UCREST BERHAD
199701004560 (420056-K)

ANNUAL REPORT 2022

LEADING THE WAY

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Eg Kah Yee
(Chairman / Managing Director)

N Chanthiran A/L Nagappan
(Independent Non-Executive Director)
(Appointed on 26 August 2022)

Thong Kooi Pin
(Independent Non-Executive Director)
(Resigned on 26 August 2022)

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)

Abdul Razak Bin Dato' Haji Ipap
(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

Messrs UHY
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: 03-2279 3088

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 62, is the founder, Chairman / Managing Director of UCrest Berhad ("UCrest" or "the Company"). 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.

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 and/or major shareholders 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 58, 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. He is a member of the Option Committee of UCrest Berhad.

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 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 CONT'D

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

En. Abdul Razak Bin Dato' Haji Ipap, a Malaysian, male, aged 62, 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 to an Independent Non-Executive Director of UCrest. On 26 August 2022, he was re-designated as a Non-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 a member of the Audit 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.

N CHANTHIRAN A/L NAGAPPAN
Independent Non-Executive Director

N Chanthiran A/L Nagappan, a Malaysian, male, aged 57, was appointed as an Independent Non-Executive Director of UCrest Berhad on 26 August 2022. He graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. He is also a Chartered Accountant, Certified Public Accountant, Certified Risk Professional and Certified Financial Planner. He started his career as tax executive in Messrs Coopers & Lybrand in 1988. In 1994, he joined Arab-Malaysian Merchant Bank Berhad as Assistant Manager. In 1995, he worked as Corporate Finance Manager with Sadec Group. He started his audit practice in 2001. He served as an Independent Non-Executive Director of Key ASIC Berhad since 14 December 2007 for about 14 years until his resignation in August 2022. He has more than 20 years of corporate finance experience in the areas of listing, financial and corporate restructuring, mergers and acquisition. Currently, he is a partner of Chanthiran & Co. and CN & Associates. He is also a director of MR Tax Consultant (M) Sdn. Bhd. and Credience Malaysia Sdn. Bhd. He is the Chairman of the Audit Committee, Nomination Committee and Option Committee of UCrest.

Mr N Chanthiran 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.

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

CHUAN TSUI JU
Independent Non-Executive Director

Ms. Chuan Tsui Ju, a Malaysian, female, aged 61, was appointed as the Independent Non-Executive Director of UCrest Berhad on 22 November 2013. She completed the General Certificate of Education. She joined the 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 the 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 and Nomination 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 67, 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. He is the Chairman of the Remuneration Committee of UCrest.

Prof. Low graduated with First Class Honours in Electrical & Electronic Engineering in 1978 from Southampton University and subsequently received his PhD from the same university in 1982. He joined National University of Singapore (NUS) in 1983 as an academic staff of the Department of Electrical Engineering. His research interests were in computational electromagnetics and spinelectronics.

Prof. Low Teck Seng was the Chief Executive Officer of the National Research Foundation (NRF), Singapore from July 2012 till August 2022. Prior to his appointment at NRF, he was 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 was the founding principal of Republic Polytechnic.

Prof. Low is presently a tenured professor and Senior Vice President (Sustainability and Resilience) 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 CONT'D

DATO' DR. MOHD FIKRI BIN ABDULLAH
Independent Non-Executive Director

Dato' Dr. Mohd Fikri Bin Abdullah, a Malaysian, male, aged 56, was appointed as the Independent Non-Executive Director of UCrest Berhad on 16 May 2018. He is a member of the Remuneration Committee of UCrest. Dato' Dr. Fikri 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's first successful SVC Bypass surgery using Bovine Pericardium. In 2003, he performed the world's 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.

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

MASRI BIN MD HASIM
Senior Business Development Manager

En. Masri Bin Md Hasim, a Malaysian, male, aged 43, 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 14 years of experience in the Medical Device industry, focusing on setups for Invasive Catherization Laboratory, Operating Theatre, Cardiology and Special Diagnostics. En. Masri used to serve in Medical Device companies such as BBraun, Biotronik and Medtronic.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. 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.

SATHEESH CHANDRAN
Software Development Manager

Mr Satheesh Chandran, an Indian, male, aged 44 was appointed as Software Development Manager on 15 July 2020. He is a solution provider, with 20 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. Also, he obtained his Project Management Professional (PMP) certificate, Certified Scrum Master (CSM) in year of 2020. 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 public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company. 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 to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2022 ("FYE 2022").

Financial and Operational Performance

The Group has posted a revenue of RM12.347 million and a net loss of RM35.129 million FYE 2022.

Impacted by the pandemic, the telehealth market has been witnessing unprecedented and staggering growth in 2020 and 2021 with over 135% growth. The telehealth market is projected to grow from USD 90.74 billion in 2021 to USD 636.38 billion in 2028 at a CAGR of 32.1% in the forecast period, 2021-2028.

The adoption rate of telehealth is increasing dramatically, especially in chronic disease management, radiology, cardiology, behavioral health, and online consultation of simple acute.

The COVID-19 pandemic has practically brought the world to a standstill. With the encouragement of social distance as one of the measures to fight the spread of the virus, telehealth surfaces as the mean of getting medical services from the doctors. The Group's imedic, digital health platform has been selected by the Ministry of Health as one of the telehealth service providers for the Home Recovery Program ("HRP") for managing the COVID-19 patients at home. With this huge success of iMedic in HRP, market survey shows that two-third of the patients would like to see that their doctors offer telemedicine as a service.

iMedic has been qualified as SmartCMS with the development of interface to CHAS program where clinics can file their claims for their services rendered to the CHAS members. Claims for various programs is being added currently.

Industry Outlook and Development

Active Government initiative to adopt telehealth solution is driving the growth of remote healthcare services. To provide equitable healthcare services to the populations in the remote areas, Governments have offered policies that provide incentives to the service providers.

Rising healthcare cost is another key reason for Government to encourage the development of telehealth. A good telehealth system that can improve efficiency and empower patients to practice self-management will help to curb the escalating healthcare cost.

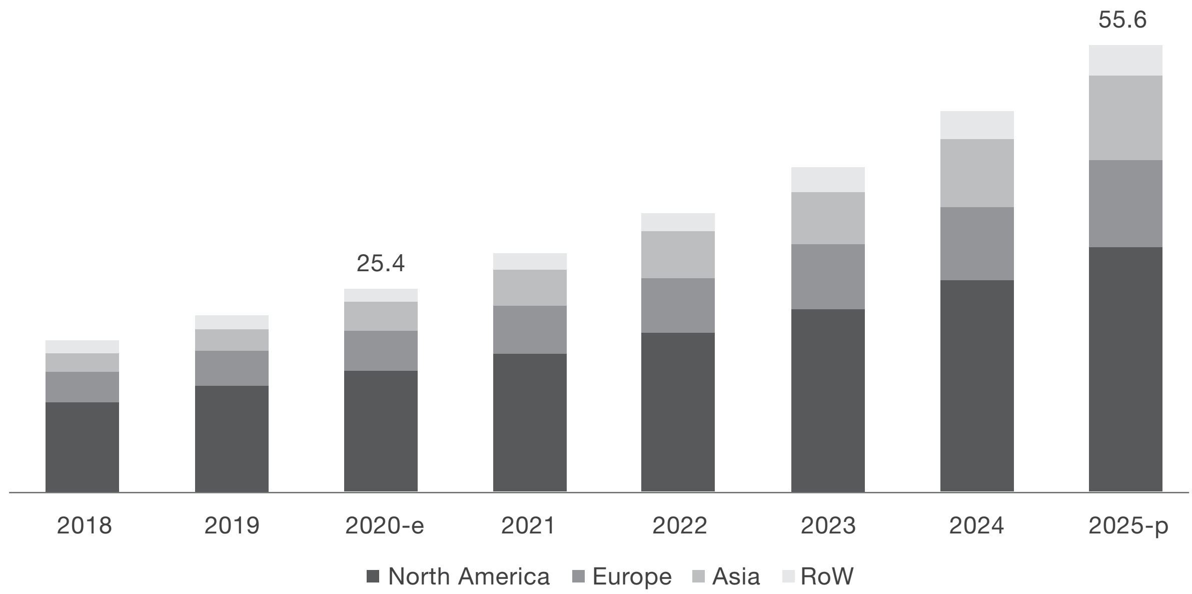
The largest usage of the telehealth is online consultation and management of chronic diseases. Behavioral health is also another disease that has good adoption because it does not require any device. Medical device cost was one of the obstacles to adoption of telehealth. With the cost of medical devices reduced significantly, patients' willingness to purchase the home medical devices has increased substantially.

The use of Artificial Intelligence ("AI") is the development trend in digital health. AI is used in almost all areas in the healthcare system to automate the time-consuming analysis and/or detection and prediction of diseases. It is also used in the management of protocol to minimize human errors and ensure quality of the service.

CHAIRMAN'S STATEMENT CONT'D

Prospects

Survey shows the telemedicine market is expected to grow over 30% over the next few years. US market is expected to grow at 37%.



In addition to online consultation services provided by the doctors, e-pharmacy, and Internet of Medical Things (IOMT) are also growing tremendously. AI has also grown significantly especially in the areas of radiology, dermatology, and ophthalmology.

Appreciation

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

Thank You.

EG KAH YEE
Chairman/ Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

General Description of the Group's Business

The Group's revenue recorded as RM12.347 million. iMedic™ contributed most of the revenue and profits and the rest is attributed by customization services and annual maintenance of the platform. International business contributed the bulk of the revenue while less than 10% is attributed by the domestic market.

The regular healthcare budget in FY 2022 is still distrupted and are squeezed by the pandemic as regular spending is directed to the fighting of COVID-19. We do see normalization of healthcare industry after countries are beginning to ease the pandemic controls.

Financial Year Ended 31 May 2022 ("FYE 2022")

Revenue

The Group registered total revenue of RM12.347 million in FYE 2022.

Costs and expenses

Total costs and expenses before finance costs for FYE 2022 which amounted to RM47.772 million comprised of the following items:

(a) Purchases and other direct costs amounted to RM10.159 million for FYE 2022.

(b) Selling and distribution costs amounted to RM0.034 million for FYE 2022.

(c) Administration and other expenses amounted to RM23.927 million was mainly due to payroll costs, rental, depreciation, amortisation of intangible assets and impairment of intangible asset.

(d) Impairment loss on trade and other receivables amounted to RM13.652 million.

Other income

Other income of the Group stood at RM0.397 million in FYE 2022, mainly due to fixed deposit interest income of RM0.102 million, bad debt recovered of RM0.035 million, and foreign exchange gains of RM0.260 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 RM0.101 million was mainly due to unwinding of discount on trade payables incurred during the financial year.

Taxation

The income tax expense for the Group was nil.

Loss attributable to Owners of the Company

Loss attributable to Owners of the Company was RM35.129 million or 5.65 sen loss per basic share.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Liquidity and capital resources

Cash and cash equivalents of the Group amounted to RM15.487 million which comprises the fixed and short term deposits with licensed bank of RM4.048 million, cash and bank balances of RM11.439 million.

The Group's net cash used in operating activities was RM4.946 million, and capital expenditure in respect of property, plant and equipment was RM0.022 million for FYE 2022.

Prospects

The HRP will continue into FY2023 and remain to be a contributor to the revenue. The Group will continue to on board clinics on to iMedic platform and enabling physical clinics to develop their online business.

We see a trend of the Governments in Asia and US expanding the subsidies in public healthcare through various programs with strong focus in driving the adoption of telemedicine. With increasing incentives provided by the Governments, the Group is expanding the US and Asia market and we foresee US market to be a sizable revenue contributor in the coming years.

Telehealth has enjoyed the high growth in the past two years and the market adoption is going to continue and we expect the CAGR to be over 30% in the next few years. Though each country varies in its adoption due to the differences in regulations, the Group will continue to work closely with the authorities to capitalize on the growth opportunities.

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 AC comprise of:-

Chairman
N Chanthiran A/L Nagappan – Independent Non-Executive Director (1)

Members
Chuan Tsui Ju – Independent Non-Executive Director
Abdul Razak Bin Dato' Haji Ipap – Non-Independent Non-Executive Director (2)

Note:
(1) N Chanthiran A/L Nagappan was appointed to the Board on 26 August 2022. He was also appointed as the Chairman of the AC in place of Thong Kooi Pin, who had resigned from the Board on 26 August 2022.
(2) Abdul Razak Bin Dato' Haji Ipap was re-designated as a Non-Independent Non-Executive Director of the Company on 26 August 2022.

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.

4. SUMMARY OF MEETING AND ACTIVITIES UNDERTAKEN

A total of four (4) meetings were held during the financial year ended 31 May 2022. The attendance records of the meetings are as follows:-

	Meetings attended
Thong Kooi Pin *(Resigned on 26 August 2022)*	4/4
Abdul Razak Bin Dato' Haji Ipap	4/4
Chuan Tsui Ju	4/4

SUMMARY OF ACTIVITIES OF COMMITTEE

During the financial year ended 31 May 2022, the Committee has carried out the following activities:-

(i) reviewed and recommended for the Board's approval, the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Sustainability Statement and AC report for inclusion in the Annual Report 2021;

(ii) reviewed the annual financial statements for the financial year ended 31 May 2021 of the Group and recommended the same to the Board for their consideration and approval;

AUDIT COMMITTEE REPORT CONT'D

(iii) reviewed the quarterly unaudited financial results of the Group in August 2021, October 2021, January 2022 and April 2022 prior to recommending them for approval by the Board. The financial results were presented by Management 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;

(iv) reviewed the Anti-Bribery & Corruption Policy and recommended the same for the Board's approval and adoption;

(v) 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;

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

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

(viii) reviewed and discussed with the External Auditors the Audit Review Memorandum and Audit Planning Memorandum and recommended the same for the Board's notation;

(ix) 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, suitability and independence of Messrs UHY ("UHY") and recommended that UHY be re-appointed as the External Auditors of the Company;

(x) reviewed and discussed with the Internal Auditors 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;

(xi) reviewed and discussed with the Internal Auditors, the Internal Audit Report on Information Technology General Control, Sales Marketing and Research and Development, the Enterprise Risk Management including the management action plans based on the recommendation highlighted by the Internal Auditors before updating the Board;

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

(xiii) verified that the offer of 2,300,000 options under the Employee Share Option Scheme ("ESOS") offered to the eligible employees of the Company in September 2021 is in accordance with the ESOS Bye-Laws; and

(xiv) reviewed the Terms of Reference of the AC and recommended the proposed revisions thereto for the Board's approval.

