MLABS SYSTEMS BERHAD
200401014724 (653227-V)

ANNUAL REPORT 2020

Your Choice
Solution Partner,
Always!

MLABS SYSTEMS BERHAD
200401014724 (653227-V)

MISSION

We strive to:
- Always listen and understand your challenges and needs
- Recommend the best-fit solution for you that **JUST WORKS**
- Gives you competitive advantage in your line of business
- Be with you in your journey towards sustained excellence

VALUES

Putting all our **HEART**s into everything we do

H - Heuristic

E - Empathy

A - Adaptable

R - Resourceful

T - Tenacious

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BOARD OF DIRECTORS

General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)
Independent Non-Executive Director/Chairman

Mejar Dato' Ismail bin Ahmad (R)
Non-Independent Non-Executive Director

Ong Tee Kein
Non-Independent Non-Executive Director

Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

Chuah Hoon Hong *(appointed on 26.02.2020)*
Independent Non-Executive Director

Tan Sik Eek
Executive Director

AUDIT COMMITTEE

Chairman
Chuah Hoon Hong
(appointed 26.02.2020)
Independent Non-Executive Director

Member
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)
Independent Non-Executive Director

Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

NOMINATING COMMITTEE

Chairman
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)
Independent Non-Executive Director

Member
Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

Chuah Hoon Hong
(appointed 26.02.2020)
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

Member
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)
Independent Non-Executive Director

Chuah Hoon Hong
(appointed 26.02.2020)
Independent Non-Executive Director

SECRETARIES

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

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

REGISTERED OFFICE

22-09, Menara 1MK,
No. 1, Jalan Kiara, Mont Kiara,
50480 Kuala Lumpur,
Wilayah Persekutan.
Tel: 03-2856 7333

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

AUDITORS

Messrs PKF (AF 0911)
Level 33, Menara 1MK,
Kompleks 1 Mont' Kiara,
No.1, Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur.
Tel: 03-6203 1888
Fax: 03-6201 8880

INTERNAL AUDITORS

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A-2-29, IOI Boulevard, Jln. Kenari 5,
Bdr. Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan.
Tel: 03-8071 6488
Fax: 03-8076 9188

PRINCIPAL PLACE OF BUSINESS

Lot 10.3, 10th Floor,
Menara Lien Hoe, No. 8,
Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-7887 2896
Fax: 03-7887 1896
Email: enquiry@mlabs.com
Website: www.mlabs.com

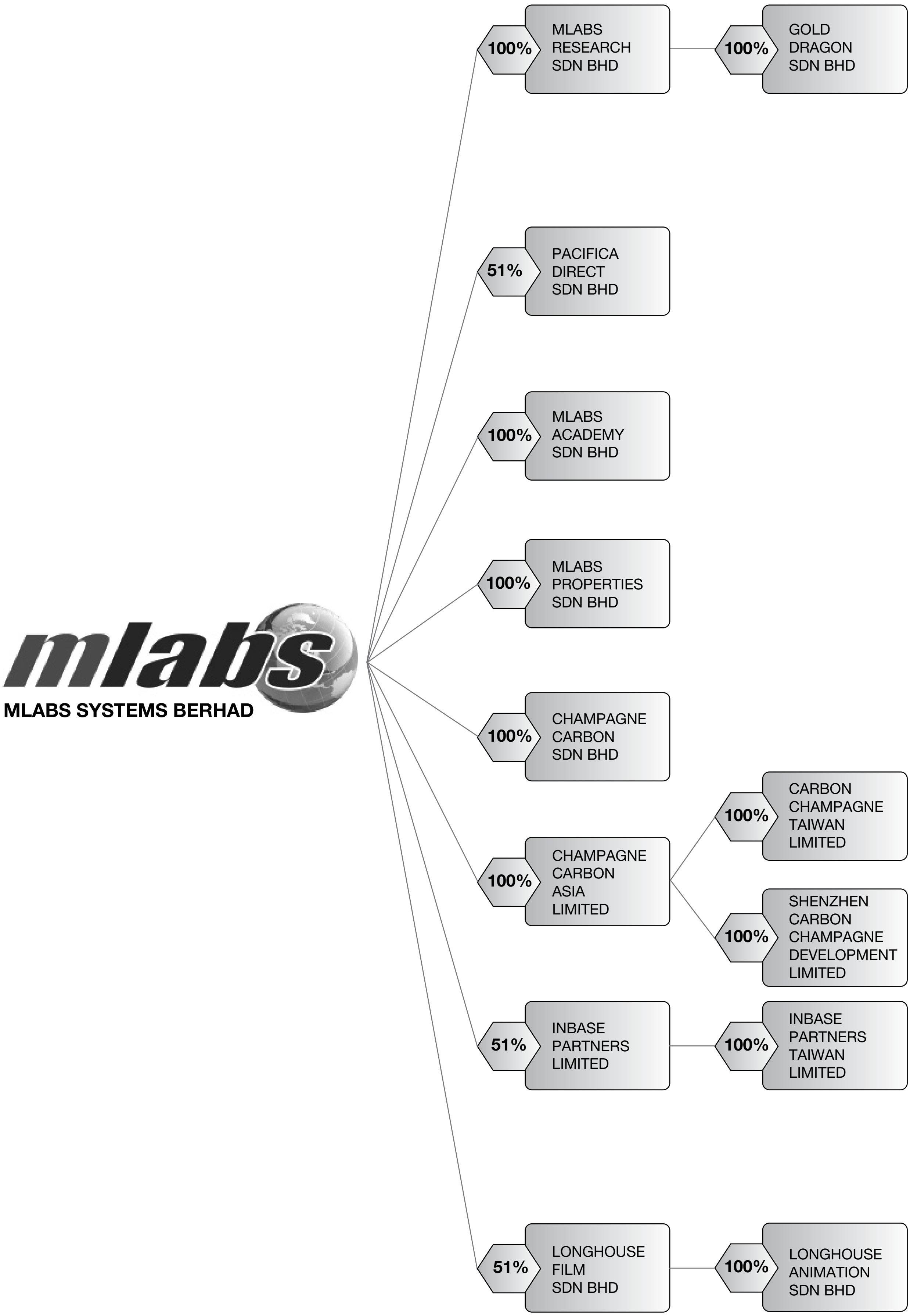
PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd
Public Bank Berhad

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
STOCK NAME : MLAB
STOCK CODE : 0085

CORPORATE STRUCTURE



Officially become subsidiaries 10.8.2020

PROFILE OF THE BOARD OF DIRECTORS

Name	**:**	**General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd)**
Age	:	73
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Independent Non-Executive Director / Chairman
Qualification	:	He holds the following qualifications:- a) Graduate of Royal New Zealand Air Force and Staff College b) Post graduate Diploma in Business Administration c) Master Degree in Operational Research and Systems Analysis from University of Aston in Birmingham, United Kingdom.
Working Experience	:	General Tan Sri Dato' Sri Hj. Suleiman was appointed to the Board on 14 October 2009. He has joined the Federation Military College in January 1965, and was commissioned into the Royal Malaysian Air Force on 5 August 1965. He did his basic flying training at the RMAF Flying Training School in Alor Setar, graduating in August 1966. He then went on to fly the Alouette III helicopters and in 1967, qualified as a helicopter instructor after completing an instructor's course in the United Kingdom. General Tan Sri Dato' Sri Hj. Suleiman has a vast experience as a pilot having flown helicopters, fixed wing transport and fighter aircrafts. He had served as a Squadron Commander of the Sikorsky S-61 Helicopter Squadron and the Dart Herald Transport Squadron. He also flew the C-130H Hercules, the Aermacchi MB-339, the F-5E and the CN-235-220. Throughout his career, General Tan Sri Dato' Sri Hj. Suleiman has been assigned to several staff and operational appointments, and of importance was his appointment as the Director of Armed Forces Development Plans in the Malaysia Armed Forces Headquarters. In 1989, he was appointed the Base Commander of RMAF Base, Butterworth, a Fighter Operational Air Base. Later, he was assigned as the Commander of the RMAF Air Training Command. He was then promoted to Brigadier General RMAF and took over command of No. 1 Air Division, an Air Defence (and Fighter) Command. He later moved to the post of Brigadier General Staff (Operations) at the Air Force Headquarters in Kuala Lumpur. On his promotion to Major General RMAF in June 1994, he was appointed as the Chief of Staff Operations and later on, was assigned as the Chief of Staff Policy and Plans. In August 1996, he assumed the post of the Deputy Chief of Air Force, and was upgraded to the rank of Lieutenant General RMAF on the same post, in June 2000. General Tan Sri Dato' Sri Hj. Suleiman was promoted to the rank of General RMAF and assumed the appointment of the Chief of the Royal Malaysian Air Force on 11 June 2001. He retired on 4 June 2003 at the age of 56. Currently, he is also a director of Melewar Industrial Group Berhad and Ericsson (M) Sdn Bhd.
Details of Any Other Board Committees	:	He currently sits on the following Board Committees of the Company:- (a) Chairman of Nominating Committee; (b) Member of Audit Committee; and (c) Member of Remuneration Committee.
No. of Board Meetings attended in the financial year	:	5/5

Name	**:**	**Mejar Dato' Ismail Bin Ahmad (Retired)**
Age	:	71
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Non-Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- a) Degree in Master in Management, LLB Hons from University of Wolverhampton, United Kingdom b) Master of Laws from University of London c) Certificate in Legal Practice
Working Experience	:	Mejar Dato' Ismail Bin Ahmad (R) was appointed to the Board on 14 October 2009 as Executive Director of the Company. On 31 December 2019, he was redesignated as Non-Independent Non Executive Director of the Company. He served in the Malaysian Army for 17 years and attended courses both local and overseas and held various appointments in service. In 1983, he joined Perwira Niaga Malaysia (Pernama), a wholly-owned subsidiary of LTAT, a wholesale and international trading company. His last position in Pernama was Deputy General Manager before he left in 1999. He was the CEO of Odasaja Sdn. Bhd. in December 2002. He is now with Tegap Dinamik Sdn. Bhd. and several other companies, involved in projects, constructions and various infrastructures. Mejar Dato' Ismail does not have any family relationship with any Director or major shareholder of the Company and has no conflict of interest with Mlabs. A public reprimand with fine of RM20,000.00 was issued to Mejar Dato' Ismail on 1st April 2016 in the capacity of a Director of SCAN Associates Berhad. The reprimand and fine was in breach of Rule 16.13(b) of the ACE Market Listing Requirement for failure to make an immediate announcement on its GN3 company.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Chairman of Pasukhas Group Berhad.
No. of Board Meetings attended in the financial year	:	5/5

Name	**:**	**Ong Tee Kein**
Age	:	63
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Non-Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- a) Associate of the Institute of Chartered Accountants in England & Wales b) Fellow of the Chartered Institute of Management Accountants c) Associate of the Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Accountants d) MBA degree from the University of Miami
Working Experience	:	Mr. Ong Tee Kein was appointed to the Board on 13 January 2010 as an Independent Director, re-designated as Executive Director on 15 April 2010 and re-designated as Non-Independent Non-Executive director on 31 December 2019. He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to governments and international funding agencies. He subsequently joined the corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises. He is also a director of several private limited companies.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Director of Sanichi Technology Berhad, DGB Asia Berhad, Fintech Global Berhad, Metronic Global Berhad.
No. of Board Meetings attended in the financial year	:	5/5

Profile of the Board of Directors
(Continued)

Name	**:**	**Professor Dr. Sureswaran Ramadass**
Age	:	54
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- a) Degree of Bachelor in Computer Engineering b) Masters in Electrical and Computer Engineering from the University of Miami, USA in 1990 c) Doctorate from USM
Working Experience	:	Professor Dr. Sureswaran was appointed to the Board on 1 April 2005 as Non-Independent Non-Executive Director of the Company and redesignated as Independent Non-Executive Director of the Company on 30 August 2017. He started off his career in 1990 as a senior member of the technical staff of the research team of MODCOMP, Inc., a Florida-based research company focused on the R&D of real-time systems. He has worked with numerous customers to benchmark their needs, including National Aeronautics and Space Administration Engineers. He left in 1991 and joined ICON Business System, Inc. (Florida) as Senior Consultant. He was subsequently promoted to Vice President Engineering and was responsible in overseeing the entire engineering and R&D divisions of ICON Business Systems, Inc. (Florida). He joined USM in 1992 as a lecturer and was the founding Director and Professor at the National Advanced IPv6 Centre, USM. His recent achievements include being awarded Fellowship Award by the Wireless World Research Forum steering board member in April 2010. He was also awarded the National Academic Leader for Innovation and Commercialization in 2008 & 2009 by the Minister of Higher Education and Malaysia Innovation Award by the Prime Minister in 2007 and again in 2009. During his tenure at USM, he has a research partner/consultant to many companies in Malaysia including Telekom Malaysia Berhad, NCR Corporation, IBM Inc., MIMOS Berhad, Cabletron Systems Sdn Bhd and Compquest Sdn Bhd. He is currently a Professor Emeritus at the Malaysia University of Science and Technology and also the Chief Scientist at CrystalviewHD Sdn Bhd (formerly known as NLTVC Sdn Bhd). CrystalviewHD is a Next Generation Internet Communications research and development company. He also holds numerous positions in global organizations including Chairman, Steering Committee of the ITU-MUST IPv6 and IoT Centre of Expertise, A13 project, which is a research-based project sponsored by the Japanese Government. He was also a nominated candidate for the position of Director of the Internet Corporation for Assigned Names and Numbers in 2000 (ICANN). He was also the Head of APAN (Pacific Advance Networks: www. apan.net) for Malaysia. He is one of the four Steering Committee Members and the IPv6 Domain Head for MYREN (Malaysian Research and Education Network) and was the Chairman of the Asia Pacific IPv6 Task Force (APV6TF) and Emeritus Chair of IPv6 Forum Education Programme. Over the years, he has published over two hundred (200) national and international level research papers as well as written chapters and provided writing materials for a few books in the area of multimedia conferencing.
Details of Any Other Board Committees	:	He currently sits on the following Board Committees of the Company:- (a) Chairman of Remuneration Committee; (b) Member of Audit Committee; and (c) Member of Nominating Committee.
No. of Board Meetings attended in the financial year	:	4/5

Name	**:**	**Chuah Hoon Hong**
Age	:	34
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- a) Degree of Bachelor of Science with First Class Honours in Applied Accounting, Oxford Brookes University b) ACCA (Association of Chartered Certified Accountants) c) MIA (Malaysian Institute of Accountants)
Working Experience	:	He was appointed as the Independent Non-Executive Director of the Company on 26 February 2020. He has more than 13 years of extensive and varied experience in audit, accounting, consultancy and other financial matters. He started his career in audit industry in Kuala Lumpur, Malaysia and audited various industries particularly casino operator, property developer, hotel operator, manufacturing, trading companies and etc. Apart from audit assignments, he also involved in the provision of Consultancy and Advisory services in respect of performing agreed upon procedures (AUP) such as financial due diligence, forensic accounting, and etc. He also involved in Reporting Accountant in the IPO exercise. Subsequent to that, he joined a Singapore-based consulting firm as Managing Consultant of Corporate Finance Department, involved in fund raising, merger & acquisition, and restructuring exercise in Singapore, PRC as well as Malaysia. He went on to hold senior management position in the finance department of SGX listed company and then responsible for overseeing the overall corporate finance functions of the Group including fund raising (via bond and share placements), M&A, and other corporate exercise, as well as internal control system of the said company and its regional subsidiaries. He is currently a Director of Silver Ocean Consulting Sdn. Bhd. and Managing Partner of Messrs Chuah & Partners.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Director of Vsolar Group Berhad.
Details of Any Other Board Committees	:	He currently sits on the following Board Committees of the Company:- (a) Chairman of Audit Committee; (b) Member of Nominating Committee; and (c) Member of Remuneration Committee.
No. of Board Meetings attended in the financial year	:	1/1

Profile of the Board of Directors
(Continued)

Name	**:**	**Tan Sik Eek**
Age	:	44
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Executive Director
Qualification	:	He holds the following qualifications:- a) Degree in Economics and Political Science at the University of Sydney, Australia
Working Experience	:	He was appointed appointed to the Board on 6 April 2018. He has more than a decade of experience ranging from corporate finance advisory to private equity investments. He was previously a partner in a private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was specialising in securing funding from a series of established North America global opportunity fund, for companies listed on the regional capital markets.
Other Directorship of Public Companies	:	He is a Director of DGB Asia Berhad, Fintec Global Berhad, Netx Holdings Berhad and XOX Bhd.
No. of Board Meetings attended in the financial year	:	4/5

Notes:-

- None of the Directors has any family relationship with any director and/or major shareholder of the Company.
- None of the Directors has any conflict of interest with the Company.
- Except as disclosed in the respective Director's profile, none of the Directors has any convictions for any offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, except as disclosed in the individual director's profile.
- The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholding section of the Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SIK EEK
Executive Director

The profiles of the Executive Director are outlined in the Profile of the Board of Directors chapter on page 8.

