,191	20,214	68,873
Net cash (used in)/generated from operating activities		(1,147,000)	2,463,947	(861,077)	(3,419,658)

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary, net of cash acquired		-	-	-	(4)
Purchase of intangibles assets	7	-	(6,053,437)	-	-
Purchase of plant and equipment	5	(33,120)	(30,427)	(33,120)	(30,427)
Net cash used in investing activities		(33,120)	(6,083,864)	(33,120)	(30,431)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment to)/Advances to subsidiary companies		-	-	(141,998)	-
Interest paid	20	(83,317)	(63,861)	(82,453)	(63,861)
Repayment of finance lease liabilities	6	(149,655)	-	(149,655)	-
Repayment of creditor settlement		-	(176,722)	-	(176,722)
Net cash used in financing activities		(232,972)	(240,583)	(374,106)	(240,583)
Net decrease in cash and cash equivalents		(1,413,092)	(3,860,500)	(1,268,303)	(3,690,672)
Cash and cash equivalents as at beginning of the financial year		2,920,400	6,205,053	2,018,682	5,664,106
Effect of exchange rate fluctuations on cash held		30,882	575,847	4,579	45,248
Cash and cash equivalents as at end of the financial year		1,538,190	2,920,400	754,958	2,018,682
Cash and cash equivalents comprise of:					
Cash and bank balances		1,491,980	1,842,338	708,040	940,620
Deposits with licensed financial institutions		46,918	1,078,062	46,918	1,078,062
Bank overdraft		(708)	-	-	-
		1,538,190	2,920,400	754,958	2,018,682

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

1. GENERAL INFORMATION

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

The Company's registered office is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 6.04, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2020 comprise the Company and its subsidiaries (together referred to as the “Group”). The financial statements of the Company as at and for the financial year ended 31 May 2020 do not include other entities.

The principal activities of the Company are that of an investment holding and design, development and marketing of information technology related products and services.

The information on the name, place of incorporation, principal activities and percentage of issued and paid-up share capital held by the holding company in each subsidiary is as disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 September 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

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

2.2 Adoption of Standard, Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company adopted the following Standard, Amendments to MFRSs and Annual Improvements which are mandatory for the financial year beginning on 1 June 2019:

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.2 Adoption of Standard, Amendments to MFRSs and Annual Improvements (continued)

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative
Amendments to MFRS 11	Joint Arrangements
MFRS 16	Leases
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle	

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

2.3 Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payments
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

NOTES TO
THE FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.3 Standards issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2020 (continued)

Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Cost
Annual Improvements to MFRS Standards 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Leases

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture
Annual Improvements to MFRS Standards 2018-2020 Cycle	

Effective for financial periods beginning on or after 1 January 2023

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

Effective date to be determined by Malaysian Accounting Standards Board

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

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

NOTES TO
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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures

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

The changes of the new standard are described below:

2.4.1 MFRS 16 Leases

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

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

(a) Definition of a lease

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

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

(b) The Group and the Company as a lessee

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures (continued)

2.4.1 MFRS 16 Leases (continued)

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

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

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

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

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

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

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

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

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

(i) <u>Statement of profit and loss and other comprehensive income</u>

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

NOTES TO
THE FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures (continued)

2.4.1 MFRS 16 Leases (continued)

(ii) Statement of financial position

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

(iii) Statement of cash flows

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

As at the lease inception date of 1 July 2019, the right of use assets is measured at RM475,271 with no restatement to prior year comparative information. Additional lease liabilities of RM475,271 were recognised respectively.

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

(a) To the Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 May 2020:

	Group 2020 RM	Company 2020 RM
Depreciation of right-of-use assets (included in administrative expenses)	145,222	145,222
Interest on lease liabilities (included in finance cost)	10,660	10,660
Expense related to short-term leases (included in administrative expenses)	4,680	4,680
	160,562	160,562

(b) To the Statement of Cash Flows for the financial year ended 31 May 2020:

At the end of the financial year, the Group and the Company had total cash outflow for leases of RM149,655.

NOTES TO
THE FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 May 2020.

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

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

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

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

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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

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

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.2 Investment in subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

3.3 Business combination and goodwill

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Business combination and goodwill (continued)

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Plant and equipment

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

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

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

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

Computers equipment and software	5 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5 years
Electrical equipment	5 years

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

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

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Plant and equipment (continued)

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

3.5 Intangible assets

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

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

(i) its ability to measure reliably the expenditure attributable to the assets under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its ability to use or sell the developed assets; and
(v) the availability of adequate technical, financial and other resources to complete the assets under development.

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

Development expenditures are amortised on a straight-line basis over its useful life. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at the end of each reporting period. See accounting policy Note 3.6 on impairment of non-financial assets.

Computer software and license acquired separately are measured on initial recognition at cost. Following initial recognition, computer software and license are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software and license are amortised on a straight-line basis over its estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for a computer software and license are reviewed at each reporting date.

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible assets (continued)

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

Intellectual property rights	20 years
Development costs	20 years
Software	8 to 15 years

3.6 Impairment of non-financial assets

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

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

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment of non-financial assets (continued)

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

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average basis. Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.8 Cash and cash equivalents

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

3.9 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company has become a party to the contractual provisions of the financial instruments.

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

NOTES TO
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

3.9.1 Financial assets at amortised cost

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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables, other receivables, amount due from subsidiary company, deposits with licensed financial institutions and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

3.9.2 Financial assets at FVOCI

Debt instruments

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

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

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

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

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

Equity instruments

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

The Group's and the Company's financial assets at fair value through other comprehensive income includes investment in quoted shares.

NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

3.9.3 Financial assets at FVTPL

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

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

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

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

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

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

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

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

The Group's and the Company's financial assets at fair value through profit or loss includes investment in joint venture.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

Derecognition

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

3.10 Impairment of financial assets

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

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

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

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of financial assets (continued)

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

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

(a) Simplified approach for trade and other receivables

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

Note 9 set out the measurement details of ECL.

(b) General 3-stage approach for loans to subsidiaries

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

NOTES TO
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CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial liabilities

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

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

3.11.1 Financial liabilities at FVTPL

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

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

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

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

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

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

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial liabilities (continued)

3.11.2 Amortised cost

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

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

Derecognition

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

3.12 Share capital

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

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

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THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Leases

Current financial year

3.13.1 Leases in which the Group and the Company are a lessee

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

(a) Right-Of-Use Assets

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

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

Building	3 years

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Leases (continued)

Current financial year (continued)

3.13.1 Leases in which the Group and the Company are a lessee (continued)

(b) Lease Liabilities

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

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

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

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

(d) Lease term

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

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3 Leases (continued)

Current financial year (continued)

3.13.1 Leases in which the Group and the Company are a lessee (continued)

(d) Lease term (continued)

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

Previous financial year

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Finance lease

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Leases (continued)

Previous financial year (continued)

3.13.1 Leases in which the Group and the Company are a lessee (continued)

(b) Operating lease

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

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

3.14 Borrowings

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

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

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

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

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

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THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Income tax

3.15.1 Current tax

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

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

3.15.2 Deferred tax

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

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

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

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

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

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Income tax (continued)

3.15.2 Deferred tax (continued)

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

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

3.16 Provision

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

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

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition and other income

Revenue is measured at the fair value of consideration received or receivable. The Group and the Company recognise revenue as follows:

3.17.1 Sale of goods and services

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

3.17.2 Contract income

Revenue from contract income is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements because its typically controls the goods and services before transferring them to the customer.

3.17.3 Interest income

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

3.18 Employee benefits

3.18.1 Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Employee benefits (continued)

3.18.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.19 Foreign currency transactions and operations

3.19.1 Functional and presentation currency

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

3.19.2 Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.21 Contingencies

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

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

3.22 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family or any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

NOTES TO
THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

3.24 Earnings per ordinary share

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

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

NOTES TO
THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Judgements made in applying accounting policies

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Depreciation of plant and equipment

The costs of plant and equipment are depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within a range of 5 years. These are common life expectancies applied in this industry.