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 are 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. During the financial year ended 31 May 2022, the internal audit reviews covered the areas on Information Technology General Control, Sales Marketing and Research and Development as well as Enterprise Risk Management. The Group has incurred approximately RM16,000 in the financial year ended 31 May 2022 in maintaining the internal audit function.

AUDIT COMMITTEE REPORT CONT'D

6. OVERSIGHT OF EXTERNAL AUDIT

(i) The External Auditors attended two (2) AC Meetings held in FYE 2022;

(ii) Reviewed the Audit Review Memorandum and Audit Planning Memorandum in FYE 2022 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;

(iii) Received the communications from the External Auditors for the financial year ended 31 May 2022, 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 2022, including any significant issues and concerns arising from the audit; and

(vi) Reviewed the audit fees for FYE 2022 prior to the Board's approval.

7. OVERSIGHT OF INTERNAL AUDIT

(i) The internal auditors attended three (3) AC Meetings held in FYE 2022;

(ii) Reviewed the risk-based Internal Audit Plan for the Group for FYE 2022 and approved for adoption of the same by the Group throughout FYE 2022;

(iii) Reviewed the Internal Audit Reports for FYE 2022 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 2022; and

(vi) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for FYE 2022 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 ("Bursa Securities") ("Listing Requirements") and the Malaysian Code on Corporate Governance ("Code").

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 2022 ("FYE 2022"). The CG Report is available on our corporate website at www.ucrest.net. Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed in the CG Report with explanations.

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 of 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 plans for the Group to ensure that the Group's goals are clearly established;
- 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 and to review the Succession Policy from time to time;
- Ensuring measures are in place to assess and oversee Management's performance for strengthening the Group's performance;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- 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")

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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 following roles and functions of the Chairmanship:-

(a) Providing support and guidance to Senior Management Offices to assist and facilitate management succession planning;
(b) Grooming and mentoring Senior Management Offices to achieve consistently high levels of professionalism and excellent performance;
(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;
(f) Ensuring that procedures and processes are in place to facilitate effective conduct of business by the Board ; and
(g) Chairing Board meetings and ensures the following:
    i. All relevant issues are on the agenda of Board meetings;
    ii. Board debates strategic and critical issues;
    iii. Board receives the necessary management reports relating to the Company's business on a timely basis;
    iv. All directors are able to participate openly in discussions at Board meetings;
    v. Providing leadership to the Board and is responsible for the developmental needs of the Board;
    vi. Chairing general meetings of the Company and provide clarification on issues that may be raised by shareholders; and
    vii. Encouraging active participation and allowing dissenting views to be freely expressed.

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 abovementioned, 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.

Currently, the Chairman of the Board is not a member of the AC, NC or RC to ensure there is check and balance as well as objective review by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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 Secretary has attended the Board and Committee meetings and ensured that all procedures are adhered.

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

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

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 five (5) business 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 Committee's 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.

The Board Charter was last reviewed and updated on 31 May 2022 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 Ethics, Whistle Blower Policy and the Anti-Bribery & Corruption 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 the Code of Conduct and Ethics and reporting of any illegal or unethical behavior; and
(k) Waivers and amendments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

The Code of Conduct and Ethics was reviewed and updated on 25 April 2018 and will be reviewed and updated periodically.

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 Blower 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.

The Whistle Blower policy was reviewed and updated on 25 April 2018 and will be reviewed and updated periodically.

The Group adopts a zero-tolerance approach against all forms of bribery and corruption. The Board has formalised an Anti-Bribery & Corruption policy to prevent, detect and address bribery and corruption via establishing a good corporate governance culture and ethical behavior amongst the Directors and employees of the Group. This policy is applicable to all Directors, employees, business partners of the Group.

The Anti-Bribery & Corruption policy adopted will be reviewed and updated periodically.

The Code of Conduct and Ethics, Whistle Blower policy and the Anti-Bribery & Corruption policy are available on the Company's website at www.ucrest.net

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.

During the financial year ended 31 May 2022, five (5) board meetings were held and the details of each Director's attendance are set out as follows:-

Directors	Meeting Attendance
Eg Kah Yee (Chairman)	5/5
Eg Kaa Chee	5/5
Abdul Razak Bin Dato' Haji Ipap	5/5
Thong Kooi Pin (Resigned on 26 August 2022)	5/5
Chuan Tsui Ju	5/5
Prof. Low Teck Seng	5/5
Dato' Dr. Mohd Fikri Bin Abdullah	5/5

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. This is demonstrated by among others, the satisfactory attendance and time spent by the Directors at the Board and Board Committees meetings during the financial year.

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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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	Non-Independent Non-Executive Director (1)
N Chanthiran A/L Nagappan (2)	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

Note:
(1) Abdul Razak Bin Dato' Haji Ipap was re-designated as a Non-Independent Non-Executive Director of the Company on 26 August 2022.
(2) N Chanthiran A/L Nagappan was appointed to the Board on 26 August 2022.

The current Board has seven (7) members comprising the Managing Director (Chairman), two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The composition of the Board comprises of a majority of Independent Non-Executive Directors. The Board members, with their diverse backgrounds, bring with them a wide range of competencies and experiences to provide stewardship to the Group.

The Board, through the NC review annually the structure, mix of skills, size and composition of the Board. The Board is satisfied that the current size and composition are effective for the proper functioning of the Board 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. An independent director may, subject to the shareholders' approval through a two-tier voting process, continue to serve as an Independent Director of the Company. Justification should be provided in retaining an Independent Director beyond nine (9) years. However, the tenure of an Independent Director is limited to not more than a cumulative period of twelve (12) years. After serving for twelve (12) years, an Independent Director may continue to serve on the board as a Non-Independent Director.

Thong Kooi Pin and Abdul Razak Bin Dato' Haji Ipap had both served the Company as Independent Non-Executive Directors for a cumulative term of more than 12 years. On 26 August 2022, Thong Kooi Pin had resigned from the Board and Abdul Razak Bin Dato' Haji Ipap was re-designated as a Non-Independent Non-Executive Director of the Company in line with the requirements of the amended definition of Independent Director as prescribed in the Listing Requirements, where an Independent Director who has served for more than twelve (12) years must resign or be re-designated as a Non-Independent Director as per Bursa Securities's letter dated 19 January 2022.

The details of the Independent Non-Executive Director who has served for a cumulative term of more than nine (9) years as at the date of the forthcoming Annual General Meeting ("AGM") can be found in the CG Report and the Notice of the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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 which includes a fit and proper assessment and would take into consideration the evaluation of the candidates' abilities in terms of their character, skills, knowledge, experience, expertise, integrity and time commitment to discharge their responsibilities. In the case of candidates for the position of Independent Non-Executive Directors, evaluation will be made on the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The Board, via the NC, had assessed the relevant criteria including fitness and propriety of N Chanthiran A/L Nagappan before his appointment as an Independent Non-Executive Director of the Company.

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 believes that a well diversified 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 with the Company's Constitution, Directors appointed during the year are required to retire and seek for re-election at the following 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.

The NC has considered the assessment of Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan, the Directors standing for re-election at the forthcoming AGM and collectively agrees that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessment on the Directors who are subject to re-election at the forthcoming AGM and was satisfied with the outcome of the assessments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

2.4 Professional Developments

The NC had assessed the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies. The Directors will continue to undergo other relevant training sessions to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with development in the business environment to enable them to discharge their responsibilities efficiently.

The Directors have attended the following trainings during the financial year 2022:-

Director	Trainings	Date
Eg Kah Yee	Webinar - Debt Recovery for SMEs by Tricor Services (Malaysia) Sdn Bhd	19 May 2022
Eg Kaa Chee	Police Powers: Legality of Entering & Searching Premises by CLJ Malaysia Sdn Bhd	9 August 2021
	HRC Webinar | Human Rights Litigation Training Course (July-October 2021): Freedom of Speech and Expression by Bar Council	14 August 2021
	Citizenship Training in Collaboration with Sabah Law Society and Advocates Association of Sarawak by Bar Council	20 August 2021
	Right To Property by Rosli Dahlan Saravana Partnership	3 September 2021
	KLBC Circular No. 191/2021 | Advising Tech Companies and Startups from A Lawyer's Perspective: Opportunities and Challenges by Bar Council	8 September 2021
	Bar Council's Constitutional Law Committee Forum on Recall Election Bill by Bar Council	9 September 2021
	Arbitration-In-Practice (AIP) Workshop Series - Hearing and Witness Examination by AIAC	11 September 2021
	IELC Employment Webinar Series: The Future of Industrial Court Online Proceedings: Challenges and Solutions by Bar Council	13 September 2021
	Defamation Law reform webinar: Fair Comment by Bar Council	18 September 2021
	Identify the Market Leaders Amidst the Pandemic by Cyber Quote Pte Ltd	21 October 2021
	HRC Litigation Training: Citizenship by Bar Council	21 October 2021
Abdul Razak Bin Dato' Haji Ipap	Webinar - Debt Recovery for SMEs by Tricor Services (Malaysia) Sdn Bhd	19 May 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

Thong Kooi Pin *(Resigned on 26 August 2022)*	Webinar - Debt Recovery for SMEs by Tricor Services (Malaysia) Sdn Bhd	19 May 2022
Chuan Tsui Ju	Webinar - Debt Recovery for SMEs by Tricor Services (Malaysia) Sdn Bhd	19 May 2022
Prof. Low Teck Seng	The Future of Assurance – Digital Risks by Singapore Institute of Directors Sustainability Reporting and Climate Change by MD CSR Works International Property Valuation and Methods by Colliers Singapore	18 August 2021 16 December 2021 16 December 2021
Dato' Dr. Mohd Fikri Bin Abdullah	Advanced Cardial Life Support (ACLS) Course by Mediexcel	26 March 2022

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
N Chanthiran A/L Nagappan – Independent Non-Executive Director[(1)]

Members
Chuan Tsui Ju – Independent Non-Executive Director[(2)]

Note:
(1) N Chanthiran A/L Nagappan was appointed to the Board on 26 August 2022. He was also appointed as the Chairman of the NC in place of Thong Kooi Pin, who had resigned from the Board on 26 August 2022.
(2) Chuan Tsui Ju was appointed as a member of the NC on 26 August 2022.

Terms of Reference

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 2022, the following activities were undertaken by NC:-

- Reviewed the result of the performance evaluation of Directors;
- 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 performance of the Nomination Committee and the Remuneration Committee;
- Assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements;
- Reviewed and recommended the re-election of Abdul Razak Bin Dato' Haji Ipap and Dato' Dr. Mohd Fikri Bin Abdullah as Directors at the Twenty-Fourth AGM;
- 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 at the Twenty-Fourth AGM;
- Reviewed the training needs of the Directors;
- Reviewed the Directors' Fit and Proper Policy and recommended for the Board's approval and adoption; and
- Reviewed the Terms of Reference of the NC and recommended the proposed revisions thereto for the Board's approval and adoption.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

On 28 July 2022, the NC assessed the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, experience, competence, 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 28 July 2022. Based on the summary as presented, the NC tabled its recommendations to the Board at the Board of Directors' Meeting held on 28 July 2022.

The NC had on 28 July 2022 conducted assessment (including fit and proper assessment) on the Directors, Eg Kah Yee and Chuan Tsui Ju, who are subject to retirement by rotation at the forthcoming AGM. The NC was satisfied with the assessment of the abovementioned Directors and recommended the re-election of the said Directors for the Board's further recommendation to the shareholders for approval.

The NC had also on 28 July 2022 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 Chuan Tsui Ju (who will serve for more than nine (9) years as at the date of forthcoming AGM) as an Independent Non-Executive Director of the Company at the forthcoming AGM. A two-tier voting process would be adopted when seeking the shareholders' approval to retain Chuan Tsui Ju as an Independent Non-Executive Director of the Company.

The Board's proposal for continuation in office of Chuan Tsui Ju as Independent Non-Executive Director was based on the following:-

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

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

(iii) She has exercised her due care during her tenure as an Independent Non-Executive Director of the Company and carried out her 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 paid to the Independent Directors that would cause biases in their objective and independent judgement in board deliberation.

Prior to recommending the appointment of N Chanthiran A/L Nagappan to the Board, the NC had conducted assessment (including fit and proper assessment) on N Chanthiran A/L Nagappan and was satisfied with his character, skills, knowledge, expertise, experience, integrity, competence and time commitment and the outcome of the fit and proper assessment.

The NC had on 26 August 2022 recommended the re-designation of Abdul Razak Bin Dato' Haji Ipap, who had served as Independent Non-Executive Director for more than 12 years, as a Non-Independent Non-Executive Director of the Company for the Board's approval in line with the amended definition of an Independent Director in the Listing Requirements.

In consequent to the change of Directors on 26 August 2022, the NC had also proposed changes in the composition of the Board committees for the Board's approval.