Name	**:**	**Alvin Ng Ewe Beng (Alvin)**
Age	:	44
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Senior Sales and Marketing Manager
Qualification	:	He holds the following qualifications: - a) Bachelor of Accountancy, Major in Financial & Liquidation from Royal Melbourne Institute of Technology, Melbourne, Australia b) Victorian Certificate of Education from Caufield Grammar School Melbourne, Australia
Working Experience	:	Alvin joined Mlabs in November 2019 as a Senior Manager in Sales and Marketing and hold the responsibilities in overseeing the Mlabs Group's local and oversea market. Alvin has more than 21 years of experience in sales and marketing with differences industry. He began his career in marketing with Optus Communications Pty Ltd – Australia in telecommunication industry. After that he returned to Malaysia in Oct 2000 and joined VADS Berhad afterwards as an Account Manager in telecommunication industry and joined RHB Bank Berhad in year 2005 as a Cash Management Manager in banking industry. He was also having sales experience in FMCG industry and Pharmaceutical industry with Sinar Indofoods Sdn. Bhd. and Zuellig Pharma Sdn. Bhd. In 2015, Alvin appointed as a general manager of Netx Holdings Berhad in IT industry. He is directs and coordinates activities of one or more departments, such as sales, business support and operations, or a major division of the business organization and aids chief administrative officers in formulating and administering organization policies by performing the following duties personally or through subordinate managers.

Profile of the Key Senior Management
(Continued)

Name	:	**Phua Leong Kui (Will)**
Age	:	42
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Senior Business Development Manager
Qualification	:	He holds the following qualification: - a) Bachelor of Science in Computer Science from Michigan Technological University, USA.
Working Experience	:	Will was joined the company on 1 October 2020 as Sales Manager. He was subsequently promoted to the post of Senior Business Development Manager overseeing the growth of our businesses especially on collaboration and solutioning. Will also plays a key role in maintaining good relationships with strategic business partners and customers. Will has 20 years of experience in IT industry spanning across various industries and covering multiple geographies. He began his career as a programmer with an insurance company in year 2000. In year 2004, he started to explore in IT solutioning and moved on to presales and business analyst roles in various companies including Sunway Business Systems Sdn Bhd, Mesiniaga Berhad and Integrated Automated Workflow Malaysia (IAWM) Sdn Bhd. During his tenure in IAWM, he was involved with projects in countries like Canada, Philippines, Singapore, Indonesia, and Bangladesh. In year 2013, Will went to Taipei, Taiwan ROC to join Neutec Limited for 2 and a half years as a Technical Consultant focusing on new business development. During his tenure with Esri Malaysia Sdn Bhd, he was featured as one of the technical speakers in the annual user conference for 2 consecutive years.

Notes:-

- None of the personnel has any family relationship with any director and/or major shareholder of the Company.
- None of the key management has any conflict of interest with the Company.
- None of the key management has any convictions for any offences other than above disclosures and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year beside disclosure above.

COMPANY PROFILE AND BUSINESS

Mlabs Systems Berhad ("the Company/Mlabs") was founded following the success of a software development project which began in 1992 in University Sains Malaysia. In 1997 Multimedia Research Lab Sdn Bhd was incorporated as a private limited company in Malaysia to carry out on-going research, development and marketing activities for this software. Over the years with recurring success, the company was listed on the Malaysian Stock Exchange under MESDAQ (now ACE Market) in August 2005.

The principal activities of the Group include:

- investment holding;
- research and development in web conferencing and related products;
- provision of mobile application solutions;
- online trading of white goods;
- film production; and
- advisory services on digital assets and fintech investment.

CORPORATE VISION

Our vision is to achieve a leadership position in the web conferencing industry complemented by a range of peripheral and related advanced mobile applications. We will become an integral part of our client's success, collaborating with them to achieve their strategic objectives whilst creating long lasting business value through the delivery and management of their technology.

YEAR-ON-YEAR FINANCIAL REVIEW

A summary of the Group's financial results is shown below:

	Audited FYE 2020 RM'000	Audited FPE 2019 RM'000	RM'000
Our financial performance			
Revenue	8,319	7,786	533
Cost of Sales	(7,268)	(6,065)	1,203
Gross Profit	1,051	1,721	(670)
Other Operating Income	1,665	1,721	(56)
Operating Expenses	(28,729)	(9,156)	(19,573)
Loss Before Tax	(26,013)	(5,714)	(20,299)

Revenue

Total revenue recorded an increase by approximately of 6.9% to RM8.32 million for the year ended 30 June ("FYE") 2020 as compared to RM7.79 million in the 15-months financial period ended 30 June 2019 ("FPE 2019"). The main revenue contributors to the Group for this year were generated from sales of web conference and mobile application solutions (70.2%) and revenue from financial technology software solutions (26.1%).

Gross Profit

Despite the higher revenue, the Group recorded a lower gross profit of RM1.05 million (gross profit margin of 12.6%) for the FYE 2020 as compared to RM1.72 million (gross profit margin of 22.1%) for the FPE 2019, representing a decrease of RM0.67 million or 38.9%. The lower gross profit was due to the higher marketing and promotional expenses incurred from promoting Let's Talk mobile chat application by 68.8%.

Management Discussion and Analysis
(Continued)

Operating Expenses

The higher operating expenses of RM28.73 million for FYE 2020 were mainly contributed by impairments made on goodwill of RM7.44 million, on intangible assets of RM5.42 million, and on receivables of R3.80 million and share-based payment arising from issuance of ESOS of RM2.90 million. The impairments were due to lowered economic return expectation for the FYE 2020 on some of our business activities amidst the economy slowdown triggered by the ongoing Covid-19 pandemic.

Loss before Tax

The Group recorded a net loss of RM26.01 million for FYE 2020 as compared to the net loss of RM5.71 million for the period ended 30 June 2019. The increase was mainly due to accounting impairments of RM19.56 million which was explained in the above note.

	Audited 30 June 2020 RM'000	Audited 30 June 2019 RM'000	RM'000
Our financial position			
Non-current asset	21,625	35,010	(13,385)
Current assets	29,306	35,163	(5,857)
Non-current liabilities	689	-	689
Current liabilities	1,260	7,279	(6,019)
Equity attributable to owners of the Company	46,982	60,732	(13,750)

Net Assets and Liabilities

The Group's total net assets decreased by 22.12% from RM62.89 million as at 30 June 2019 to RM48.98 million as at 30 June 2020 due to the impairments incurred as explained in above.

Cash Position

The Group's cash position remains healthy with cash and cash equivalents balance as at 30 June 2020 of RM22.49 million against 30 June 2019's cash balances of RM22.59 million. Most of the cash position has been earmarked for ongoing projects. Nevertheless, the Group still maintains a level of cash and cash equivalents deemed adequate to ensure that we have sufficient liquidity to meet its liabilities as and when they fall due.

Gearing and Capital Resources

The Group has no borrowings as at 30 June 2020. Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises corporate exercise and credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 90 days.

The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

REVIEW OF BUSINESS AND OPERATIONS

The Covid-19 pandemic has had adverse effects mainly on the Group's overseas' activities due to the restrictive movement control order ("MCO") imposed in these countries which severely curtailed economic activities. Our business collaboration projects in Thailand and Laos were halted for several months. As a result, the development and rollout of our on-line e-commerce platform (JJ Shopping) and e-wallet payment application in Laos have been delayed. Inbase Partners Limited our subsidiary in Taiwan also saw a reduction in revenue due to the curtailment of economic activities during the active phase of the Covid-19 pandemic in Taiwan.

We had better performance in our domestic market for this financial year. We made headway in our web conferencing solution despite operating under MCO environment,

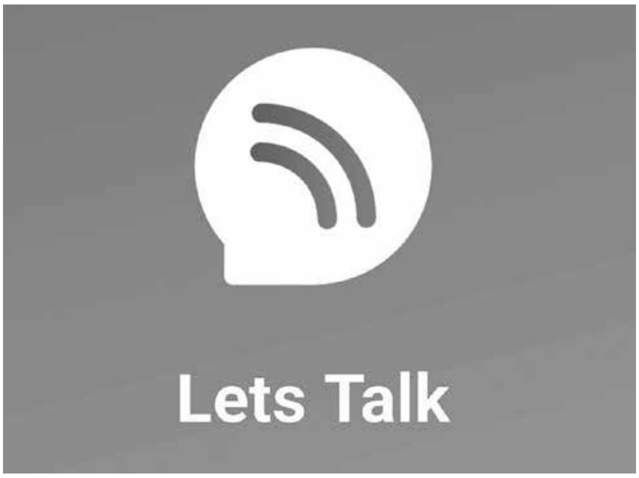
(i) During the year, we had a soft launch of our mobile chat application - Let's talk which is available in Android and iOS. The application shows promising start and contributed revenue for the Group since its first release. The Group is still enhancing the application to increase its content and security features with the aim to increase our customer base to achieve better economic returns.

(ii) We entered into a strategic partnership with Servex (Malaysia) Sdn Bhd, a well-known Information, Communication, and Technology ("ICT") distribution company, taking advantage of their vast distribution network of high-end ICT hardware to complement our web conferencing solution.

(iii) We have a collaboration with Cisco that gives us access to their vast range of collaborative solutions using the highly secured Webex web conferencing solution and related hardware that are able to convert any space required into a state-of-the-art virtual web conferencing centre.

There were considerable interests shown in our enhanced web conferencing products during the MCO period as viable solutions to host virtual meetings and other types of related deployments due to the ongoing social distancing, limited physical gathering and restrictive travelling to curb the spread of Covid-19 virus. We succeeded in increasing our clientele base for our enhanced web conferencing products and this interest is expected to lead to strong opportunities for our web conferencing products in the coming year.

During the year under review, the Group had in August 2020 acquired a 51% equity interest by way of ordinary share subscription and subscription of Redeemable Convertible Preference Shares up to RM3.0 million in Longhouse Films Sdn. Bhd., a film production company. The rationale for investing into a film production company is to capitalise on the availability of government grants to encourage local film production and to leverage on our existing technological capabilities that can be applied in film production.



CORPORATE EXERCISES

Employee Shares Option Scheme

183,499,000 shares were issued to eligible employees during FYE 2020 at the prices between RM0.015 to RM0.03 per share under the Group's employees' share option scheme.

On 06 August 2020, 65,000,000 shares were issued to eligible employees at a price of RM0.05 per share under the Group's employees share option scheme.

Warrants

On 29 November 2019, 80,000 units of Warrants 2010/2020 were converted into ordinary shares at an exercise price of RM0.09 per share.

Private Placements

On 29 April 2020, the Group completed a private placement of 80,158,000 of new shares representing 10% of the Company's total issued share capital at an issuance price of RM0.0184 per share. The said private placements raised total proceeds of RM1.48 million for the purpose of working capital of the Group of RM1.40 million and fee expenses arising for the private placement exercise of RM0.08 million.

On 22 July 2020, the Group completed another private placement of 267,365,000 new shares representing 30% of the Company's total issued share capital at an issuance prices ranging from RM0.0315 to RM0.0452 per share. The said private placements raised total proceeds of RM9.24 million for the purpose of planned marketing expenses for Let's Talk mobile application of RM3.0 million, working capital of the Group of RM5.94 million and fee expenses arising for the private placement exercise of RM0.3 million.

Share Consolidation and Rights Issue with Warrants

On 20 October 2020, we obtained the shareholders' approval to embark on a fund-raising corporate exercise for the purpose of business expansion and working capital for the Group. The corporate exercise entailed a share consolidation of every 10 existing ordinary shares in Mlabs ("Mlabs shares" or "shares") into 1 Mlabs share. This was followed by a Renounceable Rights Issue of up to 755,123,412 new shares ("Rights Shares") together with up to 440,488,657 free detachable warrants in Mlabs ("Warrants C") on the basis of 12 Rights Shares together with 7 free Warrants C for every 2 shares (Proposed Rights Issue with Warrants").

This corporate exercise aims to raise between RM10.0 million under a minimum scenario and RM67.96 million under a maximum scenario. The proceeds from the Proposed Rights Issue with Warrants will be utilised for the following:

Proposed Utilisation of Proceeds	Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario (RM'000)	Minimum Scenario (RM'000)
Remote meeting and videotelephony enablers	within 36 months	8,000	23,000
Broadcasting and livestreaming centre	within 6 months	-	7,600
Acquisition and/or investments in complementary business and/or assets	within 24 months	-	25,000
Working Capital	within 24 months	1,200	11,561
Estimated expenses for the Proposals	immediate	800	800
Total		**10,000**	**67,961**

This corporate exercise is expected to be completed by December 2020.

ANTICIPATED OR KNOWN RISKS

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks, if any, are disclosed below:-

External Risks

There are two major external risks that will continue to have a material impact on the Group. These are the ongoing trade dispute between China and the United States of America and the Covid-19 pandemic. Both of these events have created deep and adverse impact on world economies which in turn have affected the economies of countries and financial performance of companies generally. As yet there is no indication as to when these two events will dissipate and their disruption to economic activities will continue in the coming year which will also have a significant impact on the Group.

Internal Risks

The fragility of the Country's government, the Covid-19 outbreak, and the domestic economic slowdown formed a "triple-whammy crisis" for the Country. Any further adverse changes or uncertainties in political condition and investment sentiments in Malaysia could also adversely affect our Group's business and financial prospects. As the political, economic and policies conditions are beyond our control, there is no assurance that any adverse changes will not adversely affect our Group's business. The directors are keeping abreast of the fluidity of the current situation and would take necessary actions to mitigate those effects.

Technology Risk

The technology industry in which the Group operates in is prone to rapid technological advances. Companies in this industry are continually investing in research and development to remain competitive and to develop new and innovative applications to capture new markets. The Covid-19 pandemic has also accelerated the pace of digitalisation globally. Whilst this trend is beneficial to technology companies, it has also increased the pace of technological advancement that shortens products' lifecycle. The Group needs to articulate the right strategies to manage technology risk to remain relevant to our customers and to retain our competitive edge.

Recruitment and Retention of Experienced Personnel

The Group's business is highly dependent on a diverse pool of skilled and experienced staff. As the digital technology industry is generally more globalised in nature, the Group faces competition from local and foreign companies in recruiting and retaining qualified and experienced staff. As an expanding company, the Group continually requires additional staff for application development, research and development.

Marketing, Advertising, and Promotional Risks

Our Group's financial and business performance is susceptible to the constant change of preferences of our target customers that are usually situation or technological driven. These changes often require us to repackage or innovate new solutions and pricing model to suit the current need. The Covid-19 rapid digitisation is the perfect illustration showing the immediate change as businesses focus to capture the sudden demand for online store, web conferencing solutions, e-KYC, virtual general meeting solutions, and pandemic contact tracing solution. As we continually roll out new solutions and products, it is necessary to invest in advertising and promotional activities to create awareness in targeted markets. However, there is no assurance that such expenditures will yield the desired returns despite carrying out prior market and survey research.

As such, the Group has taken several initiatives to mitigate the risks and challenges faced by the Group during this volatile and uncertain period. Amongst those initiatives includes,

- Continuous strategic review of Group business strategies and plans to ensure operational sustainability and cost-effective;
- Restructuring and strengthening our internal group to give greater focus on marketing, research and development efforts to create our competitive advantage over others;
- Ongoing engagement with existing and new clients or business partners to identify new markets and business opportunities; and
- Prudent financial management to ensure the Group has the financial strength to withstand periods of uncertainty.

Management Discussion and Analysis
(Continued)

FORWARD LOOKING STATEMENT

Since Covid-19 was declared a global pandemic by the World Health Organisation on 11 March 2020, the world has witnessed large scale of restrictive MCO as Governments, and health services around the world attempted to contain the virus spread by restricting human interactions through strict social distancing. No one could not have fathomed the magnitude, duration and severity that the Covid-19 pandemic would inflict on the world. The extensive enforcement of MCO has curtailed economic activities resulting in businesses including the Group becoming adversely affected. Against this backdrop of unprecedented world crisis, in the coming year ahead, we would expect to encounter continuing market uncertainties and volatilities which will continue to affect the Group on multiple fronts. We expect challenges in revenue generation, financial performance and maintenance of adequate liquidity.

The Covid-19 pandemic has also caused significant changes in business practices globally where businesses and companies pivot towards increased dependence on and use of technology as a tool to manage business operations. As a digitalisation solution company, this shift has created market opportunities which the Group intends to focus on. We see strong potential growth in our web conferencing products that provide solutions for virtual meetings for companies, business forums, telemedicine and prescriptions, distance learning and numerous types of business solutions that can benefit from our web conferencing solutions amidst the ongoing social distancing, travel restrictions, and limited physical gathering still imposed with the resurgence of Covid-19 cases worldwide. We will be building our own broadcasting and livestreaming centre fitted with the state-of-the-art broadcasting equipment to meet such demand for virtual events, meetings, social media conventions.

In light of the unprecedented Covid-19 pandemic globally, the Malaysian Government has imposed containment measures since mid-March 2020 through the implementation of the MCO. While the Malaysian economy is expected to be significantly affected by the MCO, the Group sees this as an opportunity for it to grow as web conferencing solutions have emerged as an important means of communication between colleagues, clients, business partners and other stakeholders during this period, while social distancing is maintained. Furthermore, the deployment of 5G technology is expected to address one of the major issues in web conferencing, which is the stability and speed of internet. Therefore, the Group foresees that the widespread usage of 5G technology in the near future will lead to huge potential in the videoconferencing industry.

We are revamping our Pacifica2U e-commerce platform to increase product offerings and improve customers' experience. To complement our existing digitalisation solution products, we will be rolling out an enterprise e-business card mobile application solution with e-KYC function that could be embedded with other systems (e.g. banking & financial, insurance, medical and others) to replace conventional business cards and allows for seamless customer information capturing process to increase contactless solution given the rise of Covid-19 cases. Inbase Partners Limited our subsidiary that specializes in digital assets advisory and investment whose operations were affected by the Covid-19 pandemic is expected to gradually improve to normal in the coming year.