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

4.2.2 Amortisation of intangible assets

The costs of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these intangible assets to be not exceeding 20 years begin from the period when the intangible assets are available for use. These are common life expectancies applied in this industry.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020
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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.3 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group and the Company are disclosed in Note 15.

4.2.4 Income taxes

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

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

4.2 Key sources of estimation uncertainty (continued)

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 9.

4.2.6 Impairment of non-financial assets

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

5. PLANT AND EQUIPMENT

Group

2020	Computers equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
At cost						
Balance as at 1 June 2019	3,017,716	106,387	211,100	781,214	736,145	4,852,562
Additions	33,120	-	-	-	-	33,120
Balance as at 31 May 2020	3,050,836	106,387	211,100	781,214	736,145	4,885,682
Less: Accumulated depreciation						
Balance as at 1 June 2019	2,238,782	104,020	211,053	729,901	736,137	4,019,893
Charge for the financial year	260,336	1,166	-	25,643	-	287,145
Balance as at 31 May 2020	2,499,118	105,186	211,053	755,544	736,137	4,307,038
Net carrying amount						
Balance as at 31 May 2020	551,718	1,201	47	25,670	8	578,644

5. PLANT AND EQUIPMENT (continued)

Group

2019	Computers equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
At cost						
Balance as at 1 June 2018	2,987,289	106,387	211,100	781,214	736,145	4,822,135
Additions	30,427	-	-	-	-	30,427
Balance as at 31 May 2019	3,017,716	106,387	211,100	781,214	736,145	4,852,562
Less: Accumulated depreciation						
Balance as at 1 June 2018	1,980,740	102,854	211,053	704,259	736,137	3,735,043
Charge for the financial year	258,042	1,166	-	25,642	-	284,850
Balance as at 31 May 2019	2,238,782	104,020	211,053	729,901	736,137	4,019,893
Net carrying amount						
Balance as at 31 May 2019	778,934	2,367	47	51,313	8	832,669

5. PLANT AND EQUIPMENT (continued)

Company

2020	**Computers equipment and software RM**	**Furniture and fittings RM**	**Office equipment RM**	**Renovation RM**	**Electrical equipment RM**	**Total RM**
At cost						
Balance as at 1 June 2019	2,234,815	103,487	189,014	708,925	736,145	3,972,386
Additions	33,120	-	-	-	-	33,120
Balance as at 31 May 2020	2,267,935	103,487	189,014	708,925	736,145	4,005,506
Less: Accumulated depreciation						
Balance as at 1 June 2019	1,456,371	101,126	188,982	657,621	736,137	3,140,237
Charge for the financial year	260,336	1,166	-	25,643	-	287,145
Balance as at 31 May 2020	1,716,707	102,292	188,982	683,264	736,137	3,427,382
Net carrying amount						
Balance as at 31 May 2020	551,228	1,195	32	25,661	8	578,124

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5. PLANT AND EQUIPMENT (continued)

Company

2019	**Computers equipment and software RM**	**Furniture and fittings RM**	**Office equipment RM**	**Renovation RM**	**Electrical equipment RM**	**Total RM**
At cost						
Balance as at 1 June 2018	2,204,388	103,487	189,014	708,925	736,145	3,941,959
Additions	30,427	-	-	-	-	30,427
Balance as at 31 May 2019	2,234,815	103,487	189,014	708,925	736,145	3,972,386
Less: Accumulated depreciation						
Balance as at 1 June 2018	1,198,329	99,960	188,982	631,979	736,137	2,855,387
Charge for the financial year	258,042	1,166	-	25,642	-	284,850
Balance as at 31 May 2019	1,456,371	101,126	188,982	657,621	736,137	3,140,237
Net carrying amount						
Balance as at 31 May 2019	778,444	2,361	32	51,304	8	832,149

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6. Leases

The Group and the Company as lessee

(i) Right-of-use assets

2020	Buildings RM	Total RM
At cost		
Balance as at 1 June 2019	-	-
Addition	475,271	475,271
Balance as at 31 May 2020	475,271	475,271
Less: Accumulated depreciation		
Balance as at 1 June 2019	-	-
Charge for the financial year	145,222	145,222
Balance as at 31 May 2020	145,222	145,222
Net carrying amount		
Balance as at 31 May 2020	330,049	330,049

(ii) Lease liabilities

	Buildings RM	Total RM
Carrying amount		
Balance as at 1 June 2019	-	-
New leases entered into during the financial year	475,271	475,271
Lease payments	(149,655)	(149,655)
Interest expense	10,660	10,660
Balance as at 31 May 2020	336,276	336,276

Represented by:

	2020 RM	2019 RM
Current liabilities		
Unsecured		
Lease liability	158,808	-
	158,808	-
Non-current liabilities		
Unsecured		
Lease liability	177,468	-
	177,468	-

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6. Leases (continued)

The Group and the Company as lessee (continued)

	2020 RM	2019 RM
Total lease liabilities		
Unsecured		
Lease liability	336,276	-
	336,276	-

Rates of interest charged per annum:

	2020 %	2019 %
Lease liabilities owing to non-financial institutions	2.82	-

	2020 RM	2019 RM
Minimum lease payment		
- Not later than one year	166,252	-
- Later than one year and not later than five years	180,401	-
	346,653	-
Future finance charges on lease liabilities	(10,377)	-
Present value of lease liabilities	336,276	-

Present value of lease liabilities is analysed as follows:

	2020 RM	2019 RM
Current liabilities		
- Not later than one year	158,808	-
Non-current liabilities		
- Later than one year and not later than five years	177,468	-
	336,276	-

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

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6. Leases (continued)

The Group and the Company as lessee (continued)

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

	2020 RM
Depreciation of right-of-use assets (included in administrative expenses)	145,222
Interest on lease liabilities (included in finance cost)	10,660
Expense relating to lease of low-value assets (included in administrative expenses)	4,680
	160,562

(c) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM149,655.

7. INTANGIBLE ASSETS

Group

2020	Intellectual property rights RM	Development costs RM	Software RM	Total RM
Cost				
Balance as at 1 June 2019 and 31 May 2020	15,000,000	4,864,405	28,406,063	48,270,468
Less: Accumulated amortisation				
Balance as at 1 June 2019	3,404,077	4,595,476	4,605,006	12,604,559
Charge for the financial year	552,049	75,050	3,121,382	3,748,481
Balance as at 31 May 2020	3,956,126	4,670,526	7,726,388	16,353,040
Less: Accumulated impairment losses				
Balance as at 1 June 2019	3,959,019	-	-	3,959,019
Charge for the financial year	3,084,855	193,879	-	3,278,734
Balance as at 31 May 2020	7,043,874	193,879	-	7,237,753
Net carrying amount				
Balance as at 31 May 2020	4,000,000	-	20,679,675	24,679,675

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7. INTANGIBLE ASSETS (continued)

Group

2019	**Intellectual property rights RM**	**Development costs RM**	**Software RM**	**Total RM**
Cost				
Balance as at 1 June 2018	15,000,000	4,864,405	22,352,626	42,217,031
Additions	-	-	6,053,437	6,053,437
Balance as at 31 May 2019	15,000,000	4,864,405	28,406,063	48,270,468
Less: Accumulated amortisation				
Balance as at 1 June 2018	2,852,028	4,520,426	1,520,376	8,892,830
Charge for the financial year	552,049	75,050	3,084,630	3,711,729
Balance as at 31 May 2019	3,404,077	4,595,476	4,605,006	12,604,559
Less: Accumulated impairment losses				
Balance as at 1 June 2018	3,959,019	-	-	3,959,019
Charge for the financial year	-	-	-	-
Balance as at 31 May 2019	3,959,019	-	-	3,959,019
Net carrying amount				
Balance as at 31 May 2019	7,636,904	268,929	23,801,057	31,706,890