On 15 September 2022, the NC had reviewed and recommended to the Board, the re-election of N Chanthiran A/L Nagappan as Director of the Company pursuant to Clause 78 of the Company's Constitution at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

2.6 Directors' Fit and Proper Policy

The Company has established a Directors' Fit and Proper policy which serves as a guide to the NC and the Board in their review and assessment of candidates that are to be appointed onto the Board and its subsidiaries as well as Directors who are seeking for re-election.

The Board should consider the factors which includes but not limited to the following in assessing if a candidate meets the criteria under the policy:-

(a) Character and integrity
- (i) Probity
- (ii) Personal integrity
- (iii) Financial integrity
- (iv) Reputation

(b) Experience and competence
- (i) Qualifications, training and skills
- (ii) Relevant experience and expertise
- (iii) Relevant past performance or track record

(c) Time and commitment
- (i) Ability to discharge role having regard to other commitments
- (ii) Participation and contribution in the board or track record

The Directors' Fit and Proper policy was adopted by the Board on 27 April 2022. The Policy would be reviewed and updated periodically.

The Directors' Fit and Proper policy is available at the Company's website at www.ucrest.net.

2.7 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' fee 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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.

The Remuneration Policy is available at the Company's website at www.ucrest.net.

Details of remuneration of Directors of the Company for the financial year ended 31 May 2022 are as follows:-

		Directors' Remuneration				
Name of Directors	**Directors' Fees (RM)**	**Salary (RM)**	**Bonus (RM)**	**Benefits in Kind (RM)**	**Other emoluments (RM)**	**Grand Total (RM)**
Group						
Executive Director						
Eg Kah Yee	–	119,652	–	–	3,600	123,252
Non-Executive Directors						
Eg Kaa Chee	36,000	–	–	–	–	36,000
Thong Kooi Pin [(1)]	36,000	–	–	–	–	36,000
Abdul Razak Bin Dato' Haji Ipap	36,000	–	–	–	–	36,000
Chuan Tsui Ju	36,000	–	–	–	–	36,000
Prof. Low Teck Seng	36,000	–	–	–	–	36,000
Dato' Dr. Mohd Fikri Bin Abdullah	36,000	–	–	–	–	36,000
Total	**216,000**	**119,652**	**–**	**–**	**3,600**	**339,252**
Company						
Executive Director						
Eg Kah Yee	–	30,000	–	–	3,600	33,600
Non-Executive Directors						
Eg Kaa Chee	36,000	–	–	–	–	36,000
Thong Kooi Pin [(1)]	36,000	–	–	–	–	36,000
Abdul Razak Bin Dato' Haji Ipap	36,000	–	–	–	–	36,000
Chuan Tsui Ju	36,000	–	–	–	–	36,000
Prof. Low Teck Seng	36,000	–	–	–	–	36,000
Dato' Dr. Mohd Fikri Bin Abdullah	36,000	–	–	–	–	36,000
Total	**216,000**	**30,000**	**–**	**–**	**3,600**	**249,600**

Note:
(1) Thong Kooi Pin resigned from the Board on 26 August 2022.

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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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 comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, as follows:-

Chairman
N Chanthiran A/L Nagappan – Independent Non-Executive Director (1)

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

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

Note:
(1) N Chanthiran A/L Nagappan was appointed to the Board on 26 August 2022. He was also appointed as the Chairman of the AC in place of Thong Kooi Pin, who had resigned from the Board on 26 August 2022.

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 By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The AC had on 28 July 2022 conducted an assessment on the suitability and independence of the External Auditors. Based on the assessment, the AC was satisfied with Messrs UHY's competency, experience and independence. The Board, based on the AC's recommendation, would be tabling the re-appointment of Messrs UHY as the External Auditors of the Company at the Twenty-Fifth 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 2022 are as follows:-

	Group (RM)	Company (RM)
Audit	144,841	108,000
Non-Audit	5,000	5,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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.

The 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 internal audit personnel are free from any relationships or conflicts of interest with the Company which could impair their objectivity and independence during the internal audit review. The AC had assessed the performance of the internal auditor on 28 July 2022 and was satisfied with the adequacy of the scope, competency and resources of the internal auditor and that it has the necessary authority to carry out its work.

The expenses incurred for the internal audit function for FYE 2022 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 2022, 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 which includes the risk management 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 34 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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 at all times.

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 Shareholders 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.

In view of the COVID-19 pandemic and the Standard Operating Procedures enforced by the Government of Malaysia, the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company was held virtually through live streaming from the broadcast venue at Lot 6.04, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor. The 24th AGM was carried out in accordance with the Companies Act 2016, the Company's Constitution and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia. Shareholders and proxies participated at the 24th AGM remotely using the Remote Participation and voting facilities without the need to be physically present at the meeting venue.

Notice of the 24th AGM together with the Company's Annual Report were issued to the shareholders on 30 September 2021, being more than 28 days in advance of the scheduled AGM which was held on 12 November 2021. 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 Listing Requirements, 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 24th AGM held on 12 November 2021 were voted by poll and validated by an Independent Scrutineer.

1.4 Effective Communication and Proactive Engagement

The AGM also provides an effective means of communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM. The Board responded to the questions submitted by Minority Shareholder Watch Group and the live questions posted from the shareholders at the 24th AGM. The minutes of the 24th AGM was uploaded to the Company's website within 30 business days from the date of the meeting.

This CG Overview Statement was approved by the Board of the Company on 20 September 2022.

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 judgements and estimates that are reasonable and prudent. The Board makes judgements and estimates by carefully considering all aspects 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 Complaint management Market research & innovation	Regular Regular Regular
Vendors	Independent evaluation Vendor relationship management	Annually Regular
Governance & Regulators	Formal meetings/visits Licensing, audits & inspections	Ad-hoc Ad-hoc
Employees	Employee performance appraisal Dialogue and engagement Employee engagement programmes	Annually Weekly Regular

SUSTAINABILITY STATEMENT CONT'D

Material Sustainability & Relevant Action Plan

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

SUSTAINABILITY STATEMENT CONT'D

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.

As the COVID-19 pandemic evolves, it is the Group's priority to safeguard the health and safety of the employees and the people involved in the operation on a continuing basis. The Group has implemented several measures to protect our employees from the spread of COVID-19:-

- Comply to the standard operating procedures ("SOPs") outlined by Malaysia's Ministry of Health ("MOH") and Ministry of International and Trade Industry ("MITI");
- Check employee's daily temperature;
- Distribute face mask to all employees and setup hand sanitizer station at each main entrance, as well as carry out the disinfection activity frequently across all the workplace

In addition to the above, a work-from-home and in-office work schedule arrangement was implemented during the lockdown in order to protect the well-being of our employees and the viability of our business. Employee who work from home is provided with the equipment needed, including laptop with video conferencing facilities. Following the easing of the lockdown measures, employees and visitors to our office are required to strictly adhere to the prevailing SOPs as part of the efforts against the pandemic.

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 value 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.

SUSTAINABILITY STATEMENT CONT'D

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 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	2	33	–	–	2	29	1	50	1	20	–	–	2	29
61-70	3	50	1	100	4	57	1	50	3	60	–	–	4	57
	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	%	Other	%	Total	%
21-30	2	29	2	29	4	29	1	20	2	50	1	20	4	29
31-40	2	29	3	42	5	35	1	20	1	25	3	60	5	35
41-50	2	29	2	29	4	29	2	40	1	25	1	20	4	29
51-60	1	13	–	–	1	7	1	20	–	–	–	–	1	7
	7	**100**	**7**	**100**	**14**	**100**	**5**	**100**	**4**	**100**	**5**	**100**	**14**	**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 2022. 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

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 Advisory 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 2022.

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 his 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 2022. 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 20 September 2022.

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")

The breakdown of aggregate value of transactions during the financial year ended 31 May 2022 are as follows:-

Transacting Party within UCrest Group	**Related Party**	**Nature of Recurrent Transactions**	**Interested Related Parties**	**Actual Value Transacted during the financial year (RM)**
UCrest Group (provider of products and services)	UCH (recipient of products and services)	IP Licensing, sales of Software License and Hardware including installation, troubleshooting and outsourcing.	*Interested Director and Major Shareholder* Eg Kaa Chee Eg Kah Yee *Person Connected* See Lee Ming Jonathan Chuan Jack Eg	5,112,010
UCrest Group (recipient of products and services)	UCH (provider of products and services)	IP Licensing, purchase of Software License and Hardware including installation, troubleshooting and outsourcing.	*Interested Director and Major Shareholder* Eg Kaa Chee Eg Kah Yee *Person Connected* See Lee Ming Jonathan Chuan Jack Eg	5,911,418

ADDITIONAL COMPLIANCE INFORMATION CONT'D

3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

Proposed Private Placement of up to 20.00% of the total number of issued shares approved by the shareholders at the Extraordinary General Meeting held on 22 January 2018

The Company had at the Extraordinary General Meeting held on 22 January 2018 obtained the shareholders' approval for 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.

As at the date of this report, 94,304,575 new Ordinary Shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad. The details of the utilisation of proceeds from the Private Placement were as follows:-

Description	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Payment for cost of sales	11,328	11,328	–
Payment of salaries	1,285	1,285	–
Payment of office rentals	161	161	–

Authority for the Directors to Issue Shares pursuant to Section 75 and 76 of the Companies Act, 2016

The Company had at the Twenty-Third Annual General Meeting of the Company held on 17 November 2020 obtained the shareholders' approval for a General Mandate to issue up to 126,857,800 new ordinary shares in the Company representing not more than twenty percent (20%) of the issued share capital of the Company. Subsequently, the Company had at the Twenty-Fourth Annual General Meeting held on 12 November 2021 obtained the shareholders' approval for a general mandate to issue up to ten percent (10%) of its total number of issued shares.

As at the date of this report, 42,700,000 new Ordinary Shares were issued pursuant to the Private Placement under the general mandate and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad. The details of the utilisation of proceeds from the Private Placement were as follows:-

Description	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilised (RM'000)
Working Capital	20,748	7,898	12,850
Expenses for the Proposed Private Placement	184	90	94

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.

ADDITIONAL COMPLIANCE INFORMATION CONT'D

Total number of options granted to the eligible Directors and employees of the Group and the outstanding options as at 31 May 2022 are set out in the table below:-

Description	**Directors**	**Senior Management/ Director of Subsidiary**	**Other eligible employees**	**Total**
Outstanding options unexercised as at 1 June 2021	6,400,000	–	63,432,000	69,832,000
Options granted during the FYE 2022	–	–	–	–
Options lapsed during the FYE 2022	–	–	100,000	100,000
Options exercised during the FYE 2022	–	–	–	–
Outstanding options unexercised as at 31 May 2022	6,400,000	–	63,332,000	69,732,000

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 2022, the Company has granted 24.36% of the options to the Directors and Senior Management.

As at FYE 2022, ESOS allocations to the Directors are as follows:-

Name of Directors	**Number of options unexercised as at 1 June 2021**	**During FYE 2022**		**Number of options unexercised as at 31 May 2022**
		Number of options granted	**Number of options exercised**	
Chairman / Managing Director				
Eg Kah Yee	–	–	–	–
Independent Non-Executive Director				
Thong Kooi Pin *(Resigned on 26 August 2022)*	4,400,000	–	–	4,400,000
Chuan Tsui Ju	–	–	–	–
Prof. Low Teck Seng	2,000,000	–	–	2,000,000
N Chanthiran A/L Nagappan *(Appointed on 26 August 2022)*	–	–	–	–
Non-Independent Non-Executive Director				
Eg Kaa Chee	–	–	–	–
Abdul Razak Bin Dato' Haji Ipap	–	–	–	–
Total	**6,400,000**	–	–	**6,400,000**

During the FYE 2022 and up to 1 September 2022, the Company did not allot any new ordinary shares pursuant to the ESOS.

Subsequent to the FYE 2022 and up to 1 September 2022, the eligible employees who have accepted the options offered, had voluntarily surrendered their unexercised options under the ESOS totaling to 63,332,000 options. The Option Committee had accepted the aforesaid surrender of options and approved the termination of 63,332,000 options under the ESOS arising from the surrender of options in accordance with the By-Laws of the ESOS.

As at 1 September 2022, the unexercised options pursuant to the Company's ESOS are 2,000,000 options.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

Principal Activities

The principal activities of the Company are that of investment holding and design, development and marketing of information technology related products and services. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Loss for the financial year	(35,129,072)	(7,750,894)
Attributable to:		
Owners of the Company	(35,129,072)	(7,750,894)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

DIRECTORS' REPORT CONT'D

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 five (5) years from 26 April 2018 to 25 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 13 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)	**At 01.06.2021**	**Granted**	**Exercised**	**Lapsed**	**At 31.05.2022**
Grant date						
29.04.2020	0.0868	6,400,000	-	-	-	6,400,000
07.10.2020	0.1184	47,032,000	-	-	-	47,032,000
01.12.2020	0.1374	1,500,000	-	-	-	1,500,000
19.03.2021	0.1806	9,000,000	-	-	-	9,000,000
06.04.2021	0.2164	5,900,000	-	-	(100,000)	5,800,000
		69,832,000	-	-	(100,000)	69,732,000

Directors

The Directors of the Company in office during the financial year until the date of this report are:

Eg Kah Yee
Eg Kaa Chee
Abdul Razak Bin Dato' Haji Ipap
Chuan Tsui Ju
Dato' Dr. Mohd Fikri Bin Abdullah
Prof. Low Teck Seng
N Chanthiran A/L Nagappan (Appointed on 26 August 2022)
Thong Kooi Pin (Resigned on 26 August 2022)

DIRECTORS' REPORT CONT'D

Directors' Interests

The interests and deemed interests in the shares, warrants, options over shares and debentures of the Company or its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.06.2021	**Bought**	**Disposal**	**At 31.05.2022**
Shareholdings in the name of directors				
Direct interests:				
Eg Kah Yee	89,271,427	-	-	89,271,427
Eg Kaa Chee	2,000,002	-	-	2,000,002
Thong Kooi Pin	2,500,250	-	(1,000,000)	1,500,250
Chuan Tsui Ju	1,500,750	-	-	1,500,750
Abdul Razak Bin Dato' Haji Ipap	2,000,000	-	(2,000,000)	-
Indirect interests:				
Eg Kah Yee^	2,000,002	-	-	2,000,002
Eg Kaa Chee*	89,271,427	-	-	89,271,427

	Number of share options			
	At 01.06.2021	**Granted**	**Exercised**	**At 31.05.2022**
Share options in the name of directors				
Thong Kooi Pin	4,400,000	-	-	4,400,000
Prof. Low Teck Seng	2,000,000	-	-	2,000,000

^Deemed interest by virtue of his brother, Mr. Eg Kaa Chee's shareholding.