DIVIDENDS

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

The Board also wishes to reiterate that any payment of dividends would be considered at the earliest possible opportunity, once the Board deems the Group to be in a comfortable position to do so while maintaining a reasonable balance between dividend payments, funding requirements and the future business growth of the Group as well as the objective of maximising stakeholders' returns.

ACKNOWLEDGEMENT

On behalf of the Group, we wish to express our sincere gratitude to Mr. Yee Yit Yang, our Independent Director who resigned on 31 December 2019. During his tenure of over nine years with us, Mr. Yee has served as our Chairman of the Audit Committee and a member of the Nomination Committee and Renumeration Committee.

We also extend our heartfelt appreciation to our Board of Directors, management, and staff for their unwavering commitment during this challenging period.

CORPORATE SUSTAINABILITY STATEMENT

The Board acknowledges that for long term sustainability, its strategic orientation requires it to look beyond the financial parameters and therefore it is important to pursue an agenda that upholds good Economic, Environmental and Social (“**EES**”) practices.

The Group is committed to be a responsible corporate organization and to operate in a sustainable manner which will help to create long term value for our stakeholders, our environment and our society.

The Group’s continued success in maintaining a sustainable business and creating long-term shareholder values is influenced by several internal and external sustainability factors. Each material sustainability factor presents unique risks and opportunities to the Group and its subsidiary companies and serves as a key consideration in our approach to strategize and formulate strategies to operate in a sustainable way. We regularly review these sustainability factors to assess their impacts on our business model over the near, medium and long term, as well as to develop new approaches to address the sustainability issues face by our stakeholders, our environment and our society.

This corporate sustainability statement was prepared in line with Bursa Securities’ Sustainability Reporting Guidelines (2nd Edition).

STAKEHOLDERS ENGAGEMENT

Stakeholders’ engagement is an important aspect of our sustainability policy. Our engagement with our stakeholders is intended to benefit all our stakeholders.

The Table below summarises our ongoing engagement with our key stakeholders groups and their respective areas of interest as well as the types of engagement by which we engaged them.

Key Stakeholders	Engagement Objectives	Stakeholders’ Interest	Engagement Methods
Customers	To deliver value added and quality services and solutions that meet our clients’ requirements.	Efficient and satisfactory services and deliveries.	Customer satisfaction surveys. Strategic alliance and regular meetings.
Employees	To create a safe workplace with good employee welfare, open communications and career advancement opportunities.	Employee welfare training and development. Active engagement with employees.	Workshops, seminars and trainings. Weekly staff meetings. Clear procedures to handle staff grievances. Performance reviews.
Industry Partners and Supplies	To drive sustainability across our supply chain.	Strategic partnerships. Sustainable practices.	Regular meetings Supplier’s events and forums.
Government and Regulatory Bodies	To comply with applicable laws and regulations across all our operations and businesses.	Regulatory compliance. Annual reporting. Sustainability Reporting. Risk management and internal control.	Active engagement with regulatory bodies. Proper management and internal controls.
Investors	To assist shareholders and investors in making informed investment decisions by providing timely and regular updates on financial performance, business transactions and other issues.	Timely, relevant and transparent disclosures and reports	Timely announcement of quarterly financial results. Timely announcements on material transactions involving company. Annual General Meetings. Maintenance of Corporate website that provides comprehensive information on Company.

Corporate Sustainability Statement
(Continued)

APPROACH TO SUSTAINABILITY

Mlabs's continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess impacts into our business model over the near, medium and long term.

Classifications	Issues	Our Approach
Economic Performance	To ensure long term sustainability. To ensure adequate level of liquidity for working capital and to fund new investments.	During the year we diversified into new businesses to enlarge our products range and markets. Parts of our new businesses are complementary to our existing business and others are intended to penetrate into new markets. We introduced a new strategic plan to provide clear objectives and KIPs for each business segment in the Group. We continue to seek new business opportunities that can add value to our Group.
Environment	Conserving Mother Nature for the benefit of future generations. Preserving natural resources to improve quality of life. Energy Management.	Optimise use of in-house messaging and video conferencing technologies to minimise paper wastage, travelling cost and time. Our products are scalable and can be upgraded so that their lifecycles can be extended to avoid short term replacements. Preference for eco-friendly products that are environmentally friendly in terms of energy consumption and product life.
Social & Local Communities	Building a resilient workforce. Active engagement with stakeholders.	Ensuring a positive workplace for our employees. Introduction of internship program to provide opportunities for students to gain practical experience in the workplace. Contributing to the well-being of the community around us.(eg, designated funds for charities as part of CSR responsibility). Explicit policies on anti-corruption, equal opportunities, gender equality to enhance ethical behaviour.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (**"Board"**) presents this Statement to provide shareholders and investors with an overview of the corporate governance (**"CG"**) practices of the Group during the financial year ended 30 June 2020 (**"FY 2020"**). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance (**"Code"**).

This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Listing Requirements"**) (**"Bursa Securities"**) and is to be read in conjunction with the CG Report 2020 (**"CG Report"**) which is available on the Group's website at www.mlabs.com

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group on a sustainable and long-term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board ("**Chairman**"), the Executive Director ("**ED**") or a nominated member of Executive Management, subject always to the ultimate responsibility of the Directors under the Companies Act 2016. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group's website.

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**")
- Nominating Committee ("**NC**")
- Remuneration Committee (**"RC"**)

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and ED were up to 30 June 2020 strictly separated. This was to maintain effective supervision and accountability of the Board and Executive Management. The Chairman was responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the ED takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board has formalised a Code of Ethics and Conduct which reflects the Group's vision and core values of integrity, respect and trust. The core areas concerned include the following:

- Conflict of interest
- Confidential information
- The aims and purpose, capabilities and capacity of the Company
- Attendance of meetings and board requirement
- Business records and control
- Compliance with laws
- Effectiveness in corporate management
- Time management and effectiveness
- Access of the Secretary
- Access and appointment of independent adviser
- Contractual interests with the Company
- Relationship with shareholders, employees, creditors and customers
- Social responsibility and environment

The Code of Ethics and Conduct governs the conduct of the Directors and all officers and employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. In connection thereto, each Director is to communicate any suspected violations of this code to the chairman of the AC and all violations will be investigated by the Board or by persons designated by the Board, and appropriate action will be taken in the event of the said violations. This code is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The Code of Ethics and Conduct is set out in the Board Guidelines and can be viewed on the Group's website.

To maintain the highest standards of ethical conduct and integrity, the Group has adopted a formal Whistleblowing Policy. This policy establishes a framework where stakeholders can raise in confidence any possible corporate misdemeanours. The whistleblowing channel was created to help stakeholders raise their concerns without fear of retaliation and to provide protection from reprisals and victimisation provided that the whistleblowing was done in good faith.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to submit their report in a sealed envelope addressed or email to the chairman of the AC. All concerns raised will be investigated and addressed by the Board accordingly.

The Whistleblowing Policy can be viewed on the Group's website.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping to mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

Given the current state of the Group's lifecycle, there is an informal succession plan for key management in place. Going forward and at the relevant and appropriate time, the Board shall look into a structured approach to the said plan for the Group.

The Board members have full and unrestricted access to the Company Secretaries. In addition to their corporate secretarial administrative responsibilities, they also advise the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Directors also received updates from time to time on relevant new laws and regulations. Visits by the Non-Executive Directors to the Group's businesses were also arranged for enhancement of their knowledge in respect of the Group's businesses as well as better awareness of the risks associated with the Group's operations.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office during FY 2020 were as follows:

	Training Programmes/Seminars/Conferences
Mejar Dato' Ismail Bin Ahmad (R)	• The Convergence of Digitisation and Sustainability
Ong Tee Kein	• MIA Public Practice Programme 2019 • Transaction and RPT Rules
Tan Sik Eek	• VII BEF Forum, Seoul, Hong Kong, Singapore 2019 – Blockchain Economic Forum • Transaction and RPT Rules • Corporate Liability on Corruption Under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Professor Dr. Sureswaran Ramadass	• Certified IoT & Security Professional Training • Certified IPv6 Deployment Over 5G Network Training
Chuah Hoon Hong	• Mandatory Accreditation Programme for Directors of Public Listed Companies

During the FY 2020, save and except for General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) who was unable to attend any training during the financial year due to his busy schedule, all the Directors have attended the necessary training programmes as required under the Rule 15.08 of the Listing Requirements. General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) is aware of the duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with the new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

The Board (via the NC and with assistance of the Company Secretaries) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

All newly appointed Directors must complete the Mandatory Accreditation Programme (**"MAP"**) prescribed by Bursa Securities. In this respect, Mr Chuah Hoon Hong who joined the Board recently had completed his MAP.

Orientation that include visits to the Group's business operations and meetings with key management, where appropriate, are also organised for newly-appointed Directors to facilitate their understanding of the Group's operations and businesses.

(b) Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, diversity, mix of experience and expertise in area relevant to enhance the growth of Group's business. The present Board with three out of six members being Independent Directors, collectively bring with them wide and varied technical, financial and corporate experience to enable the Board to lead and control the Group effectively. The majority of Independent Directors on the Board helps to bring objective and independence judgements to facilitate a balanced leadership in the Group.

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Company Secretaries. The criteria used by the NC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the evaluation carried out for FY 2020, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

The Board currently has no women among its six members. The Board is now on the outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified.

The Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment and promotion. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

The summary of activities of the NC during the financial period is as follows:

- Review the composition, mix of skill and experience and other qualities of the Board.
- Assess the effectiveness of the Board as a whole, the Board Committees and the Directors.
- Review the performance of the AC and their term of office.
- Discuss the Company's Directors' retirement by rotation.
- Review and recommended the redesignation of Mejar Dato' Ismail Bin Ahmad (R) and Mr Ong Tee Kein from Executive Directors to Non-Independent Non-Executive Directors of the Company.
- Review and recommended for the appointment of Mr Chuah Hoon Hong as Independent Non-Executive Director of the Company.
- Reviewed and recommended the change of composition of AC, NC, RC and Option Committee of the Company.

(c) Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the Annual General Meeting (**"AGM"**) for shareholders' approval.

The details of the Group's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

The details of remuneration paid or payable to the Directors for the FY 2020 are as follows :

Received from the Company (RM):

Directors	Fees	Salaries	Bonus	Meeting Allowances	Benefits-in-kind / other Emoluments	Total
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	58,000	-	-	1,500	-	**59,500**
Mejar Dato' Ismail Bin Ahmad (R)	26,000	-	-	-	-	**26,000**
Ong Tee Kein	26,000	-	-	-	-	**26,000**
Professor Dr. Sureswaran Ramadass	44,000	-	--	1,500	-	**45,500**
Chuah Hoon Hong	20,000	-	-	-	-	**20,000**
Yee Yit Yang	18,000	-	-	2,000	-	**20,000**
Tan Sik Eek *	8,000	-	-	-	-	**8,000**
Total	**200,000**	**-**	**-**	**5,000**	**-**	**205,000**

Received from the Group (RM):

Directors	Fees	Salaries	Bonus	Meeting Allowances	Benefits-in-kind / other Emoluments	Total
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	58,000	-	-	-	1,500	**59,500**
Mejar Dato' Ismail Bin Ahmad (R)	78,000	-	-	-	-	**78,000**
Ong Tee Kein	130,000	-	-	-	-	**130,000**
Professor Dr. Sureswaran Ramadass	48,000	-	-	-	1,500	**49,500**
Chuah Hoon Hong	20,000	-	-	-	-	**20,000**
Yee Yit Yang	18,000	-	-	-	2,000	**20,000**
Tan Sik Eek *	48,000	159,600	-	-	20,075	**227,675**
Tay Ben Seng, Benson^	120,000	-	-	-	-	**120,000**
Carlos Luis Salas Porras^	-	149,652	-	-	9,402	**159,054**
Stephen Joseph Chor Lynch^	-	149,652	-	-	13,189	**162,841**
Huang Hsin Han^	-	146,555	-	-	-	**146,555**
Total	**520,000**	**605,459**	**-**	**-**	**47,666**	**1,173,125**

Note:
* The Executive Directors is also the key Senior Management of the Company.
^ The Executive Directors of the subsidiaries of the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AC

The AC currently comprises three members, all of whom are Independent Directors. The AC chairman is Mr Chuah Hoon Hong.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the Audit Committee Report on pages 25 to 27 of this Annual Report.

(b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through the AC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY 2020 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 28 to 29 of this Annual Report.

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

(a) Communication with Stakeholders

The Board is committed to ensuring that communications to shareholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.

The release of announcements and information by the Group to Bursa Securities are handled by the ED or the Company Secretary within the prescribed requirements of Listing Requirements.

Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only released after having being reviewed by the ED and/or the Board where necessary.

The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to our ED at as detailed below:

Executive Director	: Mr Tan Sik Eek
Add	: Lot 10.3, 10th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan
Tel	: 603-7887 2896
Fax	: 603-7887 1896
Email	: enquiry@mlabs.com

General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd), our Independent Non-Executive Director / Chairman, is designated by the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the ED. He too can be contacted at the above address.

(b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which they can participate and given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, and the financial performance and position of the Group.

Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 12.1 of the Code, the Company's notice of the forthcoming 16th AGM shall be given to shareholders at least 28 days prior to the meeting.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board on 21 October 2020.

AUDIT COMMITTEE REPORT

The Audit Committee (**"AC"**) was established to act as a committee of the Board of Directors (**"Board"**) with the primary objective of assisting the Board in fulfilling its fiduciary duties in relation to:

- Assessing the processes in relation to the risk and control environment;
- Overseeing financial reporting and internal controls; and
- Evaluating the internal and external audit processes

The AC is guided by its terms of reference which can be viewed on the Group's website at www.mlabs.com

MEMBERSHIP AND MEETINGS

The members of the AC during the financial year ended 30 June 2020 ("**FY 2020**") and as of the date of this Report together with their attendance record at meetings held during FY 2020 are as follows:

Name	Designation	Status of directorship	Number of meetings attended/Number of meetings held(1)
Chuah Hoon Hong *(appointed on 26 February 2020)*	Chairman	Independent Non-Executive Director	1/1
Yee Yit Yang *(resigned on 31 December 2019)*	Chairman	Independent Non-Executive Director	4/4
General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd)	Member	Independent Non-Executive Director / Chairman	5/6
Professor Dr. Sureswaran Ramadass	Member	Independent Non-Executive Director	5/6

(1) Number of meetings (including adjourned meetings, if any) held during the respective member's tenure of office during FY 2020

Whilst the AC's terms of reference require the AC to meet at least four times in a financial year, it met six times during FY 2020. The Company Secretaries who are also the Secretary to the AC were in attendance during the meetings. The Group Accountant and other officers, if necessary, were invited to the meetings to deliberate on matters within their purview.

After each meeting, the AC Chairman shall report to the Board on matters deliberated to the Board for their reference and notation. Matters reserved for the Board's approval are tabled at Board meetings. The Company Secretaries document the decisions made and actions required and forward them to Executive Management for their action.

SUMMARY OF AC'S ACTIVITIES

The following activities were carried out by the AC in the discharge of its functions and duties to meet its responsibilities for FY 2020:

(a) Financial Results

- Reviewed and recommended the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and Company for Board's approval.
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Executive Management, significant and unusual events or transactions and management reports and updates on actions recommended by the external auditors for improvement.
- Deliberated on changes in or implementation of major accounting changes and compliance with accounting standards and other legal requirements.

Audit Committee Report
(Continued)

SUMMARY OF AC'S ACTIVITIES (CONTINUED)

(b) External Audit

- Reviewed and approved the external auditors' scope of work and audit plan prior to the commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the external auditors, the changes in or implementation of major accounting policies, significant matters arising from the audit, significant judgements made by Executive Management, significant and unusual events or transactions and compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with and the audit report, and reported the same to the Board.
- Evaluated the performance, suitability and independence of the external auditors and recommended them to the Board for appointment.
- Met with the external auditors from time to time without the presence of Executive Management to have frank and candid dialogues, and to exchange free and honest views and opinions.

(c) Internal Audit

- Reviewed and approved the internal audit plan and the internal auditors' scope of work.
- Reviewed and discussed with the internal auditors, their audit findings and issues arising during the course of audit.
- Reviewed the adequacy and effectiveness of corrective actions taken by Executive Management on all significant matters raised by the internal auditors.

(d) Related Party Transactions

Reviewed significant related party transactions (including recurrent related party transactions of a revenue or trade nature [**"RRPT"**]) to ensure that the said transactions are carried out at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and on terms not less favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

(e) Annual Report

- Reviewed and issued this Report for inclusion in the FY 2020 Annual Report.
- Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report, Additional Disclosure Requirements, and Management Discussion and Analysis of Business Operations and Financial Performance on behalf of the Board for inclusion in the FY 2020 Annual Report.

(f) Risk Management

- Reviewed the adequacy and effectiveness of the risk management process in identifying and assessing risks.
- Reviewed and assessed the adequacy of the risk management policies in place and ensured that the necessary infrastructure, resources and systems are in-place for implementing the risk management process.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional consulting firm to assist the AC in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance to the AC that such systems continue to operate satisfactory and effectively in the Group.

The internal auditors present their audit reports which include their findings and recommendations for improvements to the AC for its review and deliberation. The AC also appraised the adequacy of the comments, actions and measures to be taken by the Executive Management in resolving the audit issues reported and recommended for further improvement.

The internal auditors also carried out follow-up reviews to monitor the implementation of the said action plans and measures for reporting to the AC.