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THE FINANCIAL STATEMENTS
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7. INTANGIBLE ASSETS (continued)

Company

2020	**Intellectual property rights RM**	**Development costs RM**	**Software RM**	**Total RM**
Cost				
Balance as at 1 June 2019 and 31 May 2020	15,000,000	3,867,003	17,363,746	36,230,749
Less: Accumulated amortisation				
Balance as at 1 June 2019	3,404,077	3,598,074	3,533,025	10,535,176
Charge for the financial year	552,049	75,050	2,076,093	2,703,192
Balance as at 31 May 2020	3,956,126	3,673,124	5,609,118	13,238,368
Less: Accumulated impairment losses				
Balance as at 1 June 2019	3,959,019	-	-	3,959,019
Charge for the financial year	3,084,855	193,879	-	3,278,734
Balance as at 31 May 2020	7,043,874	193,879	-	7,237,753
Net carrying amount				
Balance as at 31 May 2020	4,000,000	-	11,754,628	15,754,628

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7. INTANGIBLE ASSETS (continued)

Company

2019	**Intellectual property rights RM**	**Development costs RM**	**Software RM**	**Total RM**
Cost				
Balance as at 1 June 2018 and 31 May 2019	15,000,000	3,867,003	17,363,746	36,230,749
Less: Accumulated amortisation				
Balance as at 1 June 2018	2,852,028	3,523,024	1,456,935	7,831,987
Charge for the financial year	552,049	75,050	2,076,090	2,703,189
Balance as at 31 May 2019	3,404,077	3,598,074	3,533,025	10,535,176
Less: Accumulated impairment losses				
Balance as at 1 June 2018 and 31 May 2019	3,959,019	-	-	3,959,019
Net carrying amount				
Balance as at 31 May 2019	7,636,904	268,929	13,830,721	21,736,554

During the previous financial year, the Group acquired software license rights with aggregate cost of RM6,053,437 which are satisfied by cash payment.

Assessment of impairment on intangible assets

The Group has engaged an independent valuer to carry out a formal valuation of the cash-generating unit of the Group for the purpose of performing impairment testing on the intangible assets. When estimating on the value of the intangible assets, discounted cash flow method of the income approach is applied as the primary basis of valuation. Based on the work done, there is no further impairment of value is required .

The recoverable amount of intangible asset has been determined based on value-in-use ("VIU") calculations using the profit and cash flow projections approved by the management covering a five (5) years period. The independent valuer has assessed the impairment of intangible assets based on five (5) year projected cash flow with the following assumptions:

	%
Gross profit margin	50
Growth rate	5-25
Discount rate	14

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7. INTANGIBLE ASSETS (continued)

The Group has performed sensitivity analysis based on the following key assumptions:

- A 5% decrease in projected revenues and projected expenditures would have increased the impairment losses by RM2,114,000;

- Should there be an increase of 200 basis point in the discount rate used, there would be an increase in impairment loss of RM1,182,000.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost		
Balance as at beginning of the financial year	100,006	100,002
Additions	-	4
Balance as at end of the financial year	100,006	100,006
Less: Accumulated impairment loss		
Balance as at beginning/end of the financial year	(99,999)	(99,999)
Net carrying amount		
Balance as at end of the financial year	7	7

The shares of all subsidiary companies are held directly by the Company.

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8. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Details of the subsidiary companies, are as follows:

Name of subsidiary companies	Country of Incorporation	Effective equity interest 2020	Effective equity interest 2019	Principal activities
Palette System Sdn. Bhd.	Malaysia	100%	100%	Development and marketing of information technology related products and services
Ucrest Technology Sdn. Bhd.	Malaysia	100%	100%	Dormant
UCrest Technology Ltd.	British Virgin Island	100%	100%	Mobile healthcare services provider

9. TRADE RECEIVABLES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade receivables	32,224,002	20,571,026	5,252,047	6,600,690
Less: Accumulated impairment loss	(17,926,426)	(2,258,084)	(2,709,404)	(806,906)
Trade receivables - net	14,297,576	18,312,942	2,542,643	5,793,784

Movement in the allowance for impairment losses

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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9. TRADE RECEIVABLES (continued)

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

Movement in the allowance for impairment losses (continued)

Group

2020	**Lifetime ECL**	**Credit impaired**	**Total**
	RM	**RM**	**RM**
Balance as at beginning of the financial year	1,207,237	1,050,847	2,258,084
Provision for impairment losses	12,385,658	2,941,945	15,327,603
Transfer to credit impaired	(14,259)	14,259	-
Exchange difference	380,437	(39,698)	340,739
Balance as at end of the financial year	13,959,073	3,967,353	17,926,426

2019	**Lifetime ECL**	**Credit impaired**	**Total**
	RM	**RM**	**RM**
Balance as at beginning of the financial year	-	1,140,661	1,140,661
Provision for impairment losses	1,207,237	24,965	1,232,202
Reversal of allowance for impairment losses	-	(142,591)	(142,591)
Exchange difference	-	27,812	27,812
Balance as at end of the financial year	1,207,237	1,050,847	2,258,084

Company

2020	**Lifetime ECL**	**Credit impaired**	**Total**
	RM	**RM**	**RM**
Balance as at beginning of the financial year	257,379	549,527	806,906
Provision for impairment losses	1,883,578	-	1,883,578
Exchange difference	58,618	(39,698)	18,920
Balance as at end of the financial year	2,199,575	509,829	2,709,404

2019	**Lifetime ECL**	**Credit impaired**	**Total**
	RM	**RM**	**RM**
Balance as at beginning of the financial year	-	639,341	639,341
Provision for impairment losses	257,379	24,965	282,344
Reversal of allowance for impairment losses	-	(142,591)	(142,591)
Exchange difference	-	27,812	27,812
Balance as at end of the financial year	257,379	549,527	806,906

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9. TRADE RECEIVABLES (continued)

Company

2020		**Provision for impairment loss**		
	Gross carrying amount RM	**ECL (Collectively assessed) RM**	**ECL (Individually assessed) RM**	**Net balance RM**
Neither past due	-	-	-	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	-	-	-	-
More than 90 days past due	4,742,218	(2,199,575)	-	2,542,643
	4,742,218	(2,199,575)	-	2,542,643
Credit Impaired				
More than 90 days past due	509,829	-	(509,829)	-
	5,252,047	(2,199,575)	(509,829)	2,542,643
2019				
Neither past due	953,900	(4,770)	-	949,130
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	137,800	(2,756)	-	135,044
More than 90 days past due	4,959,463	(249,853)	-	4,709,610
	6,051,163	(257,379)	-	5,793,784
Credit Impaired				
More than 90 days past due	549,527	-	(549,527)	-
	6,600,690	(257,379)	(549,527)	5,793,784

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

The Group's normal trade credit term range from 30 to 60 days (2019: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

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9. TRADE RECEIVABLES (continued)

Company

		Provision for impairment loss		
2020	**Gross carrying amount RM**	**ECL (Collectively assessed) RM**	**ECL (Individually assessed) RM**	**Net balance RM**
Neither past due	-	-	-	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	-	-	-	-
More than 90 days past due	4,742,218	(2,199,575)	-	2,542,643
	4,742,218	(2,199,575)	-	2,542,643
Credit Impaired				
More than 90 days past due	509,829	-	(509,829)	-
	5,252,047	(2,199,575)	(509,829)	2,542,643
2019				
Neither past due	953,900	(4,770)	-	949,130
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	137,800	(2,756)	-	135,044
More than 90 days past due	4,959,463	(249,853)	-	4,709,610
	6,051,163	(257,379)	-	5,793,784
Credit Impaired				
More than 90 days past due	549,527	-	(549,527)	-
	6,600,690	(257,379)	(549,527)	5,793,784