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

Other than disclosed above, none of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

DIRECTORS' REPORT CONT'D

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown below) 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 than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 27(b) to the financial statements.

The details of the directors' remuneration for the financial year ended 31 May 2022 are set out below:

	Group RM	Company RM
Directors' remuneration		
Fees	216,000	216,000
Salaries, wages and other emoluments	119,652	30,000
Defined contribution plans	3,600	3,600
	339,252	249,600

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

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

DIRECTORS' REPORT CONT'D

Other Statutory Information (Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances:

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

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

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

(iv) 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.

(c) 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 of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT CONT'D

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 of the financial statements

Significant Events

The significant events are disclosed in Note 31 to the financial statements.

Subsequent Events

The subsequent event is disclosed in Note 32 to the financial statements.

DIRECTORS' REPORT CONT'D

Auditors

The auditors, Messrs. UHY, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company during the year are RM144,841 and RM108,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 September 2022.

EG KAH YEE	EG KAA CHEE

KUALA LUMPUR

STATEMENT BY DIRECTOR PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 2022 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 20 September 2022.

EG KAH YEE	EG KAA CHEE

KUALA LUMPUR

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, EG KAH YEE, being the director primarily responsible for the financial management of UCrest Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements is correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 20 September 2022)
)

EG KAH YEE

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCREST BERHAD

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 137.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCREST BERHAD CONT'D

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
1. Assessment on impairment on intangible assets	
As at 31 May 2022, the Group's and the Company's carrying amount of intangible assets are both RM7,594,817, which represented 22% and 24% of the Group's and of the Company's total assets. The Group estimated the recoverable amounts of the carrying value of intangible assets based on the value in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash flows projection and discounting them at an appropriate discount rate. Such estimations are highly subjective and accordingly we consider this to be an area of audit focus.	We have discussed and obtained management's impairment calculations to assess the appropriateness and reasonableness of the assumptions used in the VIU calculation for determining recoverable amounts. We have tested the accuracy of the underlying model by verifying the input/output data used by management. We have challenged the key assumptions employed in the calculation included the discount rate employed and its methodology and constituent inputs. We have assessed the adequacy and appropriateness of the related disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCREST BERHAD CONT'D

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Impairment of trade receivables	
As at 31 May 2022, the Group's and the Company's trade receivables prior to allowance for impairment losses were RM35,254,899 and RM598,080 of which RM23,967,967 and RM239,981 have been provided for as allowance for impairment losses respectively. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.	We have evaluated the Group's policy on its credit risk's management through discussion with management. We have assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss. We have 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. We have evaluated subsequent year end receipts and recoverability of outstanding trade receivables.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCREST BERHAD CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 TO THE MEMBERS OF UCREST BERHAD CONT'D

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 skepticism 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 TO THE MEMBERS OF UCREST BERHAD CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 skepticism throughout the audit. We also: (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCREST BERHAD CONT'D

Other Matter

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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2022 (J)
Chartered Accountant

KUALA LUMPUR

20 September 2022

STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2022

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	53,669	296,694	53,149	296,174
Right-of-use assets	5	13,202	171,625	13,202	171,625
Intangible assets	6	7,594,817	21,026,906	7,594,817	13,126,477
Investment in subsidiary companies	7	-	-	7	7
Trade receivables	8	9,054,160	-	-	-
		16,715,848	21,495,225	7,661,175	13,594,283
Current Assets					
Trade receivables	8	2,232,772	25,716,455	358,099	371,687
Other receivables	9	100,946	71,364	100,646	71,064
Amount due from subsidiary companies	10	-	-	14,288,398	8,272,287
Tax recoverable		610,230	441,008	144,000	144,000
Deposits with licensed financial institutions	11	4,048,339	11,047,641	4,048,339	11,047,641
Cash and bank balances	11	11,438,610	7,598,038	5,667,692	6,742,474
		18,430,897	44,874,506	24,607,174	26,649,153
Total Assets		35,146,745	66,369,731	32,268,349	40,243,436

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2022 CONT'D

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	12	45,912,396	45,912,396	45,912,396	45,912,396
Reserves	13	(20,511,812)	13,727,629	(23,418,909)	(15,668,015)
Total Equity		25,400,584	59,640,025	22,493,487	30,244,381
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	14	-	-	-	-
Trade payables	15	-	98,187	-	98,187
Lease liabilities	16	-	13,844	-	13,844
		-	112,031	-	112,031
Current Liabilities					
Trade payables	15	9,492,716	6,237,981	1,504,588	1,293,455
Other payables	17	239,603	216,072	185,860	159,375
Amount due to subsidiary companies	10	-	-	8,070,572	8,270,572
Lease liabilities	16	13,842	163,622	13,842	163,622
		9,746,161	6,617,675	9,774,862	9,887,024
Total Liabilities		9,746,161	6,729,706	9,774,862	9,999,055
Total Equity and Liabilities		35,146,745	66,369,731	32,268,349	40,243,436

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	18	12,346,797	25,457,176	208,403	1,918,724
Cost of sales	19	(10,158,927)	(9,981,683)	(2,226)	(15,899)
Gross profit		2,187,870	15,475,493	206,177	1,902,825
Other income	20	397,043	2,653,378	254,361	465,185
Net (loss)/gain on impairment on financial instruments		(13,651,875)	7,716,770	185,502	2,093,305
Distribution expenses		(34,247)	(6,005)	(34,247)	(6,005)
Administrative expenses		(23,927,022)	(7,467,987)	(8,261,846)	(5,948,589)
Operating expenses		-	(6,584,750)	-	(6,584,750)
Finance costs	21	(100,841)	(98,644)	(100,841)	(96,681)
(Loss)/Profit before tax	22	(35,129,072)	11,688,255	(7,750,894)	(8,174,710)
Tax expense	24	-	(120,145)	-	-
(Loss)/Profit for the financial year		(35,129,072)	11,568,110	(7,750,894)	(8,174,710)
Other comprehensive income/(loss)					
Exchange translation differences for foreign operations		889,631	(99,532)	-	-
Total comprehensive (loss)/income for the financial year		(34,239,441)	11,468,578	(7,750,894)	(8,174,710)

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 CONT'D

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
(Loss)/Profit attributable to:					
Owners of the Company		(35,129,072)	11,568,110	(7,750,894)	(8,174,710)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(34,239,441)	11,468,578	(7,750,894)	(8,174,710)
Basic (losses)/earnings per share (sen)	25	(5.65)	2.18		
Diluted (losses)/earnings per share (sen)	25	(5.40)	2.13		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Attributable to Owners of the Company				
	Non-distributable			Distributable	
	Share Capital RM	Employee Share Option Scheme ("ESOS") Reserves RM	Foreign Currency Translation Reserve RM	Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
Group					
2022					
At 1 June 2021	45,912,396	6,609,880	(11,143)	7,128,892	59,640,025
Loss for the financial year	-	-	-	(35,129,072)	(35,129,072)
Other comprehensive income	-	-	889,631	-	889,631
Total comprehensive income/(loss) for the financial year	-	-	889,631	(35,129,072)	(34,239,441)
Transactions with owners:					
Lapsed share options	-	(14,410)	-	14,410	-
At 31 May 2022	45,912,396	6,595,470	878,488	(27,985,770)	25,400,584

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 CONT'D

	Attributable to Owners of the Company				
	Non-distributable			Distributable	
	Share Capital RM	Employee Share Option Scheme ("ESOS") Reserves RM	Foreign Currency Translation Reserve RM	(Accumulated Losses)/ Retained Earnings RM	Total Equity RM
Group					
2021					
At 1 June 2020	21,761,860	1,476,792	88,389	(4,457,026)	18,870,015
Profit for the financial year	-	-	-	11,568,110	11,568,110
Other comprehensive loss	-	-	(99,532)	-	(99,532)
Total comprehensive (loss)/income for the financial year	-	-	(99,532)	11,568,110	11,468,578
Transactions with owners:					
Issue of shares pursuant to private placements	20,762,090	-	-	-	20,762,090
Issue of shares pursuant to exercise of ESOS	3,388,446	(1,433,854)	-	-	1,954,592
Share options granted under ESOS	-	6,584,750	-	-	6,584,750
Lapsed share options	-	(17,808)	-	17,808	-
	24,150,536	5,133,088	-	17,808	29,301,432
At 31 May 2021	45,912,396	6,609,880	(11,143)	7,128,892	59,640,025

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 CONT'D

	Attributable to owners of the Company			
	Non-distributable		Distributable	
Company **2022**	**Share Capital** **RM**	**Employee Share Option Scheme ("ESOS") Reserves** **RM**	**Accumulated Losses** **RM**	**Total Equity** **RM**
At 1 June 2021	45,912,396	6,609,880	(22,277,895)	30,244,381
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(7,750,894)	(7,750,894)
Transactions with owners:				
Lapsed share options	-	(14,410)	14,410	-
At 31 May 2022	45,912,396	6,595,470	(30,014,379)	22,493,487

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 CONT'D

	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share Capital RM	Employee Share Option Scheme ("ESOS") Reserves RM	Accumulated Losses RM	Total Equity RM
Company **2021**				
At 1 June 2020	21,761,860	1,476,792	(14,120,993)	9,117,659
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(8,174,710)	(8,174,710)
Transactions with owners:				
Issue of shares pursuant to private placements	20,762,090	-	-	20,762,090
Issue of shares pursuant to exercise of ESOS	3,388,446	(1,433,854)	-	1,954,592
Share options granted under ESOS	-	6,584,750	-	6,584,750
Lapsed share options	-	(17,808)	17,808	-
	24,150,536	5,133,088	17,808	29,301,432
At 31 May 2021	45,912,396	6,609,880	(22,277,895)	30,244,381

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash Flows Used in Operating Activities				
(Loss)/Profit before tax	(35,129,072)	11,688,255	(7,750,894)	(8,174,710)
Adjustments for:				
Amortisation of:				
- Intangible assets	3,652,755	3,652,769	2,628,139	2,628,151
- Right-of-use assets	158,423	158,424	158,423	158,424
Depreciation of property, plant and equipment	265,006	289,416	265,006	289,416
Finance cost on:				
- Lease liabilities	2,900	7,444	2,900	7,444
- Bank overdraft	-	3,984	-	2,021
- Accretion of discount on trade payables	97,941	87,216	97,941	87,216
Interest income	(102,502)	(51,034)	(102,052)	(50,891)
Rent concession	-	(16,057)	-	(16,057)
Impairment losses recognised on:				
- Trade receivables	13,837,377	1,339,831	-	-
- Intangible assets	9,779,334	-	2,903,521	-
Reversal of impairment loss on:				
- Trade receivables	-	(9,056,601)	-	(2,093,305)
- Other receivables	(185,502)	-	(185,502)	-
Bad debts recovered	(34,924)	-	(34,924)	
Unrealised gain on foreign exchange	(259,613)	(378,296)	(117,381)	(378,296)
Unrealised loss on foreign exchange	259,052	303,310	37,844	-
ESOS expenses	-	6,584,750	-	6,584,750
Operating(loss)/profit before working capital changes	(7,658,825)	14,613,411	(2,096,979)	(955,837)
Changes in working capital:				
Trade receivables	(261,469)	(3,560,094)	76,644	4,185,571
Other receivables	155,920	368,730	155,920	(2,644)
Trade payables	2,870,172	(9,959,156)	(50,971)	(2,283,181)
Other payables	15,003	(5,504,792)	17,957	(1,841,243)
Cash used in operating activities	(4,879,199)	(4,041,901)	(1,897,429)	(897,334)
Income tax paid	(169,222)	(354,128)	-	(79,985)
Interest received	102,502	51,034	102,052	50,891
Net cash used in operating activities	(4,945,919)	(4,344,995)	(1,795,377)	(926,428)

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 CONT'D

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash Flows Used in Investing Activities				
Purchase of property, plant and equipment	(21,981)	(7,466)	(21,981)	(7,466)
Advances to subsidiary companies	-	-	(6,016,111)	(8,239,977)
Net cash used in investing activities	(21,981)	(7,466)	(6,038,092)	(8,247,443)
Cash Flows (Used In)/From Financing Activities				
Proceeds from issuance of ordinary shares				
- Private placement	-	20,762,090	-	20,762,090
- Pursuant to exercise of ESOS	-	1,954,592	-	1,954,592
Advance from/(Repayment to) a director	8,528	(604,128)	8,528	(604,128)
(Repayment to)/Advances from subsidiary companies	-	-	(200,000)	3,989,096
Interest paid	(2,900)	(11,428)	(2,900)	(9,465)
Repayment of lease liabilities	(163,624)	(142,753)	(163,624)	(142,753)
Net cash generated (used in)/from financing activities	(157,996)	21,958,373	(357,996)	25,949,432
Net (decrease)/increase in cash and cash equivalents	(5,125,896)	17,605,912	(8,191,465)	16,775,561
Cash and cash equivalents as at beginning of the financial year	18,645,679	1,538,190	17,790,115	754,958
Effect of exchange rate changes on cash and cash equivalents	1,967,166	(498,423)	117,381	259,596
Cash and cash equivalents as at the end of the financial year	15,486,949	18,645,679	9,716,031	17,790,115
Cash and cash equivalents comprise of:				
Cash and bank balances	11,438,610	7,598,038	5,667,692	6,742,474
Deposits with licensed financial institutions	4,048,339	11,047,641	4,048,339	11,047,641
	15,486,949	18,645,679	9,716,031	17,790,115

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

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022

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

The registered office of the Company 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 activities of the Company are that of an investment holding and design, development and marketing of information technology related products and services. The principal activities of the subsidiary companies are disclosed in Note 7.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. **Basis of Preparation**

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company has not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020: • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141		1 January 2022

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company has not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Company.