For FY 2020, the internal audit scope was to assess the adequacy and effectiveness of the system of internal control of the following processes of the Group's prawn aquaculture operations:

- Overview of Business Process
- Apps and Business Management
- Inventory management

The total cost paid or payable for the internal audit function for FY 2020 was RM10,000.

Chuah Hoon Hong
Chairman of Audit Committee
21 October 2020

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control which has been prepared in accordance with the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) (**"Guidelines"**) is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Securities Malaysia Berhad (**"Listing Requirements"**).

BOARD RESPONSIBILITY

The Board of Directors (**"Board"**) acknowledges that risk management and internal control are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal control system are designed to manage the Group's risks within its acceptable risk appetite, rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives. As risks are inherent in all business activities, the said framework and system provide reasonable, rather than absolute assurance against the risks of material misstatement of financial information or against financial losses and fraud or breaches of laws or regulations.

The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit Committee ("**AC**").

RISK MANAGEMENT

The Group's Enterprise Risk Management Framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the Group's assets and the shareholders' interests.

The AC is assisted by the Group Accountant ("**GA**") to identify and assess risks as well as to ensure that the risk management processes are adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed and recommended by the GA to the AC.

The risk management processes involve the key management staff in each functional/ operating unit of the Group and is managed by the GA with assistance from the internal auditors. The risks identified remain the foundation in developing a risk profile and the action plans to assist key management to manage and respond to these risks.

The Group's risk management practices are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are embedded into its culture and operations. These processes are driven by the Executive Director ("**ED**") with effect from 30 June 2020 are responsive to changes in the business environment and are clearly communicated to all levels, via management meetings (formal and informal) and discussions.

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider to assist the AC in discharging their responsibilities and duties. To ensure independence, the internal auditors report directly to the AC.

The internal audit of the Group was carried out in accordance with a risk-based audit plan approved by AC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control to ensure that the internal controls are viable and robust and where necessary, recommended improvements are presented to the AC for consideration. In addition, the internal auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls are implemented.

In addition, AC has instructed the Executive Management to closely monitor the implementation status of the management action plans addressed by the Group's internal auditor and report directly to it on the status concerned during the quarterly meetings as and when necessary.

INTERNAL CONTROL SYSTEM (CONTINUED)

The key elements of the Group's system of internal control include:

(i) A management organisational structure with clearly defined lines of responsibilities, authority and accountability;
(ii) Approval and authority limits are imposed on key and senior management in respect of daily operations and major non-operating transactions;
(iii) The Board and AC meet every quarter to discuss financial performances, business operations and strategies and corporate updates.
(iv) Management financial statements and reports are prepared regularly for monitoring of actual performances by the ED and senior management;
(v) Corporate and regulatory matters are controlled centrally at Group level;
(vi) An AC comprising entirely of Independent Directors with full and unrestricted access to both internal and external auditors; and
(vii) The quarterly financial results and yearly audited financial statements are reviewed by the AC prior to their approval by the Board.

ASSURANCE

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal control for FY 2020 and up to the date of this Statement and is of the view that the risk management process and system of internal control are in place for the period covered by this Statement for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The ED is accountable to the Board for identifying risks relevant to the business of the Group, implementing and maintaining sound risk management practices and internal controls and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's objectives and performance.

The ED has provided assurance to the Board that the Group's risk management process and internal control system were operating adequately and effectively in all material aspects, and that there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

The Board and Executive Management will continuously improve and enhance the system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Rule 15.23 of the Listing Requirements, the external auditors, Messrs PKF have reviewed this Statement. Their review procedures were performed in accordance with Audit and Assurance Practice Guide 3 (**"AAPG 3"**): *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does require Messrs PKF to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on the procedures performed and evidence obtained, the Messrs PKF have reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in this Annual Report, is not prepared in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 21 October 2020.

OTHER COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

10% Private Placement of the total number of Issuance Shares

The Company has on 13 April 2020 announced to undertake a private placement of new ordinary shares of up to 10% of the total number of issued shares of the Company and completed the issuance of 80,158,000 new ordinary shares at an issue price of RM0.0184 per share on 29 April 2020. The Company has raised total proceeds of RM1.5 million from the said 10% Private Placement.

Status of utilisation of proceeds derived from the said private placement by the Company as at 30 June 2020 was as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2020 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Working Capital	1,395	1,007	388	Within 24 months
Expenses in relation to the proposals	80	80	-	Immediate
	1,475	**1,087**	**388**	

30% Private Placement of the total number of Issuance Shares

The Company has on 15 May 2020 announced to undertake a private placement of new ordinary shares up to 30% of the total number of issued shares of the Company ("**30% Private Placement**") and completed the following issuance of new ordinary shares:-

Tranches	Issuance Date	No of shares	Issuance Price (RM)	Total Proceeds (RM)
1st tranche	30 June 2020	100,000,000	RM0.0315	3,150,000
2nd tranche	8 July 2020	110,000,000	RM0.0318	3,498,000
3rd tranche	21 July 2020	57,365,000	RM0.0452	2,592,898
		267,365,000		**9,240,898**

The Company has raised total proceeds of RM9.2 million from the said 30% Private Placement by issuance of 267,365,000 new ordinary shares at an issue price of RM0.0315, RM0.0318 and RM0.0452 per share, respectively.

Status of utilisation of proceeds derived from the 30% Private Placement by the Company as at 30 June 2020 was as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2020 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Marketing expenses for the Let's Talk mobile application	3,000	-	3,000	Within 24 months
Working Capital	5,811	-	5,811	Within 24 months
Expenses in relation to the proposals	430	78	352	Immediate
	9,241	**78**	**9,163**	

AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 30 June 2020 ("**FY 2020**") amounted to RM180,343 of which RM38,000 was incurred by the Company.

The amount of the non-audit fees incurred for services rendered to the Company by the external auditors for FY 2020 amounted to RM5,000. The services were for the review of Statement of Risk Management and Internal Control. There were no non-audit fees incurred by the subsidiaries.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Employment Shares Options Scheme

The Employment Shares Options Scheme was implemented on 28 September 2017 by the Board pursuant to the Company's by-laws.

As at 30 June 2020, the share option movements are as detailed below:-

No of Share Options granted during the financial year ended 30 June 2020	Share Options Exercised during the financial year ended 30 June 2020	Share Options Cancelled during the financial year ended 30 June 2020	No of Share Options outstanding during the financial year ended 30 June 2020
175,432,000	175,432,000	Nil	Nil

Directors and Chief Executive	Percentage
Aggregate options granted	None was granted
Aggregate options exercised	None was granted
Aggregate options outstanding	None

Directors and Senior Management	Percentage (%)
Aggregate maximum allocation	**80%**
Actual percentage of options granted during the financial year	**20%**
Actual percentage of options granted since the commencement of the ESOS	**25%**

During the financial year, there was no ESOS options granted to any of the Executive or Non-Executive Directors.

Warrants A (2010/2020)

On 29 November 2019, 80,000 units of Warrant A converted into ordinary shares at an exercise price of RM0.09 per share. The total number of Warrants A which remained unexercised were 203,105,317 and had expired on 27 April 2020.

Warrants B (2017/2020)

As at 30 June 2020, the total numbers of Warrants B which remained unexercised were 186,855,358 and had expired on 10 September 2020.

MATERIAL CONTRACTS

Neither the Company nor any of its subsidiary companies have entered into any material contracts which involved the Directors' and/or major shareholders' interests, which were still subsisting at the end of FY 2020 or which were entered into since the end of the previous financial year ended 30 June 2020.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The breakdown of the aggregate value of transactions of a revenue and trading nature conducted during the FY 2020, is set out below:

Company name	Relationship	Nature of transaction	Aggregate value of transaction from 1 July 2019 to 30 June 2020
Ariantec Sdn. Bhd. (Ariantec Sdn. Bhd. is subsidiary of Netx Holdings Berhad)	Directors and/or Major Shareholders of Mlabs Group.	Rental	RM8,000.00

LIST OF PROPERTY HELD BY THE GROUP

Location	Description/ Existing use	Build up area	Tenure	Age of Building(Year)	Net book value as at 30 June 2020 (RM'000)	Date of Acquisition
43-2 Storey 43 Geran 70444 Lot 230 Section 58 Bandar Kuala Lumpur	Private Residence/ Investment Property	228 Square Metres	Freehold	1	6,860	24 September 2018

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("Board") of the Company is required by the Companies Act, 2016 ("Act") to make a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements for the financial year ended 30 June 2020 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Board has:

- reviewed the accounting policies and ensured that they were consistently applied; and
- in cases where judgements and estimates were made, the judgements and estimates concerned were based on reasonableness and prudence.

The Board has relied on the Group's system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board dated 21 October 2020.

FINANCIAL STATEMENTS

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

Principal activities

The principal activities of the Company are investment holding and research, and development of mobile application solutions. The principal activities of its subsidiaries are set out in Note 13 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Loss for the financial year	26,012,839	22,099,670
Loss for the financial year attributable to:		
Owners of the parent	25,756,426	22,099,670
Non-controlling interest	256,413	-
	26,012,839	22,099,670

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year.

Dividends

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 30 June 2020.

Directors

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (RTD)
Mejar Dato' Ismail Bin Ahmad (R)
Ong Tee Kein
Professor Dr. Sureswaran Ramadass
Tan Sik Eek
Chuah Hoon Hong - *Appointed on 26 February 2020*
Yee Yit Yang - *Resigned on 31 December 2019*

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Tay Ben Seng, Benson
Carlos Luis Salas Porras
Stephen Joseph Chor Lynch
Huang Hsin Han

Directors' interests in shares

The shareholdings in the Ordinary Share of the Company and related corporations of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, are as follows:

	Number of Ordinary Shares			
	Balance as at 1.7.2019	**Bought**	**Sold**	**Balance as at 30.6.2020**
In the Company				
Direct interest:				
Ong Tee Kein	1,000,000	-	-	1,000,000
Professor Dr. Sureswaran Ramadass	335,132	-	-	335,132
Deemed interest:				
Professor Dr. Sureswaran Ramadass*	38,299	-	-	38,299

*Shares held in the name of his spouse.

	Number of warrants			
	Balance as at 1.7.2019	**Bought**	**Sold**	**Balance as at 30.6.2020**
In the Company				
Direct interest:				
Professor Dr. Sureswaran Ramadass	100	-	-	100

By virtue of Directors' interest in ordinary shares of the Company, they are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other Directors in office as at the end of the financial year, did not hold any interest in the Ordinary Shares of the Company and related corporations during the financial year, according to the register required to be kept under Section 59 of the Companies Act 2016 in Malaysia.

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 27 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' remuneration and fees

Director's remuneration of the Group is amounted to RM648,124 as disclosed in Note 5(b) to the financial statements.

Director's fees of the Group and of the Company are amounted to RM520,000 and RM200,000 respectively as disclosed in Note 27(c) to the financial statements.

Indemnity and insurance for directors, officers and auditor

There was no indemnity given to or insurance effected for any director, officer or auditor of the Group and of the Company.

Issue of shares and debentures

During the financial year, the issued and fully paid-up ordinary share capital of the Company increased from 670,504,027 to 1,026,174,027 by way of issuance of 355,670,000 new ordinary shares pursuant to the following:

(i) 80,000 units of Warrant A exercised at exercise price of RM0.09 each for cash which resulted 80,000 ordinary shares being issued;

(ii) 175,432,000 options exercised under Employees' Share Option Scheme ("ESOS") at exercise price of ranging from RM0.0150 to RM0.0300 per option; and

(iii) 180,158,000 shares exercised under the Private Placement at an exercise price ranging from RM0.0184 to RM0.0315 per placement share.

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

There were no debentures issued during the financial year.

Employees' Share Option Scheme ('ESOS')

The Company implemented an ESOS for a period of five (5) years until 27 November 2022 ("the option period"). The salient features of the ESOS are as follows:

(a) The ESOS is made available to eligible employees and Executive Directors who are confirmed employees of the Company and its subsidiaries ("the Group") who are employed by the Group and confirmed in service;

(b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the total number of issued shares of the Company at any point of time during the duration of the ESOS;

(c) The option price under the ESOS shall be the five-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad immediately preceding date of the ESOS granted with a discount of not more than 10% if deemed appropriate, or at the par value of the shares, whichever is higher;

(d) The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:

    (i) not more than 10% of the aggregate number of shares available under the ESOS shall be allocated to any eligible employees and Executive Director who, either singly or collectively through persons connected with that eligible employees and Executive Director, holds 20% or more of the issued shares of the Company; and

    (ii) not more than 80% of the ESOS shall be allocated in aggregate to the Executive Directors and senior management personnel of the Company and its subsidiaries.

Employees' Share Option Scheme ('ESOS') (continued)

The Company implemented an ESOS for a period of five (5) years until 27 November 2022 ("the option period"). The salient features of the ESOS are as follows: (continued)

(e) ESOS Committee may make more than one ESOS offer to eligible employees and Executive Directors provided that the aggregate number of ESOS offered to that eligible employees and Directors throughout the entire duration of the ESOS does not exceed the Maximum Allowable Allotment.

		Number of options over ordinary shares			
Date of offer	**Exercise price**	**As at 1.7.2019**	**Granted**	**Exercised**	**As at 30.6.2020**
5 February 2020	0.0300	-	100,000,000	(100,000,000)	-
30 March 2020	0.0150	-	31,000,000	(31,000,000)	-
8 April 2020	0.0200	-	9,475,000	(9,475,000)	-
4 May 2020	0.0200	-	26,890,000	(26,890,000)	-
15 June 2020	0.0250	-	8,067,000	(8,067,000)	-
		-	175,432,000	(175,432,000)	-

There were no options granted to Directors of the Company and its subsidiaries during the financial year.

Warrants

WARRANT 2010/2020 ("WARRANTS A")

On 26 April 2010, the Company issued renounceable rights of 51,478,500 new ordinary shares together with 77,217,750 free detachable new Warrants on the basis of two (2) rights shares together with three (3) Warrants for every four (4) existing shares of the Company.

The Warrants 2010/2020 ("Warrants A") were constituted under the Deed Poll dated 18 March 2010.

The salient features of the Warrants A are as follows:

(a) The Warrants may be exercised at any time commencing on the date of issue of Warrants on 26 April 2010 but not later than 27 April 2020. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose. Exercise price is subject to adjustment in accordance with the basis set out in the deed poll.

(b) The Warrant holders will not have any voting rights in any general meeting of the Company unless the Warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

On 29 November 2019, 80,000 units of Warrant A converted into ordinary shares at an exercise price of RM0.09 per share. The total number of Warrants A which remained unexercised were 76,249,959 and had expired on 27 April 2020.

WARRANT 2017/2020 ("WARRANTS B")

On 15 September 2017, the Company listed and quoted 186,855,358 free detachable Warrants 2017/2020 ("Warrants B") pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) free Warrant B for every two (2) Rights Shares subscribed.

The salient features of the Warrants B are as follows:

(a) On 11 September 2017, the Company issued renounceable rights of 373,710,716 new ordinary shares together with 186,855,358 free detachable new Warrants on the basis of two (2) rights shares together with one (1) Warrant for every one (1) existing share of the Company. The exercise price is subject to adjustment in accordance with the basis set out in the deed poll.

(b) The Warrants may be exercised at any time commencing on the date of issue of Warrants on 11 September 2017 but not later than 10 September 2020. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

(c) The Warrant holders will not have any voting rights in any general meeting of the Company unless the Warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

Warrants (continued)

The movements in the Warrants A and Warrants B are as follows:

	Entitlement for Ordinary Shares			
	As at 1.7.2019	**Exercised**	**Expired**	**As at 30.6.2020**
Warrants A	76,329,959	80,000	(76,249,959)	-
Warrants B	186,855,358	-	-	186,855,358
	263,185,317	-	(76,249,959)	186,855,358

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Directors' Report
(Continued)

Significant events

Details of significant events are disclosed in Note 33 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 34 to the financial statements.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2020 amounted to RM180,343 and RM38,000 respectively.

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

TAN SIK EEK	ONG TEE KEIN

Kuala Lumpur
26 October 2020

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 46 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and their cash flows for the financial year ended on that date.

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

TAN SIK EEK

ONG TEE KEIN

Kuala Lumpur
26 October 2020

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016 IN MALAYSIA

I, TAN SIK EEK, being the Director primarily responsible for the financial management of MLABS SYSTEMS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 46 to 105 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by the)
above-named at Kuala Lumpur in the)
Federal Territory on 26 October 2020)

TAN SIK EEK

Before me,

KAPT. (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MLABS SYSTEMS BERHAD
Registration No.: 200401014724 (653227-V) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MLABS SYSTEMS BERHAD, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 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 and International Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

1) Impairment assessment of intangible assets
(Refer to Note 1(e)(ix), 2(g), 2(j) and 11 to the financial statements)

(i) Goodwill

The carrying amount of Goodwill of the Group as at the end of financial year amounted to RM2,552,065. Goodwill impairment testing of cash generating units ("CGU") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group has assessed the recoverable amount of goodwill.

(ii) Software development expenditure

The carrying amount of software development expenditure of the Group as at the end of financial year amounted to RM2,583,692. Given the reported losses of the Group which has indication of impairment that asset may be impaired. The Group has estimated the recoverable amount of the asset for impairment assessment.

The determination of recoverable amounts requires significant judgment and estimates about the future results and key assumptions applied to cash flow projections in determining the recoverable amounts. The Directors' assessment of the recoverable amounts is determined by cash flow projection of the respective CGU to support its VIU calculation.