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

The Group's normal trade credit term range from 30 to 60 days (2019: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

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10. OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current				
Other receivables	340,900	340,901	211,613	211,614
Less: Impairment loss of other receivables	(185,502)	(185,502)	(185,502)	(185,502)
	155,398	155,399	26,111	26,112
Deposits	66,088	66,088	65,788	65,788
Prepayments	287,568	1,368,210	2,653	12,600
	353,656	1,434,298	68,441	78,388
	509,054	1,589,697	94,552	104,500

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

Group and Company

2020	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
Balance as at beginning and end of the financial year	-	185,502	185,502

2019	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
Balance as at beginning of the financial year	-	112,296	112,296
Provision for impairment losses	-	73,206	73,206
Balance as at end of the financial year	-	185,502	185,502

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11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Company

	Note	2020 RM	2019 RM
Amounts due from a subsidiary company		32,310	27,310
Amounts due to subsidiary companies	(a)	(4,281,472)	(4,418,470)

(a) The aggregate amount of due to subsidiary companies during the financial year are as follow:

	2020 RM	2019 RM
Amounts due from subsidiary companies	13,757,191	13,620,193
Less: Allowance of impairment loss	(13,376,570)	(13,376,570)
	380,621	243,623
Amounts due to subsidiary companies	(4,662,093)	(4,662,093)
	(4,281,472)	(4,418,470)

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

12. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Fixed deposits				
With maturity of 1 to 3 months	46,918	1,078,062	46,918	1,078,062

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12. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (continued)

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

	Group and Company	
	2020	**2019**
Effective interest rates	2.80% - 3.10%	2.80% - 3.10%
Maturity period	one month	one to three month

13. SHARE CAPITAL

	Group and Company			
	2020	**2019**	**2020**	**2019**
	Number of shares (units)		**RM**	**RM**
Issued and fully paid:				
Balance as at beginning and end of the financial year	464,032,875	464,032,875	21,761,860	21,761,860

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Group and the Company's residual assets.

14. RESERVES

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
			Restated		**Restated**
Share option reserve	(a)	1,476,792	-	1,476,792	-
Foreign currency translation reserve	(b)	88,389	123,270	-	-
(Accumulated losses)/ retained earnings		(4,457,026)	16,293,638	(14,120,993)	(3,186,821)
		(2,891,845)	16,416,908	(12,644,201)	(3,186,821)

(a) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

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14. RESERVES (continued)

(a) Share options reserve (continued)

At an Extraordinary General Meeting held on 22 January 2018, the Company's shareholders approved the establishment of an ESOS. The ESOS was implemented on 29 April 2020 for a period of three (3) years and will expire on 28 April 2023.

The salient features of the ESOS are as follows:

(i) The total number of new shares which may be made available under the scheme shall not exceed 15% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;

(ii) Eligible persons are confirmed employees including executive directors of the Group and have been in employment for the Group for a period of at least 12 months of continuous service on or prior to the date of allocation. However, where the employee/executive director is serving under an employment contract, the contract should be for duration of at least 2 years;

(iii) Not more than 50% of the shares under the ESOS will be granted to the directors and senior management. In addition, not more than 10% of the shares under the ESOS will be granted to any individual staff;

(iv) The option price may be at discount of not more than 10% from 5 days weighted market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;

(v) The ESOS shall be in force for a period of 5 years and extendable for another 5 years from the effective date; and

(vi) The option granted may be exercised in full immediately or in parts within the duration of the scheme.

Movement of ESOS during the financial year

The following table illustrates the share options granted and exercised during the financial year:

		Number of options over ordinary shares			
	Exercise price (RM)	**As at 01.06.2019**	**Granted**	**Exercised**	**As at 31.05.2020**
Grant date					
29 April 2020	0.0868	-	23,220,000	-	23,220,000

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14. RESERVES (continued)

(a) Share options reserve (continued)

The fair value of share options granted during the financial year was estimated by an independent professional valuer using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs").

The fair value of share options measured at grant date and the assumptions are as follows:

	Grant date 29/04/2020
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	0.06
Weighted average share price (RM)	0.18
Option life (years)	3
Risk-free rate (%)	2.60
Expected dividends (%)	-
Expected volatility (%)	105.74

(b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

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15. DEFERRED TAX LIABILITIES

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

The following amounts, determined before appropriate offsetting, are shown in the statements of financial position.

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets, net	(2,636,116)	-	(1,643,055)	-
Deferred tax liabilities, net	2,636,116	2,080,217	1,643,055	1,422,585
	-	2,080,217	-	1,422,585

The following are the movements of deferred tax liabilities:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Balance as at beginning of the financial year	2,080,217	1,481,711	1,422,585	1,349,723
Recognised in profit or loss (Note 22)	(2,080,217)	598,506	(1,422,585)	72,862
Balance as at end of the financial year	-	2,080,217	-	1,422,585

The components of the deferred tax at the end of the financial year comprise tax effects of:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets				
Provisions	2,636,116	-	1,643,055	-
Deferred tax assets (before offsetting)	2,636,116	-	1,643,055	-
Offsetting	(2,636,116)	-	(1,643,055)	-
Deferred tax assets (after offsetting)	-	-	-	-

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15. DEFERRED TAX LIABILITIES (continued)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax liabilities				
Excess of capital allowances over corresponding depreciation	2,599,358	2,080,217	1,637,018	1,422,585
Unrealised foreign exchange gain	36,758	-	6,037	-
Deferred tax liabilities (before offsetting)	2,636,116	2,080,217	1,643,055	1,422,585
Offsetting	(2,636,116)	-	(1,643,055)	-
Deferred tax liabilities (after offsetting)	-	2,080,217	-	1,422,585

Unrecognised deferred tax assets

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Unabsorbed capital allowances and unutilised tax losses	6,897,544	-	5,077,996	-
Other temporary differences	(2,919,191)	-	(3,383,591)	-
	3,978,353	-	1,694,405	-
Unrecognised deferred tax assets at 24% (2019: 24%)	954,805	-	406,657	-

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16. TRADE AND OTHER PAYABLES

		Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
	Note		Restated		Restated
Non-current liabilities					
Trade payables	(a)	240,247	393,031	240,247	393,031
Current liabilities					
Trade payables	(a), (b)	16,195,689	8,463,862	3,468,522	3,322,256
Add:					
Other payables	(c)	311,571	724,609	251,275	665,881
Accruals	(c)	2,153,372	2,138,465	115,224	102,609
Amount owing to directors	(d)	618,601	14,474	618,601	14,474
Deferred income	(e)	3,414,442	3,246,991	1,722,006	1,651,320
		6,497,986	6,124,539	2,707,106	2,434,284
Total financial liabilities carrying at amortised costs		22,933,922	14,981,432	6,415,875	6,149,571

(a) Include in trade payables is an amount owing to a third party arising from settlement agreement totalling of RM393,031 (2019: RM557,349).

(b) The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 90 days (2019: 30 to 90 days).

(c) Other payables and accruals are denominated in Ringgit Malaysia.

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

(e) Deferred income represents the initial payments received from customers during the financial year that relate to goods and services which have not been transferred and performed are initially deferred and are subsequently recognised as revenue when the goods and services are transferred or performed.