(b) 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 is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(c) 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 reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. 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.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Determining the lease term of contracts with renewal options - the Group and the Company as lessee</u>

The Group and the Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The Group and the Company include the renewal period as part of the lease term for such leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. The Group typically exercises its option to renew for those leases with renewal option.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Useful lives/amortisation of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4 and 5 respectively.

Development costs

The Group and the Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for software development expenditure is disclosed in Note 6.

Impairment of intangible assets

The Group and the Company assess whether there is any indication that intangible assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of the intangible asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. The key assumptions used to determine the recoverable amounts is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profits will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 14.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group and the Company assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Impairment of receivables

The Group and the Company review the recoverability of its receivables, including trade and other receivables and amounts due from subsidiary at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for trade receivables, other receivables and amount due from subsidiary companies are disclosed in Notes 8, 9 and 10 respectively.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payments scheme are disclosed in Note 13.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 May 2022, the Group has tax recoverable of RM610,230 (2021: RM441,008) and the Company has tax recoverable of RM144,000 (2021: RM144,000).

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments,* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 retranslated.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed such that control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Capital work-in-progress is not depreciated until it ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Furniture and fittings	20%
Computer equipment and software	20%
Office equipment	20%
Renovation	20%
Electrical equipment	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(d) Leases

As Lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Building	3 years

The ROU asset is subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

<u>As Lessee (Cont'd)</u>

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

<u>As Lessor</u>

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(e) 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(k)(i) 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets at initial recognition and the categories include trade and other receivables, deposits with licensed financial institution, amount due from subsidiary companies and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

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.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

(a) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI") (Cont'd)

(a) Debt instruments (Cont'd)

The debt security is not designated as at fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserves in equity. For debt instruments, when the investment is derecognized or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(iii) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(k)(ii) on impairment of financial assets.

<u>Regular way purchase or sale of financial assets</u>

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

<u>Derecognition</u>

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire 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 another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group or the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities at amortised cost

After initial recognition, financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and Company's financial liabilities designated at amortised cost comprise trade and other payables, amount due to subsidiary companies and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Provisions

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

Provisions are reviewed at each reporting date and 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.

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows 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 asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL. ECLs 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(l) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payments

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(m) Employee benefits (Cont'd)

(iii) Share-based payments (Cont'd)

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original terms, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(n) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised in the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Sale of goods

Revenue from sale 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(n) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(b) Rendering of services

Revenue from services is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group and the Company, and the Group and the Company have a present right to payment for the services.

(c) Interest income

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

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(o) Borrowing costs (Cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

3. **Significant Accounting Policies (Cont'd)**

(q) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(r) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(s) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible inro cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

4. **Property, Plant and Equipment**

	Furniture and fittings RM	Computer equipment and software RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
Group						
Cost						
At 1 June 2021	106,387	3,058,302	211,100	781,214	736,145	4,893,148
Additions	-	21,981	-	-	-	21,981
At 31 May 2022	106,387	3,080,283	211,100	781,214	736,145	4,915,129
Accumulated depreciation						
At 1 June 2021	106,352	2,761,725	211,053	781,187	736,137	4,596,454
Charge for the financial year	20	264,986	-	-	-	265,006
At 31 May 2022	106,372	3,026,711	211,053	781,187	736,137	4,861,460
Carrying Amount						
At 31 May 2022	15	53,572	47	27	8	53,669

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

4. **Property, Plant and Equipment (Cont'd)**

	Furniture and fittings RM	Computer equipment and software RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
Group						
Cost						
At 1 June 2020	106,387	3,050,836	211,100	781,214	736,145	4,885,682
Additions	-	7,466	-	-	-	7,466
At 31 May 2021	106,387	3,058,302	211,100	781,214	736,145	4,893,148
Accumulated depreciation						
At 1 June 2020	105,186	2,499,118	211,053	755,544	736,137	4,307,038
Charge for the financial year	1,166	262,607	-	25,643	-	289,416
At 31 May 2021	106,352	2,761,725	211,053	781,187	736,137	4,596,454
Carrying Amount						
At 31 May 2021	35	296,577	47	27	8	296,694

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

4. **Property, Plant and Equipment (Cont'd)**

	Furniture and fittings RM	Computer equipment and software RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
Company						
Cost						
At 1 June 2021	103,487	2,275,401	189,014	708,925	736,145	4,012,972
Additions	-	21,981	-	-	-	21,981
At 31 May 2022	103,487	2,297,382	189,014	708,925	736,145	4,034,953
Accumulated depreciation						
At 1 June 2021	103,458	1,979,314	188,982	708,907	736,137	3,716,798
Charge for the financial year	20	264,986	-	-	-	265,006
At 31 May 2022	103,478	2,244,300	188,982	708,907	736,137	3,981,804
Carrying Amount						
At 31 May 2022	9	53,082	32	18	8	53,149

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

4. **Property, Plant and Equipment (Cont'd)**

	Furniture and fittings RM	Computer equipment and software RM	Office equipment RM	Renovation RM	Electrical equipment RM	Total RM
Company						
Cost						
At 1 June 2020	103,487	2,267,935	189,014	708,925	736,145	4,005,506
Additions	-	7,466	-	-	-	7,466
At 31 May 2021	103,487	2,275,401	189,014	708,925	736,145	4,012,972
Accumulated depreciation						
At 1 June 2020	102,292	1,716,707	188,982	683,264	736,137	3,427,382
Charge for the financial year	1,166	262,607	-	25,643	-	289,416
At 31 May 2021	103,458	1,979,314	188,982	708,907	736,137	3,716,798
Carrying Amount						
At 31 May 2021	29	296,087	32	18	8	296,174

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

5. **Right-of-Use Assets**

	Building RM
Group and Company	
2022	
Cost	
At 1 June 2021/31 May 2022	475,271
Accumulated amortisation	
At 1 June 2021	303,646
Charge for the financial year	158,423
At 31 May 2022	462,069
Carrying amount	
At 31 May 2022	13,202
2021	
Cost	
At 1 June 2020/31 May 2021	475,271
Accumulated amortisation	
At 1 June 2020	145,222
Charge for the financial year	158,424
At 31 May 2021	303,646
Carrying amount	
At 31 May 2021	171,625

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

6. **Intangible Assets**

	Software RM	Development costs RM	Intellectual property rights RM	Total RM
Group				
2022				
Cost				
At 1 June 2021/31 May 2022	28,406,063	4,864,405	15,000,000	48,270,468
Accumulated amortisation				
At 1 June 2021	10,827,108	4,670,526	4,508,175	20,005,809
Charge for the financial year	3,100,706	-	552,049	3,652,755
At 31 May 2022	13,927,814	4,670,526	5,060,224	23,658,564
Accumulated impairment loss				
At 1 June 2021	-	193,879	7,043,874	7,237,753
Charge for the financial year	9,779,334	-	-	9,779,334
At 31 May 2022	9,779,334	193,879	7,043,874	17,017,087
Carrying amount				
At 31 May 2022	4,698,915	-	2,895,902	7,594,817
2021				
Cost				
At 1 June 2020/31 May 2021	28,406,063	4,864,405	15,000,000	48,270,468
Accumulated amortisation				
At 1 June 2020	7,726,388	4,670,526	3,956,126	16,353,040
Charge for the financial year	3,100,720	-	552,049	3,652,769
At 31 May 2021	10,827,108	4,670,526	4,508,175	20,005,809
Accumulated impairment loss				
At 1 June 2020/31 May 2021	-	193,879	7,043,874	7,237,753
Carrying amount				
At 31 May 2021	17,578,955	-	3,447,951	21,026,906

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

6. **Intangible Assets (Cont'd)**

	Software RM	Development costs RM	Intellectual property rights RM	Total RM
Company				
2022				
Cost				
At 1 June 2021/31 May 2022	17,363,746	3,867,003	15,000,000	36,230,749
Accumulated amortisation				
At 1 June 2021	7,685,220	3,673,124	4,508,175	15,866,519
Charge for the financial year	2,076,090	-	552,049	2,628,139
At 31 May 2022	9,761,310	3,673,124	5,060,224	18,494,658
Accumulated impairment loss				
At 1 June 2021	-	193,879	7,043,874	7,237,753
Charge for the financial year	2,903,521	-	-	2,903,521
At 31 May 2022	2,903,521	193,879	7,043,874	10,141,274
Carrying amount				
At 31 May 2022	4,698,915	-	2,895,902	7,594,817
2021				
Cost				
At 1 June 2020/31 May 2021	17,363,746	3,867,003	15,000,000	36,230,749
Accumulated amortisation				
At 1 June 2020	5,609,118	3,673,124	3,956,126	13,238,368
Charge for the financial year	2,076,102	-	552,049	2,628,151
At 31 May 2021	7,685,220	3,673,124	4,508,175	15,866,519
Accumulated impairment loss				
At 1 June 2020/31 May 2021	-	193,879	7,043,874	7,237,753
Carrying amount				
At 31 May 2021	9,678,526	-	3,447,951	13,126,477

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

6. **Intangible Assets (Cont'd)**

Assessment of impairment on intangible assets

The recoverable amounts of the intangible assets at the end of the financial year is determined from value-in-use ("VIU") calculations by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU").

The recoverable amount of intangible assets was reviewed. The recoverable amount is determined from a VIU calculation using cash flow projections approved by the management covering the period until the intangible assets are fully amortised.

The key assumptions used for value-in-use calculations are based on future projection of the Group as follows:

	2022	**2021**
	%	%
Gross profit margin	37	49
Growth rate	3	5
Discount rate	14	16

(i) Growth rate - The growth rate is based on industry growth forecasts.

(ii) Pre-tax discount rate - The rate that reflect specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on both external sources and internal sources.

Based on the impairment assessment, the timing of the cash flow projections is affected due to the current market condition. As a result, the recoverable amount is lower than the carrying amount of the CGU. An impairment loss of the Group and of the Company are RM9,779,334 and RM2,903,521, respectively is recognised during the financial year.

The Group's and the Company's impairment assessment includes an assessment of changes in key assumptions. Any changes in the key assumption may result in a change of the impairment loss as set out below:

- An increase of 1.0% point in the discount rate used would have increased the impairment loss by RM328,098.
- A decrease of 1.0% point in the growth rate used would have increased the impairment loss by RM609,510.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

7. Investment in Subsidiary Companies

	Company 2022 RM	Company 2021 RM
In Malaysia		
Unquoted shares, at cost	100,006	100,006
Less: Accumulated impairment losses	(99,999)	(99,999)
	7	7

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

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	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 Islands	100	100	Mobile healthcare services provider

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

8. **Trade Receivables**

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Non-current				
Trade receivable:				
- Company in which certain Directors of the company have substantial financial interest	9,675,439	-	-	-
Less: Accumulated impairment losses	(621,279)	-	-	-
	9,054,160	-	-	-
Current				
Trade receivables:				
- Third parties	23,643,059	20,293,070	598,080	611,668
- Company in which certain Directors of the company have substantial financial interest	1,936,401	14,637,305	-	-
	25,579,460	34,930,375	598,080	611,668
Less: Accumulated impairment losses	(23,346,688)	(9,213,920)	(239,981)	(239,981)
	2,232,772	25,716,455	358,099	371,687
	11,286,932	25,716,455	358,099	371,687

The Group's normal trade credit terms range from 30 to 60 days (2021: 30 to 60 days). Other credit terms are determined on a case-to-case basis. Trade receivables are not secured by any collateral or credit enhancements.