As part of our audit, we performed the following procedures:

(a) Made enquiries with the appropriate personnel to evaluate the basis of the cash flow projections;

(b) Evaluate the assumptions and methodologies used by the Group in performing the impairment assessment;

(c) Assessed appropriateness of key assumptions, such as the discount rates assigned to CGUs and the revenue growth rate;

(d) Performed sensitivity analysis on key inputs to impairment models, to assess the impact that reasonable alternative assumptions would have on the carrying amounts; and

(e) Test the mathematical accuracy of cash flows forecast.

Key audit matters (continued)

2) Impairment of trade, non-trade receivables and deposits
(Refer to Note 1(e)(vi), 2(g), 2(l), 15 and 17 to the financial statements)

Impairment of trade, non-trade receivables and deposits is an area of focus in the audit as there are variables that involved significant judgement during the assessment of expected credit losses of receivables. Trade receivables' expected credit losses are estimated using provision matrix, which is based on the Group's historical observed default rates and forward-looking information, which are assessed and determined by the Group at the reporting date.

The Group's gross trade, non-trade receivables and deposits amounted to RM3,127,035 and RM8,057,876 respectively as at the end of the financial year. A total impairment of RM5,923,387 was made against these total balances as at the financial year end.

As part of our audit to test Management's assessment of the recoverability of the Group's receivables, our procedures included:

(a) Review of Management's assessment of impairment loss of receivables;

(b) Review of subsequent collections of major trade receivable balances to determine the validity and collectability of receivables as at financial year end;

(c) Review sufficiency of impairment provided by considering events or changes in circumstances which indicate that the carrying amounts may not be recoverable; and

(d) Tested the reasonableness of the Group's ECL model, and key assumptions made by management.

3) Impairment of amount due from subsidiaries
(Refer to Note 1(e)(vi), 2(g), 2(l) and 18 to the financial statements)

The gross carrying amount of the amount due from subsidiaries amounted to RM51,660,733 as at the end of the financial year. The Group carries significant amount due from subsidiaries, which are subject to a high credit risk exposure.

Due to the significance judgement and estimation in determining the probability of default when assessing the recoverable amount of debts due from subsidiaries, we consider this to be an area of audit focus.

Our procedures included:

(a) Assessed and tested reasonableness of the Group's expected credit loss model, and key assumptions made by the management; and

(b) Assessed whether the financial statements disclosures are adequate and appropriately reflect the Group's exposure to credit risk, arising from subsidiaries.

4) Impairment in investment in subsidiary
(Refer to Note 1(e)(viii), 2(g), 2(l) and 13 to the financial statements)

The cost of investment in subsidiary, Inbase Partner Limited, amounted to RM12,741,004. Following the losses reported during the financial year, indicate the existence of an impairment.

In assessing the impairment of investment in subsidiary, the Directors have compared their carrying amounts with their recoverable amount. The investment recoverable amount is higher of investment's fair value less costs to value-in-use. For the purpose of assessing impairment, the investment is grouped at the lowest level which they are separately identifiable cash flow, described as cash-generating unit (CGU).

The Directors' assessment of the recoverable amount of investment in subsidiary is based on their fair value less cost to sell. The Directors made an impairment on the investment in subsidiary amounting to RM7,345,912.

The investments' fair value less costs to sell is based on assumptions using management's estimation and judgment which is inherently uncertain.

Independent Auditors' Report

to the Members of MLABS Systems Berhad
Registration No.: 200401014724 (653227-V)
(Incorporated in Malaysia) (Continued)

Key audit matters (continued)

4) Impairment in investment in subsidiary (continued)
(Refer to Note 1(e)(viii), 2(g), 2(l) and 13 to the financial statements)

As part of our audit, we performed the following procedures:

(a) Made enquiries to evaluate the basis of use of net asset value as approximate its fair value;

(b) Evaluate the appropriateness of the measurement method used to determine the fair value of underlying assets of the investments;

(c) Evaluated the disclosure made in the notes to the financial statements; and

(d) Discussed the issues relating to the impairment assessment with the Directors.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis, Audit Committee Report, Corporate Governance Overview Statement and Statement on risk Management and Internal Control and Sustainability 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 identified and, in doing so, consider whether the 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 the 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 Group and of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 13 to the financial statements.

Other Matters

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

PKF
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CHARTERED ACCOUNTANTS

SHARINAH BINTI MOHAMED IQBAL
03285/10/2022 J
CHARTERED ACCOUNTANT

Kuala Lumpur
26 October 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 1.7.2019 to 30.6.2020 RM	Group 1.4.2018 to 30.6.2019 Restated RM	Company 1.7.2019 to 30.6.2020 RM	Company 1.4.2018 to 30.6.2019 RM
Revenue	3	8,319,266	7,785,592	-	-
Cost of sales		(7,267,801)	(6,064,507)	-	-
Gross profit		1,051,465	1,721,085	-	-
Other income	4	1,664,697	1,720,676	195,036	1,644,936
Administrative and operating expenses		(11,730,377)	(4,808,760)	(4,439,514)	(1,241,696)
Selling and distribution expenses		-	(3,005,017)	-	(2,005,016)
Other operating expenses		(18,210)	(166,513)	-	(155,381)
Impairment loss on:					
- trade receivables		(1,801,700)	(303,000)	-	-
- non-trade receivables		(2,000,000)	-	-	-
- right-of-use asset		(202,876)	-	-	-
- investment in subsidiaries		-	-	(7,345,912)	-
- amount due from subsidiaries		-	-	(10,509,280)	(38,054,428)
- intangible assets		(12,857,442)	-	-	-
- property, plant and equipment		-	(4,244)	-	-
Inventories written off		(59,343)	(91,698)	-	-
Property, plant and equipment written off		-	(261,461)	-	-
Intangible assets written off		-	(514,667)	-	(514,667)
Loss from operations		(25,953,786)	(5,713,599)	(22,099,670)	(40,326,252)
Finance costs	6	(59,053)	-	-	-
Loss from tax		(26,012,839)	(5,713,599)	(22,099,670)	(40,326,252)
Tax expense	7	-	-	-	-
Loss for the financial year/period		(26,012,839)	(5,713,599)	(22,099,670)	(40,326,252)
Other comprehensive loss:					
Item that will be subsequently reclassified to profit or loss					
Exchange differences on translation foreign operation		203,887	(531)	-	-
Total comprehensive loss for the financial year/period		(25,808,952)	(5,714,130)	(22,099,670)	(40,326,252)
Loss attributable to:					
Owners of the company		(25,756,426)	(5,534,575)	(22,099,670)	(40,326,252)
Non-controlling interests		(256,413)	(179,024)	-	-
		(26,012,839)	(5,713,599)	(22,099,670)	(40,326,252)
Total comprehensive loss attributable to:					
Owners of the company		(25,646,766)	(5,535,106)	(22,099,670)	(40,326,252)
Non-controlling interests		(162,186)	(179,024)	-	-
		(25,808,952)	(5,714,130)	(22,099,670)	(40,326,252)
Basic loss per share (sen):					
- Basic	8	(3.51)	(0.83)		
Diluted loss per share (sen):					
- Diluted	8	(3.51)	(0.83)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group			Company	
		30.6.2020	30.6.2019 Restated	1.7.2018	30.6.2020	30.6.2019
	Note	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	9	2,386,566	1,083,106	1,331,226	3,792	5,601
Right-of-use assets	10	1,063,934	-	-	-	-
Intangible assets	11	5,135,757	19,993,199	1,158,000	-	-
Investment properties	12	8,885,000	7,717,500	-	-	-
Investment in subsidiaries	13	-	-	-	5,395,095	12,741,006
Other investments	14	4,090,911	4,155,835	12,851	-	-
Non-trade receivables, deposits and prepayments	15	62,526	2,060,120	300,000	-	-
		21,624,694	35,009,760	2,802,077	5,398,887	12,746,607
Current assets						
Inventories	16	279,865	348,261	697,872	-	-
Trade receivables	17	867,335	4,549,838	1,469,036	-	-
Non-trade receivables, deposits and prepayments	15	5,667,797	7,673,419	16,343,890	1,389,210	19,447
Amount due from subsidiaries	18	-	-	-	2,232,461	1,473,775
Tax recoverable		120	120	-	-	-
Cash, bank balances and short term fund	19	22,490,470	22,591,549	44,882,678	4,472,034	15,870,925
		29,305,587	35,163,187	63,393,476	8,093,705	17,364,147
TOTAL ASSETS		50,930,281	70,172,947	66,195,553	13,492,592	30,110,754
EQUITY AND LIABILITIES						
Share capital	20	42,553,284	30,625,981	30,625,981	42,553,284	30,625,981
Reserves	21	4,428,783	30,105,724	35,640,830	(29,122,384)	(7,022,714)
Equity attributable to owners of the parent		46,982,067	60,731,705	66,266,811	13,430,900	23,603,267
Non-controlling interest		1,999,872	2,162,058	(298,966)	-	-
Total equity		48,981,939	62,893,763	65,967,845	13,430,900	23,603,267
Non-current liability						
Lease liabilities	22	688,565	-	-	-	-
Current liabilities						
Trade payables	23	770	7,721	-	-	-
Non-trade payables and accruals	24	703,065	7,262,601	216,846	61,401	6,507,196
Lease liabilities	22	547,080	-	-	-	-
Amount due to a Director	25	800	800	2,800	-	-
Tax payable		8,062	8,062	8,062	291	291
		1,259,777	7,279,184	227,708	61,692	6,507,487
Total liabilities		1,948,342	7,279,184	227,708	61,692	6,507,487
TOTAL EQUITY AND LIABILITIES		50,930,281	70,172,947	66,195,553	13,492,592	30,110,754

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to the owners of the company						
		Non-distributable		Distributable			
Group	Share capital RM	Warrants reserve RM	Foreign translation reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interest RM	Total Equity RM
2020							
At 1 July 2019 (after Restated)	30,625,981	43,929,695	(531)	(13,823,440)	60,731,705	2,162,058	62,893,763
Initial application MFRS 16	-	-	-	(30,175)	(30,175)	-	(30,175)
Restated as at 1 July 2019	30,625,981	43,929,695	(531)	(13,853,615)	60,701,530	2,162,058	62,863,588
Loss for the financial year	-	-	-	(25,756,426)	(25,756,426)	(256,413)	(26,012,839)
Exchange translation differences	-	-	109,660	-	109,660	94,227	203,887
Total comprehensive losses	-	-	109,660	(25,756,426)	(25,646,766)	(162,186)	(25,808,952)
Transaction with owners							
Ordinary shares issued pursuant to:							
- ESOS	7,295,196	-	-	-	7,295,196	-	7,295,196
- Warrant	7,200	-	-	-	7,200	-	7,200
- Private Placement	4,624,907	-	-	-	4,624,907	-	4,624,907
	11,927,303	-	-	-	11,927,303	-	11,927,303
At 30 June 2020	42,553,284	43,929,695	109,129	(39,610,041)	46,982,067	1,999,872	48,981,939

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

Group	Share capital RM	Warrants reserve RM	Foreign translation reserve RM	Fair value adjustment reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interest RM	Total Equity RM
	Attributable to the owners of the company	Non-distributable			Distributable			
2019								
At 1 April 2018	30,625,981	43,929,695	-	544	(8,289,409)	66,266,811	(298,966)	65,967,845
Loss for the financial period (as previously reported)	-	-	-	-	(5,542,575)	(5,542,575)	(179,024)	(5,721,599)
Transfer to accumulated losses	-	-	-	(544)	544	-	-	-
Prior year adjustments (Note 31)	-	-	-	-	8,000	8,000	-	8,000
Exchange translation differences	-	-	(531)	-	-	(531)	-	(531)
Total comprehensive losses (after restated)	-	-	(531)	(544)	(5,534,031)	(5,535,106)	(179,024)	(5,714,130)
Transaction with owners:								
Acquisition of a subsidiary	-	-	-	-	-	-	2,640,048	2,640,048
At 30 June 2019 (after restated)	30,625,981	43,929,695	(531)	-	(13,823,440)	60,731,705	2,162,058	62,893,763

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

Statement of Changes In Equity
for the Financial Year Ended 30 June 2020 (Continued)

Company	Share capital RM	Warrant reserve RM	Accumulated losses RM	Total equity RM
	Attributable to owners of the company			
At 1 April 2018	30,625,981	43,929,695	(10,626,157)	63,929,519
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(40,326,252)	(40,326,252)
At 30 June 2019	30,625,981	43,929,695	(50,952,409)	23,603,267
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(22,099,670)	(22,099,670)
	30,625,981	43,929,695	(73,052,079)	1,503,597
Transaction with owners				
Ordinary shares issued pursuant to:				
- ESOS	7,295,196	-	-	7,295,196
- Warrant	7,200	-	-	7,200
- Private Placement	4,624,907	-	-	4,624,907
	11,927,303	-	-	11,927,303
At 30 June 2020	42,553,284	43,929,695	(73,052,079)	13,430,900

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 1.7.2019 to 30.6.2020	Group 1.4.2018 to 30.6.2019 Restated	Company 1.7.2019 to 30.6.2020	Company 1.4.2018 to 30.6.2019
		RM	RM	RM	RM
Cash flows from operating activities					
Loss before tax		(26,012,839)	(5,713,599)	(22,099,670)	(40,326,252)
Adjustments for:					
Amortisation of intangible assets		2,000,000	643,333	-	643,333
Depreciation of investment properties		70,000	70,000	-	-
Depreciation of property, plant and equipment		432,269	411,817	1,809	2,009
Depreciation of right-of-use assets		532,157	-	-	-
Impairment loss on trade receivables		1,801,700	303,000	-	-
Impairment loss on non-trade receivables		2,000,000	-	-	-
Impairment loss on right-of-use assets		202,876	-	-	-
Impairment loss on investment in subsidiaries		-	-	7,345,912	-
Impairment loss on amount due from subsidiaries		-	-	10,509,280	38,054,428
Impairment loss on intangible assets		12,857,442	-	-	-
Impairment loss on property, plant and equipment		-	4,244	-	-
Income distribution from short term fund		(374,994)	(1,562,315)	(49,043)	(1,559,210)
Interest expenses		59,053	-	-	-
Interest income		(16,931)	(158,361)	-	(85,726)
Gain on disposal of plant, property and equipment		(9,454)	-	-	-
Fair value adjustment on investments		-	(984)	-	-
Fair value gain on investment		(677,065)	-	(25,990)	-
Share Option granted under ESOS		2,901,221	-	2,901,221	-
Unrealised loss on foreign exchange		(376,288)	(531)	-	-
Inventories written off		59,343	91,698	-	-
Reversal of inventories written down		(8,586)	-	-	-
Property, plant and equipment written off		-	261,461	-	-
Intangible assets written off		-	514,667	-	514,667
Operating loss before working capital changes		(4,560,096)	(5,135,570)	(1,416,481)	(2,756,751)
Decrease/(Increase) in inventories		17,639	257,913	-	-
Decrease/(Increase) in receivables		2,215,213	4,278,444	(1,369,763)	15,991,954
Increase/(Decrease) in payables		(6,566,487)	365,145	(6,445,795)	6,458,085
Cash generated (used in)/ from operations		(8,893,731)	(234,068)	(9,232,039)	19,693,288
Tax paid		-	(120)	-	-
Net cash generated from/(used in) operating activities		(8,893,731)	(234,188)	(9,232,039)	19,693,288
Cash flows from investing activities					
Advances to a subsidiaries		-	-	(11,267,966)	(36,195,935)
Drawdown of other investment		834,051	-	-	-
Income received from short term fund		374,994	1,562,315	49,043	1,559,210
Interest income		16,931	158,361	-	85,726
Acquisition of a subsidiary		-	(5,628,549)	(1)	(12,741,004)
Acquisition of right-of-used asset	(ii)	(78,039)	-	-	-

Statement of Cash Flows
for the Financial Year Ended 30 June 2020 (Continued)

	Note	Group 1.7.2019 to 30.6.2020 RM	Group 1.4.2018 10 30.6.2019 Restated RM	Company 1.7.2019 to 30.6.2020 RM	Company 1.4.2018 to 30.6.2019 RM
Cash flows from investing activities					
Acquisition of investment properties		(1,237,500)	(7,787,500)	-	-
Acquisition of intangible assets		-	(10,000,000)	-	-
Acquisition of property, plant and equipment	(i)	(115,994)	(359,568)	-	-
Proceeds from disposal of property, plant and equipment		43,877	-	-	-
Net cash used in investing activities		(161,679)	(22,054,941)	(11,218,924)	(47,292,003)
Cash flows from financing activities					
Interest paid		(59,053)	-	-	-
Proceeds from exercise of warrants		7,200	-	7,200	-
Proceeds from issuance of shares pursuant to ESOS		4,393,975	-	4,393,975	-
Proceeds from issuance of shares pursuant to Private Placement		4,624,907	-	4,624,907	-
Repayment of lease liabilities	(iv)	(515,460)	-	-	-
Repayment to a director	(iv)	-	(2,000)	-	(2,000)
Net cash from/(used in) financing activities		8,451,569	(2,000)	9,026,082	(2,000)
Net decrease in cash and cash equivalents		(603,841)	(22,291,129)	(11,424,881)	(27,600,715)
Effects of exchange rate changes		502,762	-	25,990	-
Cash and cash equivalents at 1 July 2019/1 April 2018		22,591,549	44,882,678	15,870,925	43,471,640
Cash and cash equivalents at 30 June	(iii)	22,490,470	22,591,549	4,472,034	15,870,925

Notes:

(i) Acquisition of property, plant and equipment

During the financial year/period, the Company made the following cash payments to acquisition property, plant and equipment:

	Group 2020 RM	Group 2019 RM
Acquisition of property, plant and equipment	1,770,152	359,568
Less: Offset against receivable	(1,654,158)	-
Cash payment on acquisition of property, plant and equipment	115,994	359,568

(ii) Acquisition of right-of-use assets

During the financial year/period, the Group made the following cash payments to acquisition right-of-use assets:

	Group 2020 RM	Group 2019 RM
Acquisition of right-of-use assets:	336,079	-
Less: Lease arrangements	(258,040)	-
Cash payment on acquisition of right-of-use assets:	78,039	-

Notes:

(iii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances.