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17. REVENUE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue from contracts with customers:				
- Equipment	12,276,467	16,254,032	188,200	1,983,935
- Services	-	12,551,064	-	6,523,764
	12,276,467	28,805,096	188,200	8,507,699

18. COST OF SALES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Purchases	8,229,223	13,698,124	444	3,055,230
Technical support and maintenance	-	85,941	-	321,018
Other	266	9,803	266	9,762
	8,229,489	13,793,868	710	3,386,010

19. OTHER INCOME

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest income	25,644	77,191	20,214	68,873
Gain on foreign exchange:				
- Realised	15,217	-	15,217	-
- Unrealised	467,531	669,618	108,315	45,247
Others	13	38,271	13	-
	508,405	785,080	143,759	114,120

20. FINANCE COSTS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest expenses on				
Accretion of discount on trade payables	75,682	63,278	75,682	63,278
Bank overdraft	7,635	583	6,771	583
Lease liabilities	10,660	-	10,660	-
	93,977	63,861	93,113	63,861

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21. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before taxation is arrived at:				
after charging				
Auditors' remuneration:				
- Statutory audit	125,000	124,197	94,000	90,000
- Underprovision in previous financial year	2,200	2,817	400	2,160
- Non-statutory audit fee	5,000	5,000	5,000	5,000
Amortisation of intangible assets	3,748,481	3,711,729	2,703,192	2,703,189
Depreciation:				
- Plant and equipment	287,145	284,850	287,145	284,850
- Right-of-use asset	145,222	-	145,222	-
Inventories written off	-	25,799	-	22,062
Directors' remuneration:				
- Fees	144,000	145,032	144,000	145,032
- Salaries	120,000	120,000	120,000	120,000
- Defined contribution plan	15,323	15,323	15,323	15,323
- Employees Share Option Scheme Expenses	1,390,296	-	1,390,296	-
Staff cost:				
- Salaries, wages, bonuses and others	1,152,214	1,056,356	1,079,388	977,716
- Defined contribution plan	45,100	30,455	33,527	18,671
- Employees Share Option Scheme Expenses	86,496	-	86,496	-
Impairment loss:				
- Trade receivables	15,327,603	1,232,202	1,883,578	282,344
- Other receivables	-	73,206	-	73,206
- Intangible assets	3,278,734	-	3,278,734	-
Loss on foreign exchange:				
- Realised	14,482	620,143	14,482	159,942
- Unrealised	423,205	247	192,323	-
Consultancy fees	463,252	1,479	463,252	1,479
Rental expenses:				
- Equipment	4,680	4,680	4,680	4,680
- Premises	13,060	157,640	13,060	157,640

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22. TAX EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Income tax				
Provision for current financial year	-	362,179	-	(52,683)
(Over)/Underprovision in previous financial year	(159,204)	108,606	(11,330)	108,606
	(159,204)	470,785	(11,330)	55,923
Deferred taxation (Note 15)				
Recognised in the income statement	(2,224,333)	834,098	(1,421,420)	216,266
Under/(Over)provision in previous financial year	144,116	(235,592)	(1,165)	(143,404)
	(2,080,217)	598,506	(1,422,585)	72,862
Tax (credit)/expense for current financial year	(2,239,421)	1,069,291	(1,433,915)	128,785

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

The reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
(Loss)/profit before taxation	(22,990,085)	7,098,113	(12,368,087)	(882,589)
Tax at the statutory tax rate of 24% (2019: 24%)	(5,517,620)	1,703,547	(2,968,341)	(211,821)
Non-deductible expenses	2,338,526	1,095,084	1,140,264	382,590
Non-taxable income	(44)	(1,603,587)	-	(7,186)
Deferred tax assets not recognised during the financial year	954,805	1,233	406,657	-
(Over)/Underprovision of taxation in previous financial year	(159,204)	108,606	(11,330)	108,606
Under/(Over)provision of deferred taxation in previous financial year	144,116	(235,592)	(1,165)	(143,404)
Tax (credit)/expenses for the current financial year	(2,239,421)	1,069,291	(1,433,915)	128,785

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23. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 May 2020 is based on the (loss)/profit attributable to owners of the Company and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020	**2019**
(Loss)/Profit attributable to owners of the Company (RM)	(20,750,664)	6,028,822
Weighted average number of ordinary shares (units)	464,032,875	368,843,948
Basic (loss)/earnings per ordinary share attributable to owners of the Company (sen)	(4.47)	1.63

(b) Diluted (loss)/earnings per ordinary share

Diluted earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	2020	**2019**
(Loss)/Profit attributable to owners of the Company (RM)	(20,750,664)	6,028,822
Weighted average number of ordinary shares (units)	464,032,875	368,843,948
Effects of dilution due to ESOS (units)	9,783,360	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (units)	473,816,235	368,843,948
Diluted (loss)/earnings per ordinary share attributable to owners of the Company (sen)	(4.38)	1.63

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24. RELATED PARTY DISCLOSURES

(a) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Subsidiary companies				
Service fee	-	-	-	235,076
Other related parties				
Revenue received from entities in which directors have substantial interest	-	24,965	-	24,965
Salaries paid to persons connected to certain directors	-	83,727	-	83,727
Defined contribution plan paid to persons connected to certain directors	-	247	-	247
Purchase of plant and equipment from a company in which certain director has substantial interest	1,375	-	1,375	-

(b) The key management personnel comprised all the directors of the Group and of the Company whose remuneration during the year are disclosed in Note 21.

The directors of the Group and of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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25. OPERATING LEASE COMMITMENTS

The Group and the Company lease office premises under operating leases for average lease term between three years.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	As reported under MFRS 117 2019 RM
Not later than one year	162,716
More than one year and not later than five years	346,653
	509,369

Upon adoption of MFRS 16, the present value of future minimum lease payments for operating leases have been accounted for as part of lease liabilities on statement of financial position as disclosed in Note 6.

26. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategy business units which are regularly reviewed by the Group's Managing Director for the purpose of making decisions about resource allocation and performance assessment.

(a) Operating segment

The principal activities of the Group are carrying on design, development and marketing of information technology related products and services which are substantially within a single operating segment. As such, segmental reporting by business segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

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26. SEGMENT INFORMATION (continued)

(b) Geographical segments

Revenue based on the geographical location of customers are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Revenue				
Malaysia	188,375	1,605,995	188,200	1,605,995
Singapore	-	10,970,034	-	4,942,734
Russia	12,088,092	16,229,067	-	1,958,970
	12,276,467	28,805,096	188,200	8,507,699

(c) Major customer

Revenue from one major customer represented approximately RM12,088,092 (2019: RM13,377,216) for the Group's total revenue.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its risks.

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

27.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities.

As at 31 May 2020, the Group and the Company do not have significant interest rate exposure.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables below. For bank balances, the Group and the Company minimises credit risk by dealing exclusively with reputable financial institution.

(a) Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. The Group has significant exposure to several customers and as such a concentration of credit risks. At the reporting date, approximately 88% (2019: 77%) of the Group's trade receivables were due from one (1) (2019: 1) major customer. The maximum exposure to credit risk is disclosed in Note 9 to the financial statements, representing the carrying amount of the trade receivables recognised on the statement of financial position.