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At the beginning of financial year	9,213,920	17,926,426	239,981	2,709,404
Impairment losses recognised	13,837,377	1,339,831	-	-
Impairment losses reversed	-	(9,056,601)	-	(2,093,305)
Amount written off	-	(317,500)	-	(317,500)
Exchange differences	916,670	(678,236)	-	(58,618)
At the end of financial year	23,967,967	9,213,920	239,981	239,981

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

8. **Trade Receivables (Cont'd)**

The aged analysis of the trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2022			
Neither past due not impaired	399,042	(25,948)	373,094
Past due:			
Less than 30 days	372,385	(21,949)	350,436
31-60 days	352,671	(20,788)	331,883
61-90 days	354,861	(20,915)	333,946
91 to 120 days	332,956	(19,622)	313,334
More than 120 days	10,207,050	(622,811)	9,584,239
	11,619,923	(706,085)	10,913,838
	12,018,965	(732,033)	11,286,932
Credit impaired:			
Individually impaired	23,235,934	(23,235,934)	-
	35,254,899	(23,967,967)	11,286,932
2021			
Neither past due not impaired	1,114,779	(269,518)	845,261
Past due:			
Less than 30 days	971,141	(244,003)	727,138
31 to 60 days	1,054,341	(267,345)	786,996
61 to 90 days	5,987,050	(1,531,896)	4,455,154
91 to 120 days	5,161,250	(1,332,465)	3,828,785
More than 120 days	17,141,181	(2,068,060)	15,073,121
	30,314,963	(5,443,769)	24,871,194
	31,429,742	(5,713,287)	25,716,455
Credit impaired:			
Individually impaired	3,500,633	(3,500,633)	-
	34,930,375	(9,213,920)	25,716,455

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

8. **Trade Receivables (Cont'd)**

The aged analysis of the trade receivables as at the end of the reporting period: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Company			
2022			
Neither past due not impaired	6,943	(2,838)	4,105
Past due:			
More than 120 days	398,807	(44,813)	353,994
	405,750	(47,651)	358,099
Credit impaired:			
Past due more than 120 days	192,330	(192,330)	-
	598,080	(239,981)	358,099
2021			
Neither past due not impaired	43,510	(2,838)	40,672
Past due:			
More than 120 days	375,828	(44,813)	331,015
	419,338	(47,651)	371,687
Credit impaired:			
Past due more than 120 days	192,330	(192,330)	-
	611,668	(239,981)	371,687

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 May 2022, trade receivables of the Group and the Company amounting to RM10,913,838 and RM353,994 (2021: RM24,871,194 and RM331,015) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM23,235,934 and RM192,330 (2021: RM3,500,633 and RM192,330) respectively, relate to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debt recovery process.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

9. Other Receivables

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Other receivables	-	185,502	-	185,502
Less: impairment loss of other receivables	-	(185,502)	-	(185,502)
	-	-	-	-
Deposits	68,265	66,088	67,965	65,788
Prepayments	32,681	5,276	32,681	5,276
	100,946	71,364	100,646	71,064
	100,946	71,364	100,646	71,064

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At beginning of financial year	185,502	185,502	185,502	185,502
Impairment losses reversed	(185,502)	-	(185,502)	-
At end of financial year	-	185,502	-	185,502

10. Amount due from/(to) subsidiary companies

	Note	Company 2022 RM	Company 2021 RM
Amount due from subsidiary companies		14,288,398	8,272,287
Amount due to subsidiary companies	(a)	(8,070,572)	(8,270,572)

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

	Company 2022 RM	Company 2021 RM
Amount due from subsidiary companies	14,585,325	14,385,325
Less: Allowance of impairment loss	(13,376,570)	(13,376,570)
	1,208,755	1,008,755
Amount due to subsidiary companies	(9,279,327)	(9,279,327)
	(8,070,572)	(8,270,572)

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

10. **Amount due from/(to) subsidiary companies (Cont'd)**

The amount due from/(to) subsidiary companies are non-interest bearing, unsecured and repayable on demand.

11. **Cash and Cash Equivalents**

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash and bank balances	11,438,610	7,598,038	5,667,692	6,742,474
Fixed deposit with licensed bank	4,048,339	11,047,641	4,048,339	11,047,641
	15,486,949	18,645,679	9,716,031	17,790,115

Deposits of the Group and Company have a maturity period of 1 month (2021: 1 month) and the effective interest rates are of 1.30% - 1.45% (2021: 2.80% - 3.10%) respectively.

12. **Share Capital**

	Group and Company			
	2022 Units	**2021 Units**	**2022 RM**	**2021 RM**
Ordinary shares issued and fully paid:				
At the beginning of financial year	621,877,450	464,032,875	45,912,396	21,761,860
Issue of shares pursuant to private placement	-	137,004,575	-	20,762,090
Issue of shares pursuant to exercise of ESOS	-	20,840,000	-	3,388,446
At the end of financial year	621,877,450	621,877,450	45,912,396	45,912,396

In previous financial year, the ordinary share capital of the Company was increased from 464,032,875 units to 621,877,450 units by way of issuance of new ordinary shares pursuant to the following:

(a) Private placement of 25,000,000 new ordinary shares of RM0.1223 each;

(b) Private placement of 10,600,000 new ordinary shares of RM0.1297 each;

(c) Private placement of 58,704,575 new ordinary shares of RM0.1421 each;

(d) Private placement of 40,700,000 new ordinary shares of RM0.1855 each;

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

12. **Share Capital (Cont'd)**

(e) Private placement of 2,000,000 new ordinary shares of RM0.2190 each;

(f) 16,540,000 options exercised under ESOS at an exercise price of RM0.0868 each;

(g) 4,200,000 options exercised under ESOS at an exercise price of RM0.1184 each; and

(h) 100,000 options exercised under ESOS at an exercise price of RM0.2164 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

13. **Reserves**

		Group		**Company**	
		2022	**2021**	**2022**	**2021**
	Note	**RM**	**RM**	**RM**	**RM**
Distributable:					
(Accumulated losses)/Retained earnings		(27,985,770)	7,128,892	(30,014,379)	(22,277,895)
Non-distributable:					
Foreign currency translation reserve	(a)	878,488	(11,143)	-	-
ESOS reserve	(b)	6,595,470	6,609,880	6,595,470	6,609,880
		7,473,958	6,598,737	6,595,470	6,609,880
		(20,511,812)	13,727,629	(23,418,909)	(15,668,015)

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

13. **Reserves (Cont'd)**

(b) ESOS 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.

At an Extraordinary General Meeting held on 22 January 2018, the Company's shareholders approved the establishment on an ESOS. The ESOS was implemented on 26 April 2018 for a period of five (5) years and will expire on 25 April 2023.

The salient feature 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 10% of the proposed allocation of the ESOS Options under the Proposed ESOS to be allocated to any eligible person, who, either singly or collectively through persons connected with the eligible person, holds 20% or more of the total number of issued shares of the Company, excluding treasury shares, if any;

(iv) Not more than 50% of the proposed allocation of the ESOS Options under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group;

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

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

13. **Reserves (Cont'd)**

(b) ESOS reserve (Cont'd)

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				
Grant dates	**Exercise price RM**	**At beginning of year**	**Granted**	**Exercised**	**Lapsed**	**At end of year**
2022						
29 April 2020	0.0868	6,400,000	-	-	-	6,400,000
07 October 2020	0.1184	47,032,000	-	-	-	47,032,000
01 December 2020	0.1374	1,500,000	-	-	-	1,500,000
19 March 2021	0.1806	9,000,000	-	-	-	9,000,000
06 April 2021	0.2164	5,900,000	-	-	(100,000)	5,800,000
		69,832,000	-	-	(100,000)	69,732,000
2021						
29 April 2020	0.0868	23,220,000	-	(16,540,000)	(280,000)	6,400,000
07 October 2020	0.1184	-	51,232,000	(4,200,000)	-	47,032,000
01 December 2020	0.1374	-	1,500,000	-	-	1,500,000
19 March 2021	0.1806	-	9,000,000	-	-	9,000,000
06 April 2021	0.2164	-	6,000,000	(100,000)	-	5,900,000
		23,220,000	67,732,000	(20,840,000)	(280,000)	69,832,000

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

13. **Reserves (Cont'd)**

(b) ESOS reserve (Cont'd)

The fair value of share options granted during the financial year was estimated by an independent professional valuer using the Black-Scholes-Merton 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 follows:

Group	**29.4.2020 RM**	**7.10.2020 RM**	**1.12.2020 RM**	**19.3.2021 RM**	**6.4.2021 RM**
Fair value of share options and assumptions					
Weighted average fair value at grant date (RM)	0.06	0.09	0.10	0.12	0.14
Weighted average share price (RM)	0.10	0.13	0.15	0.20	0.24
Expected volatility (%)	105.74	113.32	111.39	108.74	109.07
Option life (years)	3	3	3	3	3
Expected dividends (%)	-	-	-	-	-
Risk-free interest rate (%)	2.60	2.60	2.60	2.60	2.60

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility over the past 3 years, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long-term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Total expenses recognised in profit or loss for share options granted to Directors and employees is in Note 22 to the financial statements.

14. **Deferred Tax Liabilities**

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

	Group		**Company**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Deferred tax assets	(2,342,976)	(2,452,001)	(1,204,981)	(1,482,353)
Deferred tax liabilities	2,342,976	2,452,001	(1,204,981)	1,482,353
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

14. Deferred Tax Liabilities (Cont'd)

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

	Temporary differences arising from property, plant and equipment RM	Unutilised tax losses and capital allowances RM	Impairment losses on trade receivables RM	Total RM
Group				
Deferred tax assets				
At 1 June 2021	-	(1,600,413)	(851,588)	(2,452,001)
Recognised in profit or loss	-	45,927	-	45,927
Under provision in prior years	-	63,098	-	63,098
At 31 May 2022	-	(1,491,388)	(851,588)	(2,342,976)
At 1 June 2020	-	(992,798)	(1,643,318)	(2,636,116)
Recognised in profit or loss	-	(607,615)	791,730	184,115
At 31 May 2021	-	(1,600,413)	(851,588)	(2,452,001)
Deferred tax liabilities				
At 1 June 2021	2,452,001	-	-	2,452,001
Recognised in profit or loss	(45,927)	-	-	(45,927)
Under provision in prior years	(63,098)	-	-	(63,098)
At 31 May 2022	2,342,976	-	-	2,342,976
At 1 June 2020	2,636,116	-	-	2,636,116
Recognised in profit or loss	(184,115)	-	-	(184,115)
At 31 May 2021	2,452,001	-	-	2,452,001

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

14. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

	Temporary differences arising from property, plant and equipment RM	Unutilised tax losses and capital allowances RM	Impairment losses on trade receivables RM	Total RM
Company				
Deferred tax assets				
At 1 June 2021	-	(1,424,758)	(57,595)	(1,482,353)
Recognised in profit or loss	-	233,135	-	233,135
Under provision in prior years	-	44,237	-	44,237
At 31 May 2022	-	(1,147,386)	(57,595)	(1,204,981)
At 1 June 2020	-	(992,798)	(650,257)	(1,643,055)
Recognised in profit or loss	-	(431,960)	592,662	160,702
At 31 May 2021	-	(1,424,758)	(57,595)	(1,482,353)
Deferred tax liabilities				
At 1 June 2021	1,482,353	-	-	1,482,353
Recognised in profit or loss	(233,135)	-	-	(233,135)
Under provision in prior years	(44,237)	-	-	(44,237)
At 31 May 2022	1,204,981	-	-	1,204,981
At 1 June 2020	1,643,055	-	-	1,643,055
Recognised in profit or loss	(160,702)	-	-	(160,702)
At 31 May 2021	1,482,353	-	-	1,482,353

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

14. **Deferred Tax Liabilities (Cont'd)**

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Unabsorbed capital allowances	2,809,361	528,857	1,942,010	528,857
Unabsorbed tax losses	13,768,657	12,128,166	13,682,369	12,083,706
	16,578,018	12,657,023	15,624,379	12,612,563
Unrecognised deferred tax assets at 24% (2021: 24%)	3,978,725	3,037,686	3,749,851	3,027,015

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The unutilised capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the Group and of the Company, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2029) under the current tax legislation. The unutilised capital allowances and other temporary differences do not expire under current tax legislation.

The unused tax losses for which no deferred tax assets have been recognised are available for offset against future taxable profits of the Group and of the Company up to the following financial years:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Years of assessment				
- 2031	12,170,443	12,170,443	12,083,706	12,083,706
- 2032	1,958,852	-	1,959,301	-
	14,129,295	12,170,443	14,043,007	12,083,706

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

15. Trade Payables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current	-	98,187	-	98,187
Current	9,492,716	6,237,981	1,504,588	1,293,455
	9,492,716	6,336,168	1,504,588	1,391,642

Included in the trade payables is an amount owing to a third party arising from settlement agreement totalling of RM98,187 (2021: RM240,247).

The normal trade credit terms for current trade payables granted to the Group and the Company range from to 30 to 90 days (2021: 30 to 90 days).

16. Lease liabilities

	Group and Company	
	2022 RM	2021 RM
Cost		
At beginning of the financial year	177,466	336,276
Interest expenses	2,900	7,444
Interest payment	(2,900)	(7,444)
Rent concession	-	(16,057)
Repayment	(163,624)	(142,753)
At end of the financial year	13,842	177,466
Minimum lease liabilities repayments		
Within 1 year	13,875	166,523
Later than 1 year but not later than 2 years	-	13,876
	13,875	180,399
Less: Future finance charges	(33)	(2,933)
	13,842	177,466
Present value of minimum lease liabilities repayments		
Within 1 year	13,842	163,622
Later than 1 year but not later than 2 years	-	13,844
	13,842	177,466
Analysed by:		
Current portion	13,842	163,622
Non-current portion	-	13,844
	13,842	177,466

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

16. **Lease liabilities (Cont'd)**

Rates of interest charged per annum:

	Group and Company	
	2022	**2021**
	%	**%**
Lease liabilities owing to non-financial institutions	2.82	2.82

(a) The Group has certain leases of equipment with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

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

	Group and Company	
	2022	**2021**
	RM	**RM**
Depreciation of right-of-use assets	158,423	158,424
Interest on lease liabilities	2,900	7,444
Expenses relating to short-term leases	4,560	3,900
	165,883	169,768

(c) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM166,524 (2021: RM150,197).

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

17. Other Payables

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Other payables		25,411	5,783	11,292	-
Accruals		191,191	195,816	151,567	144,902
Amount due to directors	(a)	23,001	14,473	23,001	14,473
		239,603	216,072	185,860	159,375

(a) Amount due to directors of the Group and the Company are non-interest bearing, unsecured and repayable on demand.