	Note	Group 1.7.2019 to 30.6.2020 RM	Group 1.4.2018 to 30.6.2019 RM	Company 1.7.2019 to 30.6.2020 RM	Company 1.4.2018 to 30.6.2019 RM
Cash and bank balance	19	7,627,511	4,440,661	4,472,034	1,860,742
Short term fund	19	14,862,959	18,150,888	-	14,010,183
		22,490,470	22,591,549	4,472,034	15,870,925

(iv) Reconciliation of liabilities arising from financing activities:

	30 June 2019 RM	Initial application of MFRS 16 RM	1 July 2019 RM	Addition of right-of-use assets RM	Cash flows RM	30 June 2020 RM
2020						
Lease liabilities	-	1,493,065	1,493,065	258,040	(515,460)	1,235,645
Amount due to a Director	800	-	800	-	-	800
	800	1,493,065	1,493,865	258,040	(515,460)	1,236,445

	1 April 2018 RM	Cash flows RM	30 June 2019 RM
2019			
Amount due to a Director	2,800	(2,000)	800

1. BASIS OF PREPARATION

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 accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concerns which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

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

(a) Standards issued and effective

On 1 July 2019, the Group and the Company have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2019:

Description

- MFRS 16 Leases
- Annual improvements to MFRSs 2015 - 2017 cycle
  - Amendments to MFRS 3 Business Combinations
  - Amendments to MFRS 11 Joint Arrangements
  - Amendments to MFRS 112 Income Taxes
  - Amendments to MFRS 123 Borrowing Costs
- Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment and Settlement
- Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- Amendments to MFRS 128 Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Adoption of the above accounting standards, amendments and interpretation did not have any material impact on the financial performance and position of the Group and the Company except for changes in accounting policies as disclosed in Note 1(c) to the financial statements.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following amendments, standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual period beginning on or after**
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2 *Share-based Payment*	1 January 2020
- Amendments to MFRS 3 *Business Combinations*	1 January 2020
- Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2020
- Amendments to MFRS 14 *Regulatory Deferral Accounts*	1 January 2020
- Amendments to MFRS 101 *Presentation of Financial Statements*	1 January 2020
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
- Amendments to MFRS 134 *Interim Financial Reporting*	1 January 2020
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2020
- Amendments to MFRS 138 *Intangible Assets*	1 January 2020

1. BASIS OF PREPARATION (CONTINUED)

(b) Standards issued but not yet effective (continued)

The Group and the Company have not adopted the following amendments, standards and interpretations that have been issued but not yet effective: (continued)

Description	Effective for annual period beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards (continued)	
- Amendments to IC Interpretation 12 *Service Concession Arrangements*	1 January 2020
- Amendments to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2020
- Amendments to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2020
- Amendments to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2020
- Amendments to IC Interpretation 132 *Intangible Assets Web Site Costs*	1 January 2020
• Amendments to MFRS 3 *Business Combinations: Definition of Business*	1 January 2020
• Amendments to MFRS 101 *Presentation of Financial* Statements and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*	1 January 2020
• Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*	1 January 2020
• Amendment to MFRS 16 *Leases: Covid-19-Related Rent Concessions*	1 June 2020
• Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2022
- Amendments to MFRS 9 *Financial Instruments*	1 January 2022
- Amendments to MFRS 16 *Leases*	1 January 2022
- Amendments to MFRS 141 *Agriculture*	1 January 2022
• Amendments to MFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
• Amendments to MFRS 116 *Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
• Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
• Amendments to MFRS 10 C*onsolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures: Sales and Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
• MFRS 17 *Insurance Contract*	1 January 2021

The initial application of the accounting standards, amendments and interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

1. BASIS OF PREPARATION (CONTINUED)

(c) Explanation on change in accounting policy

MFRS 16 Leases

In the current financial year, the Group and the Company have adopted MFRS 16 Leases ("MFRS 16") effective for the annual financial period beginning on or after 1 January 2019. The date of initial application is as of the beginning of the reporting period, in which the Company first applies MFRS 16 i.e. 1 July 2019.

The standard introduces a single, on statements of financial position lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

Right-of-use assets and lease liabilities are disclosed as a single line in the statement of financial position.

The Group and the Company elect to apply MFRS 16 retrospectively with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained profits and reserves as at 1 January 2019.

The impact on the changes to the accounting policies applied to lease contracts entered into by the Group and the Company as compared to those applied in previous financial statements are disclosed as below:

Reconciliation between operating lease commitments disclosed applying MFRS 117 and lease liabilities.

	Group 2019 RM
Operating lease commitments as at 1 July 2019	392,947
Discounted using the lessee's incremental borrowing rate as at 1 July 2019	1,506,340
Less: low value leases not recognised as a liability	(13,275)
Lease liabilities recognised as at 1 July	1,493,065

1. BASIS OF PREPARATION (CONTINUED)

(c) Explanation on change in accounting policy (continued)

MFRS 16 Leases (continued)

These are impact on the changes to the accounting policies applied to lease contracts entered into by the Group and the Company as compared to those applied in previous financial statements. The impact arising from the changes are disclosed as below:

	As reported at 30 June 2019 Restated RM	Estimated adjustments due to adoption of MFRS 16 RM	Estimated adjusted opening balance at 1 July 2019 RM
Group			
Right-of-use assets	-	1,855,709	1,855,709
Accumulated depreciation of right-of-use assets	-	(392,821)	(392,821)
Lease liabilities	-	(1,493,065)	(1,493,065)
Retained earnings	(13,823,440)	(30,175)	(13,853,615)

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise indicated in the summary of significant accounting policies.

(e) Significant accounting estimates and judgements

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

(i) Income Taxes

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

1. BASIS OF PREPARATION (CONTINUED)

(e) Significant accounting estimates and judgements (continued)

(ii) Depreciation of Property, Plant and Equipment

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

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

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

(iii) Write-down of Inventories

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

(iv) Impairment of Non-financial Assets

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

(v) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group and the Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(vi) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the payment profiles of sales over a period before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

(vii) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the end of the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

1. BASIS OF PREPARATION (CONTINUED)

(e) Significant accounting estimates and judgements (continued)

(viii) Carrying Value of Investments in Subsidiary Companies

Investment in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimated of future cash flows and discount rates. Changes in assumptions could significantly affect the Company amount of investment in subsidiary.

(ix) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating units to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(x) Classification between Investment Properties and Owner Occupied Properties

The Group determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group consider whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(xi) Lease

(a) Lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. There are no extension options in leases for office premise have been included in the lease liability in consideration of the costs because it is not reasonably certain that the lease will be extended (or not terminated).

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Group uses interest rate ranging from 2.63% to 5.55% as a starting point and makes adjustments specific to the lease, from one (1) to six (6) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. 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.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a 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 the acquiree's identifiable net assets.

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

The excess 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 recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Acquisitions of business are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured at fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate shares of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the other comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(iv) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies (continued)

Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and of the Company on disposal of the foreign operation.

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

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows:

	2020 RM	2019 RM
1 United States Dollar	4.32	4.14
1 Hong Kong Dollar	0.55	0.53
1 Taiwan New Dollar	0.15	-

(c) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expect to be entitled in exchange for these goods or services.

(i) Services rendered

The Group involved in research and development, assembling and trading of multimedia video conferencing system, mobile application solutions and financial technology related services. The sales contract identifies one performance obligations which is the delivering of services to customers.

Revenue from these sales is recognised based on the price specified in the contract. As the performance obligation is satisfied at a point in time, when the Group delivers the services to the customer. Payment of the transaction price is due within a range from 30 to 180 days.

(ii) Sale of goods

The Group sells a range of IT hardware, kitchen equipment and appliances to customers. As the performance obligation is satisfied at a point in time when the Group transfers control of the goods to the customer, whereby the goods delivered to the customers, revenue is also recognised based on the selling price specified in the contract.

The sales of bulk made with a credit term of 30 to 180 days, where consistent with market practice, therefore, no element of financing is deemed present as the sales are made with cash term. The receivables is recognised when the customer obtained the controls of goods as the consideration is unconditional other than passage of time before payment is due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue and other income (continued)

(iii) Interest income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

(d) Employee benefits expense

(i) Short term benefits

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

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sales.

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

(f) Tax expense

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Tax expense (continued)

(ii) Deferred tax (continued)

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(g) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

(ii) Non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All property, plant and equipment are depreciated on the straight-line basis to write off the costs of the property, plant and equipment over their estimated useful lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

The principal annual rates used for this purpose are:

Renovation	10%
Motor vehicles	20%
Furniture, fittings and office equipment	20%
Computers	20%

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(i) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. The investment properties are subsequently carried at cost less accumulated depreciation and any impairment losses. Buildings are depreciated on a straight-line basis to write off the cost over the estimated useful lives at annual rate of 1%.

Capital work-in-progress represents construction-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sale proceeds and the carrying amounts of the asset and is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is recognised.

(j) Intangible assets

(i) Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating unit that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating units may be impaired, by comparing the carrying amount of the cash-generating units, including the allocated goodwill, with the recoverable amount of the cash-generating units. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets (continued)

(i) Goodwill on consolidation (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(b) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Group and the Company and are recorded in Ringgit Malaysia at the rates prevailing at the date of acquisition.

(i) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses, if any.

(ii) Amortisations

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date they are available or use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit and loss on a straight line basis over the estimated useful lives of intangible assets.

The estimated useful live for the other intangible assets are as follows:

Property development cost	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each accounting period and adjusted, if appropriate.

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

(k) Inventories

Inventories, which consist of kitchen equipment and appliances, are stated at the lower of cost and net realisable value.

The cost of inventories comprises the original cost of purchase price and incidental costs incurred in bringing the inventories to their present location and condition. Cost is generally determined on a first-in-first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make sale. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in profit or loss in the period in which it occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets

i) Amortised costs

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows 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. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

ii) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with licensed banks at original maturities not exceeding three months, short term and other highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

(i) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

(ii) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial liabilities (continued)

(ii) Fair value through profit or loss (continued)

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

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

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

(o) Leases

The Group and the Company had applied MFRS 117 until financial year ended 30 June 2019. From 1 July 2019, MFRS 16 has been applied.

Current financial year

(i) Initial recognition and measurement

(a) As a lessee

The Group and the Company recognise right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:
- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Group and the Company recognises the lease payments associated with these

(b) As a lessor

Leases for which the Group or the Company is a lessor are classified as finance or operating leases.

Leases which transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is a finance lease; if not, then it is an operating lease.

The Group and the Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the investment in the lease.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right- of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

Current financial year (continued)

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 2(g)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

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

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Previous financial period

Finance lease

Leases which transfer substantially all the risks and rewards incidental to ownership were classified as financial leases.

(i) As a lessee

Upon initial recognition, the Group and the Company recognised finance leases as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Any initial direct costs were added to the amount recognised as an asset.

Each lease payment was allocated between the liability and finance cost. The finance charge was charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance lease was depreciated over the asset's useful life, or over the shorter of the lease term and its useful life if there is no reasonable certainty that the ownership will be obtained by the Company by the end of the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

Previous financial period (continued)

Operating lease

Leases which did not transfer substantially all the risks and rewards incidental to ownership were classified as operating leases.

(i) As a lessee

Operating lease payment was charged to profit or loss on a straight-line basis over the lease term.

(ii) As a lessor

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

The respective leased assets are included in the statement of financial position according to the nature of the asset. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the leased asset and recognised as expense over the lease term on the same basis as the lease income.

(p) Provision

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Operating segments

For management purposes, the Group and the Company are organised into operating segments based on their products and services. The management of the Group and of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the Note 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(r) Contingencies

(i) Contingent assets

Where an inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is disclosed as a contingent asset. When the inflow of benefit is virtually certain, then the related asset is recognised.

(ii) Contingent liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(t) Equity instruments

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

(u) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

3. REVENUE

The revenue of the Group and of the Company consists of the following:

	Group		Company	
	1.7.2019 to 30.6.2020 RM	1.4.2018 to 30.6.2019 RM	1.7.2019 to 30.6.2020 RM	1.4.2018 to 30.6.2019 RM
At a point in time				
Revenue from contracts with customers				
Service rendered	7,836,621	7,430,720	-	-
Sale of goods	482,645	354,872	-	-
	8,319,266	7,785,592	-	-

4. OTHER INCOME

	Group		Company	
	1.7.2019 to 30.6.2020 RM	1.4.2018 to 30.6.2019 RM	1.7.2019 to 30.6.2020 RM	1.4.2018 to 30.6.2019 RM
Income distribution from short term fund	374,994	1,562,315	49,043	1,559,210
Interest income	16,931	158,361	-	85,726
Fair value gain on investment	677,065	-	25,990	-
Gain on disposal of property, plant and equipment	9,454	-	-	-
Realised gain on foreign exchange	131,562	-	120,003	-
Reversal of inventories written down	8,586	-	-	-
Unrealised gain on foreign exchange	376,288	-	-	-
Others	69,817	-	-	-
	1,664,697	1,720,676	195,036	1,644,936

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.7.2019 to 30.6.2020 RM	1.7.2018 to 30.6.2019 RM	1.7.2019 to 30.6.2020 RM	1.7.2018 to 30.6.2019 RM
(a) Staff costs				
Salaries, wages and bonus	2,229,592	646,825	-	-
Defined contribution plan	161,910	85,126	-	-
Social security contributions	13,993	9,221	-	-
Equity-settled share based payment	2,901,219	-	2,901,219	-
Other employee benefits	236,903	-	-	-
	5,543,617	741,172	2,901,219	-
(b) Directors' remuneration:				
- Salaries and other emoluments	628,049	-	-	-
- Defined contribution plan	19,152	-	-	-
- Social security contributions	923	-	-	-
	648,124	-	-	-
	6,191,741	741,172	2,901,219	-

The total number of employees, inclusive directors of the Group at the end of the financial year/period was 33 (2019: 16).

5. EMPLOYEE BENEFITS EXPENSE (continued)

Share-based payment arrangements

Employee Share Option Scheme ("ESOS")

The Company granted share options ESOS of 175,432,000 to eligible employees of the Group to acquire shares in the Company under the Employees Share Options Scheme ("ESOS") approved by the shareholders of the Company. All options are to be settled by physical delivery of shares.

The terms and conditions related to grants of the share option programme are as follows:

Grant date/employees entitled	Vesting period	Number of options	Contractual life of options
Options granted to employees on 5 February 2020	Not applicable	100,000,000	1,026 days
Options granted to employees on 30 March 2020	Not applicable	31,000,000	121 days
Options granted to employees on 8 April 2020	Not applicable	9,475,000	112 days
Options granted to employees on 4 May 2020	Not applicable	26,890,000	86 days
Options granted to employees on 15 June 2020	Not applicable	8,067,000	44 days

The number, weighted average exercise prices and share price at date of exercise of share options are as follows:

	2020	
Granted on:	**Exercise price**	**Number of option RM**
- 5 February 2020	0.0300	100,000,000
- 30 March 2020	0.0150	31,000,000
- 8 April 2020	0.0200	9,475,000
- 4 May 2020	0.0200	26,890,000
- 15 June 2020	0.0250	8,067,000
		175,432,000
Less: Exercised as at 30 June 2020		(175,432,000)
Outstanding at 30 June 2020		-

The fair value of services received in return for share options granted is based on the fair value of share options granted.

	2020				
Fair value of share options and assumptions					
Fair value at grant date	0.0023	0.0064	0.0086	0.0082	0.0125
Weighted average share price	0.0302	0.0151	0.0194	0.0200	0.0315
Share price at grant date	0.030	0.015	0.020	0.020	0.0250
Expected volatility (weighted average volatility)	137.8150	191.2555	216.6250	219.6300	233.3400
Option life (expected weighted average life)	1,026	121	112	86	44
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	2.88%	2.84%	2.59%	2.40%	2.34%

6. FINANCE COST

	Group		Company	
	1.7.2019 to 30.6.2020 RM	**1.4.2018 to 30.6.2019 RM**	**1.7.2019 to 30.6.2020 RM**	**1.4.2018 to 30.6.2019 RM**
Interest expenses on lease liabilities	59,053	-	-	-

7. TAX EXPENSE

No provision for income tax has been made as the Group and Company has no taxable income.

Reconciliation of tax expense

	Group		Company	
	1.7.2019 to 30.6.2020 RM	**1.4.2018 to 30.6.2019 Restated RM**	**1.7.2019 to 30.6.2020 RM**	**1.4.2018 to 30.6.2019 RM**
Loss before tax	(26,012,839)	(5,713,599)	(22,099,670)	(40,326,252)
Tax calculated at statutory tax rate of 24%	(6,243,081)	(1,371,264)	(5,303,921)	(9,678,300)
Effect of tax rate in foreign jurisdictions	(5,767)	-	-	-
Non-deductible expenses	4,799,743	413,887	4,294,868	278,924
Non-taxable income	(53,351)	-	-	-
Deferred tax assets not recognised during the year/period	1,502,456	957,377	1,009,053	9,399,376
	-	-	-	-

The Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately RM9,045,399 and RM1,061,357 (2019: RM3,122,526 and RM229,209) respectively and the Company has unutilised tax losses and unabsorbed capital allowances amounting to RM5,165,315 and RM39,802 (2019: RM962,737 and RM38,285) respectively.