27.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's and of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group has not entered into any derivative financial instruments such as forward foreign exchange contracts.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Foreign currency risk (continued)

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group

2020	**USD RM**	**EURO RM**	**SGD RM**	**Total RM**
Cash and bank balances	893,495	133,954	-	1,027,449
Trade and other receivables	7,892,525	-	-	7,892,525
Trade and other payables	(7,117,567)	-	-	(7,117,567)
Loan and borrowings	-	-	(707)	(707)
	1,668,453	133,954	(707)	1,801,700
2019				
Cash and bank balances	1,232,304	128,606	-	1,360,910
Trade and other receivables	17,212,786	-	-	17,212,786
Trade and other payables	(10,202,736)	-	(296)	(10,203,032)
	8,242,354	128,606	(296)	8,370,664

Company

2020	**USD RM**	**EURO RM**	**SGD RM**	**Total RM**
Cash and bank balances	134,185	125,558	-	259,743
Trade and other receivables	5,326,912	-	-	5,326,912
Trade and other payables	(3,311,977)	-	-	(3,311,977)
	2,149,120	125,558	-	2,274,678
2019				
Cash and bank balances	454,769	120,470	-	575,239
Trade and other receivables	4,963,628	-	-	4,963,628
Trade and other payables	(3,061,349)	-	(296)	(3,061,645)
	2,357,048	120,470	(296)	2,477,222

<u>Sensitivity analysis for foreign currency risk</u>

If the above foreign currencies had strengthened/weakened by 10 percent and all other variables held constant, the Group's and the Company's loss before taxation would increase/(decrease) by approximately RM180,000 and RM227,000 (2019: RM837,000 and RM248,000) respectively.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.4 Liquidity and cash flow risk (continued)

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

Group

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
2020						
Trade payables	16,435,936	7.30%	16,699,633	16,282,905	416,728	-
Other payables	6,497,986	-	6,497,986	6,497,986	-	-
Lease liabilities	336,276	2.82%	346,653	166,252	180,401	
Bank overdraft	708	-	708	708	-	-
	23,270,906		23,544,980	22,947,851	597,129	-
2019						
Trade payables	8,856,893	7.30%	9,196,272	8,539,544	656,728	-
Other payables	6,124,539	-	6,124,539	6,124,539	-	-
	14,981,432		15,320,811	14,664,083	656,728	-

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.4 Liquidity and cash flow risk (continued)

Company

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
2020						
Trade payables	3,708,769	7.30%	3,972,466	3,555,738	416,728	-
Other payables	2,707,106	-	2,707,106	2,707,106	-	-
Amount due to subsidiary companies	4,281,476	-	4,281,476	4,281,476	-	-
Lease liabilities	336,276	2.82%	346,653	166,252	180,401	-
	11,033,627		11,307,701	10,710,572	597,129	-
2019						
Trade payables	3,715,287	7.30%	4,054,666	3,397,938	656,728	-
Other payables	2,434,284	-	2,434,284	2,434,284	-	-
Amount due to subsidiary companies	4,418,474	-	4,418,474	4,418,474	-	-
	10,568,045		10,907,424	10,250,696	656,728	-

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.5 Classification of financial instruments

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Financial assets				
Amortised costs				
Trade receivables	14,297,576	18,312,942	2,542,643	5,793,784
Other receivables	221,486	221,487	91,899	91,900
Amount due from subsidiary company	-	-	32,310	27,310
Deposits with licensed financial institutions	46,918	1,078,062	46,918	1,078,062
Cash and bank balances	1,491,980	1,842,338	708,040	940,620
	16,057,960	21,454,829	3,421,810	7,931,676
Financial liabilities				
Amortised costs				
Trade payables	16,435,936	8,856,893	3,708,769	3,715,287
Other payables	4,344,614	3,986,074	2,591,882	2,331,675
Amount due to subsidiary companies	-	-	4,281,476	4,418,474
Lease liabilities	336,276	-	336,276	-
Bank overdraft	708	-	-	-
	21,117,534	12,842,967	10,918,403	10,465,436

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are carried at fair value.

	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Group	**RM**	**RM**	**RM**	**RM**
2020				
Financial liability				
Lease liabilities	-	-	336,276	336,276
Company				
2020				
Financial asset				
Amount due from a subsidiary company	-	-	32,310	32,310
Financial liabilities				
Lease liabilities	-	-	336,276	336,276
Amount due to subsidiary companies	-	-	4,281,476	4,281,476
	-	-	4,617,752	4,617,752
2019				
Financial asset				
Amount due from a subsidiary company	-	-	27,310	27,310
Financial liability				
Amount due to subsidiary companies	-	-	4,418,474	4,418,474

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.6 Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Amount due from/(to) subsidiary companies

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

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28. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE FINANCIAL YEAR

(i) On 3 June 2020, one of the directors, Mr. Eg Kah Yee has exercised his 6,960,000 ESOS options. Proceeds from the exercise of ESOS options amounting to RM604,128 are accounted for as share capital in equity. Cost directly attributable to the issuance of new ordinary shares are deducted from equity.

(ii) On 11 March 2020, the World Health Organisation declared the novel Coronavirus ("Covid-19") outbreak as a global pandemic in recognition of its rapid spread across the globe. The Malaysia Government has imposed the Movement Control Order ("MCO') for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 and further extended RMCO to 31 December 2020. Consequently, the Covid-19 outbreak had resulted in travel restrictions, lockdown and other precautionary measures which has then brought significant economic uncertainties in Malaysia and markets in which the Group operates as well as may cause impact to the Group's revenue, earnings, cash flow and financial condition.

As at the date of this report, the management of the Group and the Company are unable to quantify the potential financial impact of the Covid-19 outbreak as the situation is still evolving and the outcome of the event is still unpredictable. The Group and the Company are actively monitoring and taking appropriate and timely measures to minimise any impact of Covid-19 on its operations, if any will be reflected in the 2021's annual financial statements.

29. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage the capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 31 May 2020.

The Group and the Company monitor capital using a net debt equity ratio, which is net debts divided by total capital. The Group's and the Company's net debts include trade and other payables, less cash and cash equivalents. Total capital comprises share capital and reserves attributable to owners of the Group and of the Company. The Group and the Company are not subject to externally imposed capital requirements.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net debt	15,208,609	6,661,102	7,486,562	6,780,960
Total equity attributable owners of the Company	18,870,015	38,178,768	9,117,659	18,575,039
Net debt against equity ratio	0.81	0.17	0.82	0.37

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30. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES

In the current financial year, the Group and the Company have made the following prior year adjustment:

(i) In the prior financial years, the Group and the Company had inadvertently not accounted for a provision of management fee amounting to RM600,000 and resulted an over provision of taxation amounting to RM144,000. The effect of this adjustment has been adjusted for retrospectively.
(ii) The Group and the Company have certain reclassifications and ommissions between trade payables, other payables and expenses.

The financial effects of the abovementioned prior year adjustments and changes in certain comparative amounts to conform with the current year's financial statement presentation of the Group and the Company are as follows:

(a) Statements of Financial Position as at 31 May 2019

	Note	As previously stated RM	Prior year adjustment RM	Reclassification RM	As restated RM
Group					
Current Assets					
Tax recoverable	(ii)	-	-	52,683	52,683
Equity					
Retained earnings	(i)	16,749,638	(456,000)	-	16,293,638
Current Liabilities					
Trade payables	(ii)	10,478,115	-	(2,014,253)	8,463,862
Other payables	(i), (ii)	110,356	600,000	14,253	724,609
Accruals	(ii)	138,465	-	2,000,000	2,138,465
Tax payables	(i), (ii)	266,181	(144,000)	52,683	174,864

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30. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (continued)

(a) Statements of Financial Position as at 31 May 2019 (continued)

	Note	As previously stated RM	Prior year adjustment RM	Reclassification RM	As restated RM
Company					
Current Assets					
Tax recoverable	(ii)	-	-	52,683	52,683
Equity					
Accumulated losses	(i)	(2,730,821)	(456,000)	-	(3,186,821)
Current Liabilities					
Other payables	(i)	65,881	600,000	-	665,881
Tax payables	(i), (ii)	91,317	(144,000)	52,683	-

(b) Statements of Profit or Loss for the financial year ended 31 May 2019

	Note	As previously stated RM	Prior year adjustment RM	As restated RM
Group				
Administrative expenses	(i)	(6,708,822)	(600,000)	(7,308,822)
Tax expense	(i)	(1,213,291)	144,000	(1,069,291)
Company				
Administrative expenses	(i)	(5,082,800)	(600,000)	(5,682,800)
Tax expense	(i)	(272,785)	144,000	(128,785)

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CONT'D

30. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (continued)

(c) Statements of Cash Flows for the financial year ended 31 May 2019

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	As previously stated RM	Prior year adjustment RM	As restated RM
Group				
Profit before taxation	(i)	7,698,113	(600,000)	7,098,113
Change in working capital:				
Payables and accruals	(i)	6,209,669	600,000	6,809,669
Company				
Profit before taxation	(i)	(282,589)	(600,000)	(882,589)
Change in working capital:				
Payables and accruals	(i)	(614,981)	600,000	(14,981)