18. Revenue

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At point in time				
Revenue from contracts with customers:				
- Equipment	-	23,806,252	-	267,800
- Services	12,346,797	1,650,924	208,403	1,650,924
	12,346,797	25,457,176	208,403	1,918,724

19. Cost of sales

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchases	10,156,701	9,968,904	-	3,170
Technical support and maintenance	1,000	12,479	1,000	12,479
Others	1,226	300	1,226	250
	10,158,927	9,981,683	2,226	15,899

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

20. Other Income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Interest income	102,502	51,034	102,052	50,891
Gain on foreign exchange:				
- Realised	-	200,792	-	18,742
- Unrealised	259,613	378,296	117,381	378,296
Rent concession	-	16,057	-	16,057
Other income	4	2,007,199	4	1,199
Bad debt recovered	34,924	-	34,924	-
	397,043	2,653,378	254,361	465,185

21. Finance Costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Interest expenses on				
- Bank overdraft	-	3,984	-	2,021
- Accretion of discount on trade payables	97,941	87,216	97,941	87,216
- Lease liabilities	2,900	7,444	2,900	7,444
	100,841	98,644	100,841	96,681

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

22. **(Loss)/Profit Before Tax**

(Loss)/profit before taxation is determined after charging/(crediting):

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audit	144,841	145,000	108,000	108,000
- non-audit services	5,000	5,000	5,000	5,000
Amortisation of:				
- Intangible assets	3,652,755	3,652,769	2,628,139	2,628,151
- Right-of-use assets	158,423	158,424	158,423	158,424
Depreciation of property, plant and equipment	265,006	289,416	265,006	289,416
Directors' remuneration (Note 27)	339,255	279,323	249,600	279,323
ESOS expenses	-	6,584,750	-	6,584,750
Reversal of impairment losses:				
- Trade receivables	-	(9,056,601)	-	(2,093,305)
- Other receivables	(185,502)	-	(185,502)	-
Bad debts recovered	(34,924)	-	(34,924)	-
Impairment losses recognised on:				
- Trade receivables	13,837,377	1,339,831	-	-
- Intangible assets	9,779,334	-	2,903,521	-
Expenses relating to short-term leases:				
- Office equipment	4,560	3,900	4,560	3,900
Loss on foreign exchange:				
- Realised	26,904	108,356	-	81,452
- Unrealised	259,052	303,310	37,844	-
Research and development expenditure	5,911,418	-	-	-
Staff costs (Note 23)	1,194,181	991,127	1,108,490	905,436

23. **Staff Costs**

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	1,113,462	945,738	1,038,942	871,218
Defined contribution plans	80,719	45,389	69,548	34,218
	1,194,181	991,127	1,108,490	905,436

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

24. Tax expense

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Tax expenses recognised in profit or loss				
Current tax:				
- Under provision in prior year	-	120,145	-	-
Tax expense for the financial year	-	120,145	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
(Loss)/profit before tax	(35,129,072)	11,688,255	(7,750,894)	(8,174,710)
At Malaysian statutory tax rate of 24% (2021: 24%)	(8,430,977)	2,805,181	(1,860,215)	(1,961,930)
Tax exempt from foreign income	-	(3,716,791)	-	-
Current year tax losses of a subsidiary not eligible for carry forward	4,624,588	-	-	-
Non-deductible expenses	2,865,350	517,657	1,137,379	491,596
Income not subject to tax	-	(48,190)	-	(4,498)
Utilisation of deferred tax assets not recognised	-	(1,032,689)	-	-
Deferred tax assets not recognised	941,039	1,474,832	722,836	1,474,832
Under provision of income tax in prior year	-	120,145	-	-
	-	120,145	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

25. **(Losses)/Earnings per share**

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022 **RM**	**2021** **RM**
(Loss)/Profit attributable to owners of the company	(35,129,072)	11,568,110
Weighted average number of ordinary shares for basic earnings per share (units)	621,877,450	531,211,152
Basic (losses)/earnings per share (cents)	(5.65)	2.18

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share are calculated based on the adjusted consolidated (loss)/profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2022 **RM**	**2021** **RM**
(Loss)/Profit attributable to owners of the company	(35,129,072)	11,568,110
Weighted average number of ordinary shares for basic earnings per share (units)	621,877,450	531,211,152
Effects of dilution due to ESOS	28,928,251	13,211,141
Adjusted weighted average number of ordinary shares for basic earnings per share (units)	650,805,701	544,422,293
Diluted (losses)/earnings per ordinary share (cents)	(5.40)	2.13

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

26. **Reconciliation of liabilities arising from financing activities**

	At beginning of year RM	Financing cash flows RM	Non-cash changes (i) RM	At end of year RM
Group				
2022				
Lease liabilities	177,466	(166,524)	2,900	13,842
Amount due to directors	14,473	8,528	-	23,001
2021				
Lease liabilities	336,276	(150,197)	(8,613)	177,466
Amount due to directors	618,601	(604,128)	-	14,473

	At beginning of year RM	Financing cash flows RM	Non-cash changes (i) RM	At end of year RM
Company				
2022				
Lease liabilities	177,466	(166,524)	2,900	13,842
Amount due to directors	14,473	8,528	-	23,001
Amount due to subsidiary companies	8,270,572	(200,000)	-	8,070,572
2021				
Lease liabilities	336,276	(150,197)	(8,613)	177,466
Amount due to directors	618,601	(604,128)	-	14,473
Amount due to subsidiary companies	4,281,476	3,989,096	-	8,270,572

(i) Non-cash changes include rent concession and interest expense on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

27. **Significant Related Party Disclosures**

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 10 and 17, the significant related party transactions of the Group and of the Company are as follows:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Transaction a company in which certain directors has substantial interest:				
- Sale of goods	5,112,010	14,671,748	-	-
- Research and development expenditure	5,911,418	-	-	-
- Professional fees	-	23,574	-	23,574

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

27. **Significant Related Party Disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Executive Director				
Salaries, wages and other emoluments	119,652	120,000	30,000	120,000
Defined contribution plans	3,600	15,323	3,600	15,323
Non-executive Directors				
Fees	216,000	144,000	216,000	144,000
	339,252	279,323	249,600	279,323

Compensation of key management personnel comprised all the directors of the Group and of the Company.

28. **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 strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

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 are a whole.

Segment results

Segment performance is used to measure performance as Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

28. **Segment Information (Cont'd)**

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group's Managing Director.

(a) Geographical segments

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue		**Non-current assets**	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Group				
Malaysia	208,403	267,800	7,661,688	21,495,225
Singapore	12,138,394	21,914,501	9,054,160	-
Russia	-	3,274,875	-	-
	12,346,797	25,457,176	16,715,848	21,495,225

Non-current assets for this purpose consist of property, plant and equipment, right of use assets and intangible assets.

(b) Major customer

Revenue from two major customers (2021: two customers) amounting to RM12,138,394 (2021: RM21,914,501) equal or more than 10% of the Group's revenue are as follows:

	2022	**2021**
	RM	**RM**
Customer A	7,026,384	7,242,753
Customer B	5,112,010	14,671,748
	12,138,394	21,914,501

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense including fair value gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost	
	2022	**2021**
	RM	**RM**
Group		
Financial assets		
Trade receivables	11,286,932	25,716,455
Other receivables (excluded prepayments)	68,265	66,088
Deposits with licensed financial institutions	4,048,339	11,047,641
Cash and bank balances	11,438,610	7,598,038
	26,842,146	44,428,222
Financial liabilities		
Trade payables	9,492,716	6,336,168
Other payables	239,603	216,072
Lease liabilities	13,842	177,466
	9,746,161	6,729,706
Company		
Financial assets		
Trade receivables	358,099	371,687
Other receivables (excluded prepayments)	67,965	65,788
Amount due from subsidiary companies	14,288,398	8,272,287
Deposits with licensed financial institutions	4,048,339	11,047,641
Cash and bank balances	5,667,692	6,742,474
	24,430,493	26,499,877
Financial liabilities		
Trade payables	1,504,588	1,391,642
Other payables	185,860	159,375
Amount due to subsidiary companies	8,070,572	8,270,572
Lease liabilities	13,842	177,466
	9,774,862	9,999,055

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Group's and the Company's exposure to credit risk arises principally from trade and other receivables and advances to subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provide unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

The Group's major concentration of credit risk relates to the amounts owing by two customers (2021: two customers) amounted to RM11,224,209 (2021: RM21,914,501 which constituted approximately 99% (2021: 85%) of its trade receivables as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. 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's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2022					
Non-derivative financial liabilities					
Trade payables	9,541,256	-	-	9,541,256	9,492,716
Other payables	239,603	-	-	239,603	239,603
Lease liabilities	13,875	-	-	13,875	13,842
	9,794,734	-	-	9,794,734	9,746,161
2021					
Non-derivative financial liabilities					
Trade payables	6,335,921	176,728	-	6,512,649	6,336,168
Other payables	216,072	-	-	216,072	216,072
Lease liabilities	166,523	13,876	-	180,399	177,466
	6,718,516	190,604	-	6,909,120	6,729,706

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay: (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2022					
Non-derivative financial liabilities					
Trade payables	1,583,128	-	-	1,583,128	1,504,588
Other payables	185,860	-	-	185,860	185,860
Amount due to subsidiary companies	8,070,572	-	-	8,070,572	8,070,572
Lease liabilities	13,875	-	-	13,875	13,842
	9,853,435	-	-	9,853,435	9,774,862
2021					
Non-derivative financial liabilities					
Trade payables	1,391,395	176,728	-	1,568,123	1,391,642
Other payables	159,375	-	-	159,375	159,375
Amount due to subsidiary companies	8,270,572	-	-	8,270,572	8,270,572
Lease liabilities	166,523	13,876	-	180,399	177,466
	9,987,865	190,604	-	10,178,469	9,999,055

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD").

The Group and the Company has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group and the Company will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities of the reporting period are as follows:

	USD RM	**EURO RM**	**SGD RM**	**Total RM**
Group				
2022				
Cash and bank balances	889,887	131,014	10,079,811	11,100,712
Trade receivables	11,225,585	-	-	11,225,585
Trade payables	(9,160,314)	-	-	(9,160,314)
	2,955,158	131,014	10,079,811	13,165,983
2021				
Cash and bank balances	847,939	139,806	4,997,986	5,985,731
Trade receivables	25,612,011	-	-	25,612,011
Other receivables	1,376	-	-	1,376
Trade payables	(2,898,659)	-	(296)	(2,898,955)
	23,562,667	139,806	4,997,690	28,700,163

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities of the reporting period are as follows: (Cont'd)

	USD RM	EURO RM	SGD RM	Total RM
Company				
2022				
Cash and bank balances	135,196	122,361	5,096,927	5,354,484
Trade receivables	296,751	-	-	296,751
Trade payables	(1,219,970)	-	-	(1,219,970)
	(788,023)	122,361	5,096,927	4,431,265
2021				
Cash and bank balances	127,372	131,153	4,976,371	5,234,896
Trade receivables	268,618	-	-	268,618
Trade payables	(892,171)	-	(296)	(892,467)
	(496,181)	131,153	4,976,075	4,611,047

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, EURO and SGD exchange rates against RM, with all other variables held constant.

Group	**Change in currency rate**	**2022 Effect on profit before tax RM**	**2021 Effect on loss before tax RM**
USD	Strengthen 10% (2020: 10%)	295,516	2,356,267
	Weakened 10% (2020: 10%)	(295,516)	(2,356,267)
EURO	Strengthen 10% (2020: 10%)	13,101	13,981
	Weakened 10% (2020: 10%)	(13,101)	(13,981)
SGD	Strengthen 10% (2020: 10%)	1,007,981	499,769
	Weakened 10% (2020: 10%)	(1,007,981)	(499,769)

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, EURO and SGD exchange rates against RM, with all other variables held constant. (Cont'd)

Company	**Change in currency rate**		**2022 Effect on profit before tax RM**	**2021 Effect on loss before tax RM**
USD	Strengthen 10%	(2020: 10%)	(78,802)	(49,618)
	Weakened 10%	(2020: 10%)	78,802	49,618
EURO	Strengthen 10%	(2020: 10%)	12,236	13,115
	Weakened 10%	(2020: 10%)	(12,236)	(13,115)
SGD	Strengthen 10%	(2020: 10%)	509,693	497,608
	Weakened 10%	(2020: 10%)	(509,693)	(497,608)

(ii) Interest rate risk

The Company's fixed rate deposits placed with licensed financial institutions are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group's and the Company's fixed rate deposit with licensed financial institution and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting period was:

	Group and Company	
	2022	**2021**
	RM	**RM**
Fixed rate instruments		
Financial assets	4,048,339	11,047,641
Financial liability	(13,842)	(177,466)
	4,034,497	10,870,175

The Group and the Company do not account for any fixed rate financial assets and liability at fair value through profit or loss. Therefore, a charge in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value						Total	Carrying
	Level 1	**Total**	**Level 2**	**Total**	**Level 3**	**Total**	**fair value**	**amount**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group								
2021								
Financial liabilities								
Trade payables	-	-	-	-	98,187	98,187	98,187	98,187
Lease liabilities	-	-	-	-	13,844	13,844	13,844	13,844

29. **Financial Instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Fair value of financial instruments not carried at fair value						**Total fair value**	**Carrying amount**
	Level 1	**Total**	**Level 2**	**Total**	**Level 3**	**Total**		
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Company								
2021								
Financial liabilities								
Trade payables	-	-	-	-	98,187	98,187	98,187	98,187
Lease liabilities	-	-	-	-	13,844	13,844	13,844	13,844

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

29. **Financial Instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

30. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

30. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	15	9,492,716	6,336,168	1,504,588	1,391,642
Other payables	17	239,603	216,072	185,860	159,375
Lease liabilities	16	13,842	177,466	13,842	177,466
		9,746,161	6,729,706	1,704,290	1,728,483
Less: Cash and bank balances and fixed deposits	11	(15,486,949)	(18,645,679)	(9,716,031)	(17,790,115)
		(5,740,788)	(11,915,973)	(8,011,741)	(16,061,632)
Total equity		25,400,584	59,640,025	22,493,487	30,244,381
Gearing ratio (times)		#	#	#	#

\# Gearing ratio is not applicable as the Group and the Company has sufficient cash and cash equivalent to settle the outstanding debt.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2022 CONT'D

31. **Significant Events**

Prior to the financial year, on 9 April 2021, the Company entered into a Memorandum of Understanding ("MOU") with Russia Direct Investment Fund ("RDIF") for management of manufacturing of Sputnik V Vaccines for the quantity of not less than 100 million dosses and not more than 1 billion doses per annum for the first 2 years. On 19 May 2021, the Board of Directors of the Company announced that the Company had signed an MOU with two contract manufacturers in China and secured the capacity to produce Sputnik V Vaccines of total no less than 312 million doses up to 960 million doses for a period of 24 months.