Unutilised tax losses can be carried forward for a period 7 years from year of assessment ("YA") to set off against future taxable profit as follows:

	Group		Company	
	RM	**Utilised up to**	**RM**	**Utilised up to**
YA 2018 and before	373,031	YA 2025	-	YA 2025
YA 2019	2,749,495	YA 2026	962,737	YA 2026
YA 2020	5,922,873	YA 2027	4,202,578	YA 2027

8. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The basic earnings per share amount is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year/period.

	Group	
	1.7.2019 to 30.6.2020	**1.4.2018 to 30.6.2019 Restated**
Loss attributable to owners of the parent (RM)	(25,756,426)	(5,534,575)
Weighted average number of ordinary shares at 30 June	456,081,442	670,504,027
Effect of new ordinary share pursuant to exercised of ESOS	278,321,582	-
Weighted average number of ordinary shares at 30 June	734,403,024	670,504,027
Basic loss attributable to owners of the Company per ordinary share	(3.51)	(0.83)

(b) Diluted loss per ordinary share

Diluted loss per share amounts are calculated by dividing loss for the financial year/period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period after adjustment for the effects of all dilutive potential ordinary shares.

	Group	
	1.7.2019 to 30.6.2020	**1.4.2018 to 30.6.2019 Restated**
Loss attributable to owners of the parent (RM)	(25,756,426)	(5,534,575)
Weighted average number of ordinary shares at 30 June	456,081,442	670,504,027
Effect of new ordinary share pursuant to exercised of ESOS	278,321,582	-
Weighted average number of ordinary shares at 30 June	734,403,024	670,504,027
Basic loss attributable to owners of the Company per ordinary share	(3.51)	(0.83)

9. PROPERTY, PLANT AND EQUIPMENT

Group	Renovation RM	Motor vehicle RM	Furniture, fittings and office equipment RM	Computers RM	Total RM
2020					
Cost					
At 1 July 2019	602,197	375,114	827,240	102,951	1,907,502
Additions	-	-	79,128	1,691,024	1,770,152
Disposal	-	-	-	(43,877)	(43,877)
At 30 June	602,197	375,114	906,368	1,750,098	3,633,777
Accumulated depreciation					
At 1 July 2019	196,081	375,114	222,847	26,110	820,152
Charge for the financial year	60,220	-	98,493	273,556	432,269
Disposal	-	-	-	(9,454)	(9,454)
At 30 June	256,301	375,114	321,340	290,212	1,242,967
Accumulated impairment					
At 1 July 2019/30 June	-	-	-	4,244	4,244
Carrying amount					
At 30 June	345,896	-	585,028	1,455,642	2,386,566
Group					
2019					
Cost					
At 1 April 2018	826,061	375,114	1,011,764	759,158	2,972,097
Additions	236,897	-	39,526	83,145	359,568
Acquisition of a subsidiary	-	-	78,266	-	78,266
Written off	(460,761)	-	(302,316)	(739,352)	(1,502,429)
At 30 June	602,197	375,114	827,240	102,951	1,907,502
Accumulated depreciation					
At 1 April 2018	196,060	356,360	377,865	710,586	1,640,871
Charge for the financial period	228,720	18,754	109,467	54,876	411,817
Acquisition of a subsidiary	-	-	8,432	-	8,432
Written off	(228,699)	-	(272,917)	(739,352)	(1,240,968)
At 30 June	196,081	375,114	222,847	26,110	820,152
Accumulated impairment					
At 1 April 2018	-	-	-	-	-
Charge for the financial period	-	-	-	4,244	4,244
At 30 June	-	-	-	4,244	4,244
Carrying amount					
At 30 June	406,116	-	604,393	72,597	1,083,106

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM	Computers RM	Total RM
2020			
Cost			
At 1 July 2019/30 June	900	7,584	8,484
Accumulated depreciation			
At 1 July 2019	248	2,635	2,883
Charge for the financial year	292	1,517	1,809
At 30 June	540	4,152	4,692
Carrying amount			
At 30 June	360	3,432	3,792
2019			
Cost			
At 1 April 2018/30 June	900	7,584	8,484
Accumulated depreciation			
At 1 April 2018	135	739	874
Charge for the financial period	113	1,896	2,009
At 30 June	248	2,635	2,883
Carrying amount			
At 30 June	652	4,949	5,601

Impairment of property, plant and equipment

During the financial year ended 2020, the Group has continued to assess the recoverability of its property, plant and equipment as the Group continue to report losses for the current financial year which indicated the existence of impairment. No impairment loss was recognised for the property, plant and equipment on consolidation for current financial year as its recoverable value was in excess of its carrying values.

10. RIGHT-OF-USE ASSETS

Group	Motor vehicle RM	Office RM	Total RM
2020			
Cost			
At 30 June 2019	-	-	-
Initial application of MFRS 16	-	1,855,709	1,855,709
At 1 July 2019	-	1,855,709	1,855,709
Additions	336,079	-	336,079
At 30 June	336,079	1,855,709	2,191,788
Accumulated depreciation			
At 30 June 2019	-	-	-
Initial application of MFRS 16	-	392,821	392,821
At 1 July 2019	-	392,821	392,821
Charge for the financial year	39,210	492,947	532,157
At 30 June	39,210	885,768	924,978
Accumulated impairment			
At 1 July 2019	-	-	-
Charge for the financial year	-	202,876	202,876
At 30 June	-	202,876	202,876
Carrying amounts			
At 30 June	296,869	767,065	1,063,934

The Group's office leases contract term ranging from 1 to 3 years (2018:Nil) that comes together with an extension options of renewal of contract which ranges from 1 to 3 years (2018:Nil).

The Group's also leases a motor vehicle and the contract term ranging from 2019 to 2024 for five (5) years with no extension options of renewal of contract.

During the financial year, the Group carried out a review of the recoverable amount of its right of-use-asset. The review led to the recognition of net impairment of RM202,876 (2019:RMNil), which is due to the impairment of rental of office to its value-in-use.

11. Intangible assets

Group	Goodwill RM	Website cost RM	Software development expenditure RM	Total RM
2020				
Cost				
At 1 July 2019/30 June	10,096,882	200,000	10,000,000	20,296,882
Accumulated amortisation				
At 1 July 2019	-	160,000	-	160,000
Charge for the financial year	-	-	2,000,000	2,000,000
At 30 June	-	160,000	2,000,000	2,160,000
Accumulated impairment				
At 1 July 2019	103,683	40,000	-	143,683
Charge for the financial year	7,441,134	-	5,416,308	12,857,442
At 30 June	7,544,817	40,000	5,416,308	13,001,125
Carrying amount				
At 30 June	2,552,065	-	2,583,692	5,135,757

Notes To The Financial Statements
30 June 2020 (Continued)

11. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill RM	Product development cost RM	Intellectual property RM	Computer software RM	Website cost RM	Software development expenditure RM	Total RM
2019							
Cost							
At 1 April 2018/30 June	103,683	6,137,299	8,835,510	2,639,411	200,000	-	17,915,903
Additions	9,993,199	-	-	-	-	10,000,000	19,993,199
Written off	-	(6,137,299)	(8,835,510)	(2,639,411)	-	-	(17,612,220)
At 30 June	10,096,882	-	-	-	200,000	10,000,000	20,296,882
Accumulated amortisation							
At 1 April 2018	-	3,826,766	7,748,346	2,639,411	160,000	-	14,374,523
Charge for the financial period	-	643,333	-	-	-	-	643,333
Written off	-	(4,470,099)	(7,748,346)	(2,639,411)	-	-	(14,857,856)
At 30 June	-	-	-	-	160,000	-	160,000
Accumulated impairment							
At 1 April 2018	103,683	1,152,533	1,087,164	-	40,000	-	2,383,380
Written off	-	(1,152,533)	(1,087,164)	-	-	-	(2,239,697)
At 30 June	103,683	-	-	-	40,000	-	143,683
Carrying amount							
At 30 June	9,993,199	-	-	-	-	10,000,000	19,993,199

11. INTANGIBLE ASSETS (CONTINUED)

Company	Product development cost RM	Total RM
2019		
Cost		
At 1 April 2018/30 June	1,930,000	1,930,000
Written off	(1,930,000)	(1,930,000)
At 30 June	-	-
Accumulated amortisation		
At 1 April 2018	772,000	772,000
Charge for the financial year	643,333	643,333
Written off	(1,415,333)	(1,415,333)
At 30 June	-	-
Carrying amount		
At 30 June	-	-

(i) Goodwill

In the prior period, the RM9,993,198 addition of goodwill is arising from acquisition of 51% equity interest of Inbase Patners Limited ("Inbase"). Futher details of the acquisition are disclosed in Note 13 to the financial statemnets.

Impairment of goodwill

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on its value in use. The cashflow were projected based on the 5 years business plan of the Group. The value in use was determined by discounting the future cashflows expected to be generated from the continued use of the unit and was based on the following assumptions:

(a) Revenue growth

The revenue was projected based on current secured sales.

(b) Discount rate

The discount rate used is weighted average cost of capital of the Group applied was 8.50% (2019: Nil) per annum.

With regards to the assessment of the value-in-use of the CGU relating to goodwill, management believe that the CGU able to create competitive advantage to grow slowly for the next few years. Based on the assessment, there is a shortfall of RM7,441,134 (2019:RMNil) which is impaired.

11. INTANGIBLE ASSETS (CONTINUED)

(ii) Software development expenditure

RM10,000,000 is the capitalised Let's Talk mobile application ("Let's Talk") development cost. This is a proprietary mobile application which enable users to send secure texts and access to voice calls through the mobile application.

Impairment of software development expenditure

The Group continues to report losses for the current financial year which indicated the existence of an impairment. The Group review's the carrying amount of software development expenditure at the end of each reporting period based on value-in-use ("VIU") method. The key assumptions used in VIU impairment assessment calculation as follows:

(a) Revenue growth

The revenue was projected based on average annual revenue growth rate used in management's cash flow projection is 8.50%(2019: 9.90%).

(b) Discount rate

The discount rate applied was 13.26% (2019: 11.50%) per annum based on weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on external and internal sources. A reasonably possible change in a key assumption does not have any significant difference to the recoverable amount.

With regards to the assessment of the value-in-use of software development expenditure, management believes there are possible changes in key assumptions which could cause the carrying value of the CGU to exceed its recoverable amount. Based on the assessment, there is a shortfall of RM5,416,308 (2019: RMNil) which it is impaired.

(iii) Website cost

Website cots represent the cost incurred for E-commerce portal for the Company's online sales and treated as intangible asset with finite life and is amortised over its estimated useful life of five years.

12. INVESTMENT PROPERTIES

Group	Building RM	Work in progress RM	Total RM
2020			
Cost			
At 1 July 2019	7,000,000	787,500	7,787,500
Addition	-	1,237,500	1,237,500
At 30 June	7,000,000	2,025,000	9,025,000
Accumulated amortisation			
At 1 July 2019	70,000	-	70,000
Charge for the financial year	70,000	-	70,000
At 30 June	140,000	-	140,000
Carrying amount			
At 30 June	6,860,000	2,025,000	8,885,000
Fair value	8,554,106	-	8,554,106

12. INVESTMENT PROPERTIES (CONTINUED)

Group	Building RM	Work in progress RM	Total RM
2019			
Cost			
At 1 April 2018	-	-	-
Addition (as previously reported)	7,800,000	787,500	8,587,500
Prior year adjustment	(800,000)	-	(800,000)
At 30 June	7,000,000	787,500	7,787,500
Accumulated amortisation			
At 1 April 2019	-	-	-
Charge for the financial period (as previously reported)	78,000	-	78,000
Prior year adjustment	(8,000)	-	(8,000)
At 30 June	70,000	-	70,000
Carrying amount			
At 30 June	6,930,000	787,500	7,717,500
Fair value (after restated)	8,509,500	-	8,509,500

The fair value disclosure of the freehold apartment has been determined by the Directors based on their assessment of fair market value of similar properties in the same vicinity at reporting date. The fair value will be determined based on valuations (using comparison valuation method) carried out through director best estimation.

Level 3 Fair Value

The fair value references of freehold apartment and building are categorised as Level 3, and have been generally derived using Comparison Valuation Method, where the valuation has been performed using unobservable input.

13. INVESTMENT IN SUBSIDIARIES

	Company	
Unquoted shares, at cost	**2020 RM**	**2019 RM**
At 1 July 2019/1 April 2018	20,541,629	7,800,625
Additions	1	12,741,004
At 30 June	20,541,630	20,541,629
Accumulated impairment		
At 1 July 2019/1 April 2018	7,800,623	7,800,623
Additions	7,345,912	-
At 30 June	(15,146,535)	(7,800,623)
	5,395,095	12,741,006

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment of investment in subsidiary

In the financial year ended 2020, the Company has assess the recoverability of its investment due to losses reported by certain subsidiary, which indicated the existence of an impairment.

The Company has concluded that there is impairment require to reduce the carrying amount of the investment as the carrying amount are currently higher than their estimated recoverable value. The recoverable value are determined by its fair values of the cost of investment less costs to sell. The total impairment of RM7,345,912 (2018: NIL) were made for those investments which have low recoverable amount.

Details of the subsidiary companies are as follows:

Name of companies	**Country of incorporation**	**Effective equity interest 2020 %**	**2019 %**	**Principal activities**
Mlabs Research Sdn. Bhd.	Malaysia	100	100	Business of research and development in multimedia video conferencing system as well as assembling and trading of multimedia video conferencing system and equipment.
Pacifica Direct Sdn. Bhd.	Malaysia	51	51	Trading of white goods such as kitchen equipment and appliances.
Mlabs Properties Sdn. Bhd.	Malaysia	100	100	Investment and holding of investment properties.
Champagne Carbon Asia Limited *	Hong Kong	100	100	Dormant, yet to commence commercial operations on e-commerce, e-wallet and e-payment
Mlabs Academy Sdn. Bhd.	Malaysia	100	100	Dormant.
Inbase Partners Limited*	Cayman Islands	51	51	Software engineering and development, financial technology legal consultant and digital crypto currency market analysis.
Champagne Carbon Sdn. Bhd.	Malaysia	100	-	Dormant.
Subsidiary of Mlabs Research Sdn. Bhd.				
Gold Dragon Media Sdn. Bhd.	Malaysia	100	100	Dormant.
Subsidiary of Inbase Partners Limited.				
Inbase Partners Taiwan Limited*	Taiwan	51	51	Financial technology related services.
Subsidiary of Champagne Carbon Asia Limited.				
Carbon Champagne Taiwan Limited*	Taiwan	100	-	Dormant

*Not audited by PKF Malaysia or member firm of PKF International.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition and incorporation of subsidiaries

Current financial year

(i) Champagne Carbon Sdn Bhd

On 3 February 2020, the Company incorporated Champagne Carbon Sdn Bhd. with a paid-up share capital of RM1 comprising one ordinary share.

(ii) Carbon Champagne Taiwan Limited

On 22 May 2020, Champagne Carbon Asia Limited incorporated Carbon Champagne Taiwan Limited with a paid capital of TWD5,000,000 equivalent to RM726,000 represented by 500,000 ordinary shares.

Previous financial period

(iii) Inbase Partner Limited

On 13 June 2019, Mlabs Systems Berhad had acquired 96,748 shares representing 51% equity interest of Inbase Partners Limited (“Inbase”) for a total cash consideration of USD3.00 million or equivalent to RM12,741,004.

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

	Fair value recognised on acquisition RM
Property, plant and equipment	69,834
Other non-current investment	4,142,000
Non-trade receivables	733,879
Trade receivables	18,018
Cash and bank balances	741,953
Non-trade payables	(317,831)
Net assets acquired	5,387,853
Less: Non-controlling interest	(2,640,048)
	2,747,805
Total purchase consideration	(12,741,004)
Goodwill on acquisition	(9,993,199)

The purchase consideration was satisfied by:

	RM
Cash consideration	6,370,502
Non-trade payables	6,370,502
	12,741,004

The effect of the acquisition on cash flow was as follows:

	RM
Purchase consideration satisfied by cash	6,370,502
Cash and bank balances of subsidiary acquired	(741,953)
Net cash outflow on acquisition of the subsidiary	5,628,549

14. OTHER INVESTMENTS

	Group 2020 RM	Group 2019 RM
Non-current		
Quoted investments:		
- Unit trust fund at fair value through profit or loss	14,260	13,835
Unquoted investments:		
- Trust assets at fair value through profit or loss	4,076,651	4,142,000
	4,090,911	4,155,835

The quoted investments represent investment in unit trust in Malaysia and determined by reference to the exchange quoted money market fund on the reporting date.

The investment in trust assets represents investment in Coinful Growth Fund I Segregated Portfolio administered and managed by an independent fund administrator, Theorem Fund Services based in Chicago, United States of America.