SHAREHOLDING **STATISTICS**

Shareholding Statistics As At 02 September 2020

Paid up Capital	:	RM19,782,691.60 comprising of 471,349,875 Ordinary Share
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

As At 02 September 2020

Size of Holdings	No. of Share Holders	% of Share Holders	No. of Share Held	% of Share Held
1 - 99	82	1.141	3,520	0.000
100 - 1,000	649	9.036	286,150	0.060
1,001 - 10,000	2,148	29.908	14,483,551	3.072
10,001 - 100,000	3,617	50.362	144,837,100	30,728
100,001 – 23,567,492 (*)	685	9,537	222,468,127	47.198
23,567,493 and above (**)	1	0.013	89,271,427	18,939
Total:	7,182	100.00	471,349,875	100.00

Remark: * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS

As At 02 September 2020 (As Per the Register of Substantial Shareholders)

No.	Directors	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares Held	%	No. of Shares Held	%
1.	EG KAH YEE	89,271,427	18.939	2(a)	*
2.	EG KAA CHEE	2	*	89,271,427(b)	18.939

DIRECTORS' SHAREHOLDINGS

As At 02 September 2020 (As Per The Register of Directors' Shareholding)

No.	Directors	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares Held	%	No. of Shares Held	%
1.	ABDUL RAZAK BIN DATO' HAJI IPAP	-	-	-	-
2.	CHUAN TSUI JU	750	*	-	-
3.	DATO' DR MOHD FIKRI ABDULLAH	-	-	-	-
4.	EG KAA CHEE	2	*	89,271,427(b)	18,939
5.	EG KAH YEE	89,271,427	18,939	2(a)	*
6.	PROF. LOW TECK SENG	-	-	-	-
7.	THONG KOOI PIN	250	*	-	-

Note:-

(a) Deemed interested through his brother Eg Kaa Chee
(b) Deemed interested through his brother Eg Kah Yee
* Negligible

SHAREHOLDING **STATISTICS**
CONT'D

Thirty Largest Shareholders
As At 02 September 2020

No.	Shareholders	No. of Shares	%
1	EG KAH YEE	89,271,427	18.939
2	LAU ENG HUAT	3,000,000	0.636
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHING KANG	2,800,000	0.594
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOON HENG (MP0243)	2,600,000	0.551
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	2,500,000	0.530
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,366,350	0.502
7	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PRAMJIT SINGH A/L BANGA SINGH (MY2413)	2,350,000	0.498
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN VERN TACT	2,147,500	0.455
9	TEH BOON KING	2,123,400	0.450
10	MOHD JAMEL BIN ABDUL MUNIN	2,087,400	0.442
11	JLLION CAPITAL SDN BHD	2,000,000	0.424
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIANG KAI LOON (010)	2,000,000	0.424
13	TAN WAH KIONG	1,972,700	0.418
14	ONG KWAN WEE	1,553,900	0.329
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENG ENG SEAH (MP0440)	1,500,000	0.318
16	KOH PENG CHEONG	1,500,000	0.318
17	WONG MUN YEE	1,500,000	0.318
18	TAN XIONG KAI	1,455,000	0.308
19	LEONG MEI CHOON	1,450,000	0.307
20	SHUM PAK WENG	1,441,500	0.305
21	TAN VICTOR	1,400,000	0.297
22	LIM HIONG CHEAN	1,355,000	0.287
23	LEE KIN PENG	1,350,000	0.286
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG LONG TIANG	1,300,000	0.275
25	ANTHONY LEE CHENG TEIK	1,300,000	0.275
26	FEDERLITE HOLDINGS SDN BHD	1,260,000	0.267
27	CHIA CHIN FOOI	1,260,000	0.254
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOHNSON HII CHANG HIUM (E-PDG)	1,153,000	0.244
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHIN YIN FOONG	1,127,300	0.239
30	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHUA LAY SUAN	1,100,000	0.233

NOTICE OF TWENTY- THIRD
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 11.00 a.m. to transact the following business: -

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2020 together with the Reports of the Directors' and Auditors' thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of Directors' Fees of RM144,000 for the financial year ending 31 May 2021. **(Resolution 1)** (Please refer to Explanatory Note 2)

3. To re-elect Eg Kaa Chee who retires pursuant to Clause 76(3) of the Constitution. **(Resolution 2)** (Please refer to Explanatory Note 3)

4. To re-elect Thong Kooi Pin who retires pursuant to Clause 76(3) of the Constitution. **(Resolution 3)** (Please refer to Explanatory Note 3)

5. To re-elect Prof. Low Teck Seng who retires pursuant to Clause 78 of the Constitution. **(Resolution 4)** (Please refer to Explanatory Note 3)

6. To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company: -

7. **ORDINARY RESOLUTION I**
AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES **(Resolution 6)** (Please refer to Explanatory Note 4)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares in the Company from time to time at such price, 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 total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWENTY- THIRD
ANNUAL GENERAL MEETING
CONT'D

8. **ORDINARY RESOLUTION II** **(Resolution 7)**
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Please refer to Explanatory Note 5)

"THAT subject to passing of Resolution 3, approval be and is hereby given to Thong Kooi Pin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

9. **ORDINARY RESOLUTION III** **(Resolution 8)**
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Please refer to Explanatory Note 6)

"THAT, approval be and is hereby given for Abdul Razak Bin Dato' Haji Ipap who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

10. **ORDINARY RESOLUTION IV** **(Resolution 9)**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE (Please refer to Explanatory Note 7)

"THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 1.4 of the Circular to Shareholders dated 30 September 2020 ("Related Party") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations;
(b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
(c) are not detrimental to the minority shareholders of the Company.

(collectively known as "Shareholders' Mandate")

AND THAT such approval, shall continue to be in force until: -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

NOTICE OF TWENTY- THIRD **ANNUAL GENERAL MEETING**
CONT'D

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during a financial year will be disclosed, in accordance with the ACE Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

11. **ORDINARY RESOLUTION V** **(Resolution 10)**
PROPOSED GRANTING OF EMPLOYEE SHARE OPTION SCHEME ("ESOS") OPTIONS TO DATO' DR. MOHD FIKRI BIN ABDULLAH (Please refer to Explanatory Note 8)

"THAT the Board be and is hereby authorised at any time and from time to time, grant Dato' Dr. Mohd Fikri Bin Abdullah, being the Independent Non-Executive Director of the Company, ESOS Options to subscribe for new shares, subject to the following provisions:

(i) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other relevant authorities from time to time) of the new UCrest Shares available under the ESOS Scheme shall be allocated to him, if he, either singly or collectively through persons connected to him (as defined in the ACE LR), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares (excluding treasury shares) of the Company;

(ii) not more than 50% of the total number of UCrest Shares comprised under the ESOS Scheme to be issued pursuant to the ESOS would be allocated (in aggregate) to the directors and senior management of the Company who are eligible to participate in the ESOS;

(iii) he and the persons connected to him must not participate in the deliberation or discussion and voting at general meeting of his allocation on the number of ESOS Options to be offered to him and allocations to persons connected to him under the ESOS; and

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Securities, the ACE LR or any other relevant authorities as amended from time to time;

AND THAT the Board is also authorised to allot and issue the corresponding number of new UCrest Shares arising from the exercise of the ESOS Options that may be granted to him under the ESOS Scheme."

NOTICE OF TWENTY- THIRD
ANNUAL GENERAL MEETING
CONT'D

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

WONG WAI FOONG
SSM PC NO. 202008001472 (MAICSA 7001358)

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)
Company Secretaries

Kuala Lumpur
Dated: 30 September 2020

NOTICE OF TWENTY- THIRD
ANNUAL GENERAL MEETING
CONT'D

NOTES: -

(i) NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. All Proxy Form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the Proxy Form is Sunday, 15 November 2020 at 11.00 a.m.