On 9 June 2021, the Company had entered into a MOU with an additional new contract manufacturer in China and secured the capacity to produce the Sputnik V Vaccines of up to 100 million dosses per year for the period of two years.

On 6 September 2021, UCrest Technology Ltd ("UTL"), a wholly owned subsidiary of the Company, entered into a Master Service Agreement with Limited Liability Company "Human Vaccine" ("Human Vaccine"), a wholly owned subsidiary of RDIF for production of Sputnik V vaccines, following the MOU signed between the Company and RDIF.

On 21 May 2022, the Company and RDIF have mutually agreed to terminate the MOU due to rapid decline of the market demand. Consequent thereto, UTL had on 21 May 2022 executed a supplementary agreement with Human Vaccine for the termination of the Sputnik V Vaccine project.

The agreement has yet to be commenced, thus, there is no effect to the financial statements during the financial year.

32. **Subsequent Events**

(a) On 20 July 2022, the Company had signed a Service Level Agreement ("SLA") with Malaysian Genomic Resources Centre Berhad ("MGRC") to integrate genome services into digital health platform, iMedic, elevating the healthcare services to the next level.

(b) On 16 August 2022, the eligible employees who have accepted the options offered, had voluntarily surrendered their unexercised options under the ESOS totaling to 63,332,000 options. The Option Committee had accepted the aforesaid surrender of options and approved the termination of 63,332,000 options under the ESOS arising from the surrender of options in accordance with the By-Laws of the ESOS.

33. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2022.

SHAREHOLDING STATISTICS

Paid up Capital : RM41,864,258.11 comprising of 621,877,450 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

As at 01 September 2022

Size of Holdings	No. of Share Holders	% of Share Holders	No. of Share Held	% of Share Held
1 - 99	87	0.765	3,771	0.000
100 - 1,000	1,180	10.380	633,900	0.101
1,001 - 10,000	4,517	39.737	28,309,853	4.552
10,001 - 100,000	4,826	42.456	175,334,100	28.194
100,001 – 31,093,871 (*)	756	6.650	328,324,399	52.795
31,093,872 and above (**)	1	0.008	89,271,427	14.355
Total:	11,367	100.00	621,877,450	100.00

Remark: * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS

As at 01 September 2022 (As per the Register of Substantial Shareholders)

No.	Directors	Direct Shareholdings		Indirect Shareholdings	
		No. of Share Holders	%	No. of Share Held	%
1.	EG KAH YEE	89,271,427	14.355	2,000,002[(a)]	0.321
2.	EG KAA CHEE	2,000,002	0.321	89,271,427[(b)]	14.355

DIRECTORS' SHAREHOLDINGS

As at 01 September 2022 (As per the Register of Directors' Shareholding)

No.	Directors	Direct Shareholdings		Indirect Shareholdings		No. of Share Options under the Employee Share Option Scheme
		No. of Shares Held	%	No. of Shares Held	%	
1.	ABDUL RAZAK BIN DATO' HAJI IPAP	–	–	–	–	–
2.	CHUAN TSUI JU	1,500,750	0.241	–	–	–
3.	DATO' DR. MOHD FIKRI BIN ABDULLAH	–	–	–	–	–
4.	EG KAA CHEE	2,000,002	0.321	89,271,427[(b)]	14.355	–
5.	EG KAH YEE	89,271,427	14.355	2,000,002[(a)]	0.321	–
6.	PROF. LOW TECK SENG	–	–	–	–	2,000,000
7.	N CHANTHIRAN A/L NAGAPPAN	–	–	–	–	–

Note:-
(a) Deemed interested through his brother Eg Kaa Chee
(b) Deemed interested through his brother Eg Kah Yee

SHAREHOLDING STATISTICS CONT'D

THIRTY LARGEST SHAREHOLDERS
As at 01 September 2022

No.	Shareholders	No. of Shares	%
1	EG KAH YEE	89,271,427	14.355
2	NG GEOK LUI	20,564,975	3.306
3	UNITED CREST EQUITY LIMITED	19,439,400	3.125
4	LIM LAE YONG	19,372,300	3.115
5	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	9,500,000	1.527
6	LEE KIN HIN	8,373,745	1.346
7	SUA TIEN FONG	4,849,100	0.779
8	HONG MUN KUN	4,466,000	0.718
9	LEE KIM SOON	4,039,400	0.649
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOO SAW ENG (E-SPT/MIN)	4,000,000	0.643
11	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LOO SAW ENG	3,100,000	0.498
12	SUA YONG CHIN	3,000,000	0.482
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD NEOH ANG HING	2,620,000	0.421
14	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BOCI SECURITIES LTD (CLIENTS A/C)	2,500,000	0.402
15	TEH BOON KING	2,423,400	0.389
16	YONG SIW YA	2,208,300	0.355
17	TEO HUR TEAN	2,168,000	0.348
18	LIEW THAU SEN	2,023,600	0.325
19	EG KAA CHEE	2,000,002	0.321
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAN TSUI JU (E-SS2)	1,500,750	0.241
21	LEE ENG CHUAN	1,500,000	0.241
22	THONG KOOI PIN	1,500,000	0.241
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KING KIONG (8081964)	1,458,100	0.234
24	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THONG MEI CHIN (MY1346)	1,450,000	0.233
25	WONG SAM MENG	1,400,000	0.225
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA SWEE PUAN (E-KTN)	1,370,000	0.220
27	VICTOR CHAI CHENG WAH	1,332,000	0.214
28	YEW KONG LEE	1,286,500	0.206
29	NGUYEN THI PHUONG	1,250,000	0.201
30	K MAYAH A/P KUPPUSAMY @ NAGHURAN	1,240,000	0.199

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at UCrest's Headoffice at Lot 6.04, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 25 November 2022 at 11.00 a.m. to transact the following businesses:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 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 RM339,304 for the period from 1 June 2022 until the next Annual General Meeting of the Company. **(Resolution 1)** (Please refer to Explanatory Note 2)

3. To re-elect Eg Kah Yee who retires pursuant to Clause 76(3) of the Company's Constitution. **(Resolution 2)** (Please refer to Explanatory Note 3)

4. To re-elect Chuan Tsui Ju who retires pursuant to Clause 76(3) of the Company's Constitution. **(Resolution 3)** (Please refer to Explanatory Note 3)

5. To re-elect N Chanthiran A/L Nagappan who retires pursuant to Clause 78 of the Company's Constitution. **(Resolution 4)** (Please refer to Explanatory Note 3)

6. To re-appoint Messrs UHY 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:-

7. **SPECIAL RESOLUTION**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 **(Resolution 6)** (Please refer to Explanatory Note 4)

   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company.

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution I – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING CONT'D

8. **ORDINARY RESOLUTION I**
AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

(Resolution 7)
(Please refer to Explanatory Note 5)

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING CONT'D

9. **ORDINARY RESOLUTION II** **(Resolution 8)**
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Please refer to Explanatory Note 6)

"THAT subject to passing of Resolution 3, approval be and is hereby given to Chuan Tsui Ju, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

10. **ORDINARY RESOLUTION III** **(Resolution 9)**
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR 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 2022 ("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");

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;

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. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING CONT'D

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 2022

NOTES:-

(i) IMPORTANT NOTICE FOR VIRTUAL MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the General Meeting to be present at the main venue of the meeting.

*Shareholders **WILL NOT BE ALLOWED** to attend this General Meeting in person at the Broadcast Venue on the day of the General Meeting. Therefore, shareholders are strongly advised to participate and vote remotely at the General Meeting through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company.*

Please read these Notes carefully and follow the procedures in the Administrative Guide for the General Meeting in order to participate remotely.

(ii) 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 16 November 2022. 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, 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 Wednesday, 23 November 2022 at 11.00 a.m.*

NOTICE OF TWENTY-FIFTH 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 the 2022 Annual Report.

The Director's fees proposed under Resolution 1 is to facilitate the payment of Directors' fees for the period from 1 June 2022 until the next Annual General Meeting of the Company, 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 Directors

Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twenty-Fifth Annual General Meeting.

The Board has through the Nomination Committee ("NC"), considered the assessment of Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan and agreed that they met the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors. The abovementioned Directors have also met the relevant requirements under the fit and proper assessment and the NC is satisfied with the outcome of the fit and proper assessment. The NC is also of the view that N Chanthiran A/L Nagappan who was recently appointed to the Board on 26 August 2022, would be able to provide valuable contributions to the Company based on his background, skills and experience in the fields of accounting, audit and corporate finance. The Board supports and recommended the abovementioned Directors to be re-elected as Directors of the Company.

The above assessment has been disclosed in the Corporate Governance Overview Statement of the Company's 2022 Annual Report.

4. SPECIAL RESOLUTION
Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

5. ORDINARY RESOLUTION I
Resolution Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution proposed under Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate").

Subject to passing the Special Resolution on the waiver for pre-emptive rights under Section 85 of the Companies Act 2016, the Ordinary Resolution proposed under Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company ("Proposed General Mandate").

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Twenty-Fourth Annual General Meeting.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING CONT'D

6. **ORDINARY RESOLUTION II**
Continuation in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that annual 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.

Chuan Tsui Ju was appointed to the Board on 22 November 2013 and therefore will serve the Company as Independent Non-Executive Director for more than nine (9) years as at the date of the Twenty-Fifth Annual General Meeting. The Board has via the Nomination Committee assessed the independence of Chuan Tsui Ju and recommended that she continues to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of Chuan Tsui Ju are set out in the Corporate Governance Overview Statement of the 2022 Annual Report.

The Ordinary Resolution proposed under Resolution 8 if passed, will enable Chuan Tsui Ju to continue to act as an Independent Non-Executive Director of the Company.

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking annual shareholders' approval for this resolution.

7. **ORDINARY RESOLUTION III**
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or 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 2022 for information on the recurrent related party transactions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

There are no individuals standing for election/appointment as Directors at the Twenty-Fifth Annual General Meeting ("AGM").

The Directors who are standing for re-election at the AGM are Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan whose profiles are set out on pages 3, 4 and 5 of the 2022 Annual Report.

The Board has through the Nomination Committee ("NC"), considered the assessment of Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan and agreed that they met the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors. The abovementioned Directors have also met the relevant requirements under the fit and proper assessment and the NC is satisfied with the outcome of the fit and proper assessment. The NC is also of the view that N Chanthiran A/L Nagappan who was recently appointed to the Board on 26 August 2022, would be able to provide valuable contributions to the Company based on his background, skills and experience in the fields of accounting, audit and corporate finance.

Having considered the above, the Board supports and recommended the re-election of Eg Kah Yee, Chuan Tsui Ju and N Chanthiran A/L Nagappan as Directors of the Company.

General Mandate for Issue of Securities

Kindly refer to items 4 and 5 of the Explanatory Note on Ordinary/Special Business as contained in the Notice of AGM.

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UCREST BERHAD
Registration No. 199701004560 (420056-K)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.
No. of shares held

*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-Fifth Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at UCrest's Headoffice at Lot 6.04, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 25 November 2022 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 period from 1 June 2022 until the next Annual General Meeting of the Company.	(Resolution 1)		
2.	To re-elect Eg Kah Yee who retires under Clause 76(3) of the Company's Constitution.	(Resolution 2)		
3.	To re-elect Chuan Tsui Ju who retires under Clause 76(3) of the Company's Constitution.	(Resolution 3)		
4.	To re-elect N Chanthiran A/L Nagappan who retires under Clause 78 of the Company's Constitution.	(Resolution 4)		
5.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Resolution 5)		
AS SPECIAL BUSINESS				
6.	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016.	(Resolution 6)		
7.	To authorise Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	(Resolution 7)		
8.	To approve Chuan Tsui Ju 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)		

[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 _________________ 2022.

____
Signature of Shareholder/Common Seal
Contact No.

** Manner of execution:*
(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.*

Notes:-

1. ***IMPORTANT NOTICE FOR VIRTUAL MEETING***
 The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the General Meeting to be present at the main venue of the meeting.
 *Shareholders **WILL NOT BE ALLOWED** to attend this General Meeting in person at the Broadcast Venue on the day of the General Meeting. Therefore, shareholders are strongly advised to participate and vote remotely at the General Meeting through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company.*
 Please read these Notes carefully and follow the procedures in the Administrative Guide for the General Meeting in order to participate remotely.
2. *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 16 November 2022. 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.*
3. *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.*
4. *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.*
5. *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.*
6. *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.*
7. *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.*
8. *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.*
9. *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 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.*
10. *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.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is Wednesday, 23 November 2022 at 11.00 a.m.*

Fold this flap for sealing

Then fold here

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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