*12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
   (a) Identity card (NRIC) (Malaysian), or
   (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
   (c) Passport (Foreigner).

*13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

NOTICE OF TWENTY- THIRD
ANNUAL GENERAL MEETING
CONT'D

EXPLANATORY NOTE ON ORDINARY / SPECIAL BUSINESS

1. *Item 1 of Agenda*

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. *Directors' Fees*

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting. The details of the Directors' remuneration are set out in the Corporate Governance Overview Statement of this Annual Report.

The Director's fees proposed under Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. *Re-election of Director*

The Board has undertaken an annual assessment of Eg Kaa Chee, Thong Kooi Pin and Prof. Low Teck Seng who are seeking for re-election pursuant to Clause 76(3) and Clause 78 of the Constitution of the Company respectively at the forthcoming Twenty-Third Annual General Meeting. The annual assessment has been disclosed in the Corporate Governance Overview Statement of the Company's 2020 Annual Report.

4. *ORDINARY RESOLUTION I*

Resolution Pursuant to Sections 75 and 76 of the Companies Act, 2016

a. ***Requirements under Rule 6.04(1) of the Listing Requirements***

Pursuant to Rule 6.04(1) of the Listing Requirements, listed issuers must not issue any new shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such ordinary shares or convertible securities issued during the preceding 12 months, exceeds 10% of the total number of issued shares (excluding any treasury shares) of the listed issuer for the time being ("10% General Mandate"), except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

b. ***Relief measures granted by Bursa Securities***

In view of the Corona Virus Disease 2019 ("COVID-19") pandemic outbreak, the Government of Malaysia had on 18 March 2020 implemented the Movement Control Order ("MCO") nationwide to curb the spread of the COVID-19 infection in Malaysia.

Bursa Securities recognised the needs for listed issuers to raise funds quickly and efficiently during the challenging time to ensure the long-term sustainability and interest of the listed issuers and their shareholders. Therefore, an additional relief measure has been granted by Bursa Securities vide its letter dated 16 April 2020 which allows a listed issuer to seek its shareholders' approval at a general meeting to issue new securities for a higher general mandate under Rule 6.04 of the Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate").

c. ***Rationale for Proposed Resolution 6***

The Company proposes to seek new shareholders' mandate to enable the Directors to issue and allot up to a maximum of 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to the 20% General Mandate under Resolution 6.

The proposed Resolution 6, if passed, will provide additional flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purposes of funding the Company's future investment project(s), working capital, operational expenditure and/or acquisition(s) at any time as the Directors may deem fit without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting,

NOTICE OF TWENTY- THIRD **ANNUAL GENERAL MEETING** CONT'D

d. ***10% General Mandate***

As at the date of this Notice, the Company did not allot any shares pursuant to the 10% General Mandate granted to the Directors at the previous Twenty-Second AGM held on 22 November 2019.

e. ***Statement by the Directors for the 20% General Mandate***

The Board of Directors is of the view that the proposed Resolution 6 is in the best interest of the Company and the shareholders of the Company as the 20% General Mandate will give the Directors the flexibility and cost effectively to raise funds quickly and efficiently during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the shareholders.

5. ORDINARY RESOLUTION II
Continuation in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Thong Kooi Pin was appointed to the Board on 18 December 2006 and have therefore as at the date of this Notice, served the Company for more than twelve (12) years. The Board has via the Nomination Committee assessed the independence of Thong Kooi Pin and recommended that he continue to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of Thong Kooi Pin are set out in the Corporate Governance Overview Statement of the 2020 Annual Report.

The Ordinary Resolution proposed under Resolution 7 if passed, will enable Thong Kooi Pin to continue to act as an Independent Non-Executive Director of the Company.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for this resolution.

6. ORDINARY RESOLUTION III
Continuation in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Abdul Razak Bin Dato' Haji Ipap was appointed to the Board on 1 June 2001 and have therefore as at the date of this Notice, served the Company for more than twelve (12) years. The Board has via the Nomination Committee assessed the independence of Abdul Razak Bin Dato' Haji Ipap and recommended that he continue to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of Abdul Razak Bin Dato' Haji Ipap are set out in the Corporate Governance Overview Statement of the 2020 Annual Report.

The Ordinary Resolution proposed under Resolution 8 if passed, will enable Abdul Razak Bin Dato' Haji Ipap to continue to act as an Independent Non-Executive Director of the Company.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for this resolution.

7. ORDINARY RESOLUTION IV
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature.

The Ordinary Resolution, proposed under Resolution 9, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interests of the minority shareholders.

Please refer to the Circular to Shareholders dated 30 September 2020 enclosed together with the Company's 2020 Annual Report for information on the recurrent related party transactions.

NOTICE OF TWENTY- THIRD **ANNUAL GENERAL MEETING**
CONT'D

8. ORDINARY RESOLUTION V
Proposed Granting of Employee Share Option Scheme ("ESOS") Options to Dato' Dr. Mohd Fikri Bin Abdullah

The Ordinary Resolution, proposed under Resolution 10, if passed, would provide flexibility to the Directors to grant Dato' Dr. Mohd Fikri Bin Abdullah, being the Independent Non-Executive Director of the Company, ESOS Options to subscribe for new shares, subject to the By-Laws of the ESOS. The Board is also authorised to allot and issue the corresponding number of new UCrest Shares arising from the exercise of the ESOS Options that may be granted to him under the ESOS Scheme.

Dato' Dr. Mohd Fikri bin Abdullah was appointed an Independent Non-Executive Director of the Company on 16 May 2018, after the establishment of the ESOS.

UCREST BERHAD Registration No. 199701004560 (420056-K)
(Incorporated in Malaysia)

No. of shares held

PROXY FORM

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

of ____

being member(s) of UCrest Berhad, hereby appoint: -

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

and / or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 11.00 a.m. and at any adjournment thereof, and to vote as indicated below: -

Item	Agenda	*For	*Against
ORDINARY BUSINESS			
1.	Approval of Directors' Fees for the financial year ending 31 May 2021 **(Resolution 1)**		
2.	To re-elect Eg Kaa Chee who retires under Clause 76 (3) of the Company's Constitution. **(Resolution 2)**		
3.	To re-elect Thong Kooi Pin who retires under Clause 76 (3) of the Company's Constitution. **(Resolution 3)**		
4.	To re-elect Prof. Low Teck Seng who retires under Clause 78 of the Company's Constitution. **(Resolution 4)**		
5.	To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 5)**		
AS SPECIAL BUSINESS			
6.	To authorise Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. **(Resolution 6)**		
7.	To approve Thong Kooi Pin to continue in office as Independent Non-Executive Director **(Resolution 7)**		
8.	To approve Abdul Razak Bin Dato' Haji Ipap to continue in office as Independent Non-Executive Director **(Resolution 8)**		
9.	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. **(Resolution 9)**		
10.	Proposed Granting of Employee Share Option Scheme ("ESOS") Options to Dato' Dr. Mohd Fikri Bin Abdullah. **(Resolution 10)**		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions.
In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this _______ day of _____________ 2020.

____
Signature of Shareholder/Common Seal
Contact No.

<u> Manner of execution:</u>*

(a). If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

<u>Notes:-</u>

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is Sunday, 15 November 2020 at 11.00 a.m.

*12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*

(a) Identity card (NRIC) (Malaysian), or

(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or

(c) Passport (Foreigner).

*13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR
UCREST BERHAD [199701004560 (420056-K)]
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 03 2783 9191 Fax :03 2783 9111

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UCREST BERHAD
199701004560 (420056-K)

6th Floor, Unit 4
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47800 Petaling Jaya
Selangor, Malaysia

Tel : +603 7728 9880