The fair value is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

15. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	2019 Restated	2020	2019
	RM	RM	RM	RM
Non-current				
Non-trade receivables	2,062,526	2,060,120	-	-
Less: Impairment	(2,000,000)	-	-	-
	62,526	2,060,120	-	-
Current				
Non-trade receivables	2,813,999	1,793,641	100,000	2,500
Less: Impairment	(163,587)	(163,587)	-	-
	2,650,412	1,630,054	100,000	2,500
Deposits	3,181,351	2,350,836	1,500,400	1,500,400
Less: Impairment	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
	1,681,351	850,836	400	400
Prepayments	1,336,034	5,192,529	1,288,810	16,547
	5,667,797	7,673,419	1,389,210	19,447
Total	5,730,323	9,733,539	1,389,210	19,447

15. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(i) Mlabs Research Sdn. Bhd. ("Mlabs"), a wholly owned subsidiary of the Company, entered into collaboration agreement with Onliner Company Limited ("Onliner") via a collaboration agreement dated 28 October 2018 to design, develop, implement and maintain a mobile software application that would enable the customers of Star Telecom Co. Ltd., a telecommunications company incorporated in Lao People's Democratic Republic, to access a range of services including but not limited to top-up services, redemption and conduct online purchases ("Laopay Project"). As per the terms of the collaboration agreement, Mlabs Research Sdn. Bhd. will commit RM2,000,000 which shall be utilised wholly and exclusively by Onliner for the design and development of the Laopay Project. As at the financial year ended 30 June 2020, the Group has made an impairment of RM2,000,000.

(ii) Mlabs entered into a cooperation and service agreement with XOX Media Sdn. Bhd. ("XOX") dated 23 April 2019 to integrate proprietary mobile application developed by Mlabs with XOX's mobile services subscribers. As per the terms of the agreement, Mlabs will earn guaranteed revenue from XOX amounting to RM5,600,000 but will have to bear integration costs amounting to RM5,000,000 upfront prior to deployment of the abovementioned proprietary mobile application. Post deployment of the proprietary mobile application in July 2019, the RM5,000,000 prepayment is subsequently recognised in profit or loss as cost of sales.

16. INVENTORIES

	Group	
	2020	**2019**
At cost:		
Finished goods	279,865	348,261
Recognised in profit or loss:		
Inventory recognised as cost of sales	6,273	41,926
Write-down to net realisable value	59,343	91,698
Reversal of write-down to net realisable value	(8,586)	-

17. TRADE RECEIVABLES

	Group	
	2020	**2019**
Trade receivables	3,127,035	5,007,838
Less: Allowance of impairment		
At 1 April 2019/2018	458,000	155,000
Addition	1,801,700	303,000
At 30 June/31 March 2018	(2,259,700)	(458,000)
	867,335	4,549,838

Trade receivables are non-interest bearing and the normal trade credit terms ranging from 30 to 90 days (2019: 30 to 180 days).

18. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2020	**2019**
	RM	**RM**
Amount due from subsidiary	51,660,733	40,392,767
Less: Impairment		
At 1 July 2019/1 April 2018	38,918,992	864,564
Addition	10,509,280	38,054,428
At 30 June	(49,428,272)	(38,918,992)
	2,232,461	1,473,775

18. AMOUNT DUE FROM SUBSIDIARIES (CONTINUED)

The amount due from subsidiaries represents non-trade, unsecured, interest-free advances and is repayable on demand.

19. CASH, BANK BALANCES AND SHORT TERM FUND

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	7,627,511	4,440,661	4,472,034	1,860,742
Short term fund	14,862,959	18,150,888	-	14,010,183
Total cash, bank balances and short term fund	22,490,470	22,591,549	4,472,034	15,870,925

Short term fund aims to invest in highly liquid instruments which are investing its assets in deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. This fund is subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Fund distribution income from this fund is tax exempted, is calculated daily and distributed on quarterly basis.

20. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of shares		RM	RM
Issued and fully paid				
At 1 July 2019/1 April 2018 2018/2017	670,504,027	670,504,027	30,625,981	30,625,981
Issuance of ordinary shares pursuant to:				
ESOS exercised	175,432,000	-	7,295,196	-
Private Placement	180,158,000	-	4,624,907	-
Warrant A exercised	80,000	-	7,200	-
At 30 June	1,026,174,027	670,504,027	42,553,284	30,625,981

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

During the financial year ended 30 June 2020, the Company had:

(i) 80,000 units Warrant A exercised at exercise price of RM0.09 each for cash which resulted 80,000 ordinary shares being issued;

(ii) 175,432,000 options exercised under Employees' Share Option Scheme ("ESOS") at exercise price of ranging from RM0.0150 to RM0.0300 per ordinary share; and

(iii) 180,158,000 option exercised under the Private Placement at an exercise price ranging from RM0.0184 to RM0.0315 per ordinary share.

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

21. RESERVE

	Group 2020 RM	Group 2019 Restated RM	Company 2020 RM	Company 2019 RM
Non-distributable:				
Warrant reserve	43,929,695	43,929,695	43,929,695	43,929,695
Foreign translation reserve	109,129	(531)	-	-
	44,038,824	43,929,164	43,929,695	43,929,695
Distributable:				
Accumulated losses	(39,610,041)	(13,823,440)	(73,052,079)	(50,952,409)
	4,428,783	30,105,724	(29,122,384)	(7,022,714)

Warrants reserve

Warrants reserve represents the fair value assigned to the Warrants B of RM0.2351 each. The fair value was determined using the Trinomial option pricing model. The Warrants B expired on 10 September 2020. The unexercised Warrants B at the expiry of the warrants period will be transferred to retained earnings.

22. LEASE LIABILITIES

The following table summarises the carrying amount of the Group's lease liability and the movements during the year:

	Group 2020 RM	Group 2019 RM
Representing:		
Current	547,080	-
Non-current	688,565	-
	1,235,645	-

	1.7.2019 to 30.6.2020 RM	1.4.2018 to 30.6.2019 RM
Recognised in profit or loss:		
Interest expense on lease liabilities	59,053	-
Low value lease	4,000	-
Short term lease	72,000	-
Minimum lease payments:		
Repayable within one year	590,382	-
Repayable between one to two years	405,998	-
Repayable between two to five years	312,852	-
	1,309,232	-
Less: Future finance charges	(73,587)	-
Present value of lease liabilities	1,235,645	-
Present value of lease liabilities:		
Repayable within one year	547,080	-
Repayable between one to two years	374,163	-
Repayable between two to five years	314,402	-
	1,235,645	-

The lease liabilities bears interest ranging from 2.63% to 5.55% (2019: Nil%) per annum.

The total cash outflow for leases for the financial year ended 30 June 2020 is RM574,513 (2019: RM Nil).

23. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 60 to 90 days (2019: 60 to 90 days).

24. Non-trade payables and accruals

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-trade payables	332,044	6,967,112	801	6,427,476
Accruals	279,021	203,489	60,600	79,720
Refundable deposits	92,000	92,000	-	-
	703,065	7,262,601	61,401	6,507,196

25. AMOUNTS DUE TO A DIRECTOR

Amounts due to a Director represent payment on behalf, which are interest free, unsecured and repayable on demand in cash and cash equivalents.

26. DEFERRED TAX ASSETS

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Property, plant and equipment RM
Group	
Deferred tax assets	
At 1 July 2019	64,775
Recognised in profit or loss	119,915
At 30 June 2020	184,690
At 1 April 2018	-
Recognised in profit or loss	64,775
At 30 June 2019	64,775

26. DEFERRED TAX ASSETS (CONTINUED)

	Unutilised tax losses RM	Property, plant and equipment RM	Total RM
Deferred tax liabilities			
At 1 July 2019	20,819	43,956	64,775
Recognised in profit or loss	(20,819)	140,734	119,915
At 30 June 2020	-	184,690	184,690
At 1 April 2018	-	-	-
Recognised in profit or loss	20,819	43,956	64,775
At 30 June 2019	20,819	43,956	64,775

	Property, plant and equipment RM
Company	
Deferred tax assets	
At 1 July 2019	616
Recognised in profit or loss	(70)
At 30 June 2020	546
At 1 April 2018	-
Recognised in profit or loss	616
At 30 June 2019	616

	Unabsorbed capital allowances RM
Deferred tax liabilities	
At 1 July 2019	616
Recognised in profit or loss	(70)
At 30 June 2020	546
At 1 April 2018	-
Recognised in profit or loss	616
At 30 June 2019	616

26. DEFERRED TAX ASSETS (CONTINUED)

No deferred tax assets have been recognised are as follows (stated at gross):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	9,045,399	3,035,779	5,165,315	962,737
Unabsorbed capital allowances	291,816	46,059	37,526	35,717
Others	26,794	21,938	-	-
	9,364,009	3,103,776	5,202,841	998,454

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 13 to the financial statements;

(ii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, deciding and controlling the activities of the Group directly or indirectly; and

(iii) Entities in which certain Directors, who are also the substantial shareholders of the parent, have substantial shareholding interests.

(b) Transactions with related parties

		Transaction value	
Name of company	**Type of transaction**	**1.7.2019 to 30.6.2020 RM**	**1.4.2018 to 30.6.2019 RM**
With subsidiaries :			
Mlabs Research Sdn. Bhd.	Advances	10,394,500	27,709,670
	Payment on behalf	(801,251)	-
	Impairment	(9,349,950)	(29,758,930)
Pacifica Direct Sdn. Bhd.	Payment on behalf	8,077	28,467
Mlabs Properties Sdn. Bhd.	Advances	1,505,377	8,302,141
	Impairment	(1,159,328)	(8,178,776)
Gold Dragon Media Sdn. Bhd.	Advances	8,052	7,109
Mlabs Academy Sdn. Bhd.	Advances	91,487	116,990
	Impairment	-	(116,722)
Champagne Carbon Asia Ltd.	Advances	3,023	21,560
Champagne Carbon Sdn. Bhd.	Advances	58,698	-

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different obtainable in transaction with unrelated parties.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(c) Compensation of Key Management Personnel

	Group		Company	
	1.7.2019 to 30.6.2020 RM	**1.4.2018 to 30.6.2019 RM**	**1.7.2019 to 30.6.2020 RM**	**1.4.2018 30.6.2019 RM**
Executive Directors:				
- salaries and other emoluments	628,049	-	-	-
- defined contribution plan	19,152	-	-	-
- social security contribution	923	-	-	-
- fees	40,000	217,500	8,000	-
	688,124	217,500	8,000	-
Non-executive Directors:				
- fees	480,000	242,045	192,000	150,000
- other emoluments	5,000	6,500	5,000	6,500
	485,000	248,545	197,000	156,500
Other key management personnel:				
- salaries and other emoluments	190,079	-	-	-
- defined contribution plan	24,778	-	-	-
- social security contribution	1,308	-	-	-
	216,165	-	-	-
	1,389,289	466,045	205,000	156,500

The Group and the Company participate in Employee Provident Fund ("EPF") in Malaysia, which is a national pension scheme established under Malaysian Laws. EPF is a defined contribution pension scheme. Contributions to Executive Directors EPF accounts forms part of their compensation.

Key management personnel comprises executive and Non-executive Directors of the Group and of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Group and of the Company, directly or indirectly.

Other key management personnel comprise persons other than the Directors of Group who have authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

28. LEASE AND COMMITMENTS

(a) Operating lease commitments – the Group as lessee

The Group has entered into non-cancellable operating leases commitments in respect of rental premises. There future minimum lease payables under non-cancellable operating leases as at the reporting date are as follows:

Group	**Rental expense RM**	**Service charge RM**	**Total RM**
2020			
Not later than one year	24,000	43,661	67,661
Between one and five years	43,661	10,915	54,576
	44,000	54,576	98,576
2019			
Not later than one year	174,643	43,661	218,304
Between one and five years	218,304	54,576	272,880
	392,947	98,237	491,184

28. LEASE AND COMMITMENTS (CONTINUED)

(b) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Approved and contracted for:		
Acquisition of investment property	225,000	1,462,500

29. OPERATING SEGMENTS

(a) Business segments

The Group is organised into two major business segments in the current period:

(i) Research and development, and assembling; and
(ii) Trading

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss for the financial year, in certain respects as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group 2020	**Research and development, and Assembling RM**	**Trading RM**	**Total segments RM**	**Adjustments and eliminations RM**	**Total RM**
Revenue					
Sales to external customers	8,015,116	304,150	8,319,266	-	8,319,266
Results					
Loss for the financial year	(37,975,359)	(281,048)	(38,256,407)	12,447,455	(25,808,952)
Other information					
Segment assets	54,732,504	19,613,383	74,345,887	(23,415,606)	50,930,281
Segment liabilities	54,150,608	20,887,437	75,038,045	(73,089,703)	1,948,342
Depreciation of property, plant and equipment	432,269	-	432,269	-	432,269
Depreciation of investment properties	70,000	-	70,000	-	70,000
Amortisation of intangible assets	2,000,000	-	2,000,000	-	2,000,000
Income distribution from short term fund	374,994	-	374,994	-	374,994
Interest income	16,931	-	16,931	-	16,931
Impairment losses on					
- trade receivables	1,801,700	-	1,801,700	-	1,801,700
- non-trade receivables	2,000,000	-	2,000,000	-	2,000,000
Inventories written off	-	59,343	59,343	-	59,343
Reversal of inventories written off	-	(8,586)	(8,586)	-	(8,586)

29. OPERATING SEGMENTS (CONTINUED)

Group Restated 2020	Research and development, and Assembling RM	Trading RM	Total segments RM	Adjustments and eliminations RM	Total RM
Sales to external customers	7,430,720	354,872	7,785,592	-	7,785,592
Results					
Loss for the financial period	(5,358,391)	(365,356)	(5,723,747)	9,617	(5,714,130)
Other information					
Segment assets	78,308,783	1,670,437	79,979,220	(9,806,273)	70,172,947
Segment liabilities	52,298,651	2,645,927	54,944,578	(47,665,394)	7,279,184
Depreciation of property, plant and equipment	409,977	1,840	411,817	-	411,817
Depreciation of investment properties	70,000	-	70,000	-	70,000
Amortisation of intangible assets	643,333	-	643,333	-	643,333
Income distribution from short term fund	1,562,315	-	1,562,315	-	1,562,315
Interest income	151,156	7,205	158,361	-	158,361
Impairment losses on					
- trade receivables	303,000	-	303,000	-	303,000
- property, plant and equipment	-	4,244	4,244	-	4,244
Property, plant and equipment written off	261,460	-	261,460	-	261,460
Intangible assets written off	514,667	-	514,667	-	514,667
Inventories written off	-	91,698	91,698	-	91,698

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of the categories of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL"); and
(b) Financial assets measured at amortised cost ("AC") ; and
(c) Financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	FVTPL RM	AC RM
Group			
2020			
Financial assets			
Trade receivables	867,335	-	867,335
Non-trade receivables, deposits (excluding prepayments)	4,394,289	-	4,394,289
Other investment	4,090,911	4,090,911	-
Cash, bank balances and short term fund	22,490,470	14,862,959	7,627,511
	31,843,005	18,953,870	12,889,135
Financial liabilities			
Amount due to Director	800	-	800
Trade payables	770	-	770
Non-trade payables and accruals	703,065	-	703,065
Lease liabilities	1,235,645	-	1,235,645
	1,940,280	-	1,940,280
Company			
2020			
Financial assets			
Non-trade receivables, deposits (excluding prepayments)	100,400	-	100,400
Amount due from subsidiaries	2,232,461	-	2,232,461
Cash, bank balances and short term fund	4,472,034	-	4,472,034
	6,804,895	-	6,804,895
Financial liabilities			
Non-trade payables and accruals	61,401	-	61,401

30. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (continued)

The table below provides an analysis of the categories of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL");
(b) Financial assets measured at amortised cost ("AC") ; and
(c) Financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	FVTPL RM	AC RM
Group			
Restated			
2019			
Financial assets			
Trade receivables	4,549,838	-	4,549,838
Non-trade receivables, deposits (excluding prepayments)	4,541,010	-	4,541,010
Other investment	4,155,835	4,155,835	-
Cash, bank balances and short term fund	22,591,549	18,165,172	4,440,661
	35,838,232	22,306,723	13,531,5095
Financial liabilities			
Amount due to Director	800	-	800
Trade payables	7,721	-	7,721
Non-trade payables and accruals	7,262,601	-	7,262,601
	7,271,122	-	7,271,122
Company			
2019			
Financial assets			
Non-trade receivables, deposits (excluding prepayments)	2,900	-	2,900
Amount due from subsidiaries	1,473,775	-	1,473,775
Cash, bank balances and short term fund	15,870,925	14,010,183	1,860,742
	17,347,600	14,010,183	3,337,417
Financial liabilities			
Non-trade payables and accruals	6,507,196	-	6,507,196

30. FINANCIAL INSTRUMENTS (CONTINUED)

Net (gains)/losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets measured at amortised cost				
Impairment loss on trade receivables	(1,801,700)	(303,000)	-	-
Impairment loss on non-trade receivables	(2,000,000)	-	-	-
Impairment loss on amount due from subsidiaries	-	-	(10,509,280)	-
Income distribution from short term fund	374,994	1,562,315	49,043	1,559,210
Interest income	16,931	158,361	-	85,726
Reversal of inventories written down	8,586	-	-	-
Unrealised loss on foreign exchange	(376,288)	(531)	-	-
	(3,777,477)	1,417,145	(10,460,237)	1,644,936
Financial assets measured through profit and loss				
Fair value gain on investment	677,065	-	25,990	-
Financial liabilities measured at amortised cost				
Interest expense	(59,053)	-	-	-
	(3,159,465)	1,417,145	(10,434,247)	1,644,936

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency exchange risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its credit risk, interest rate risk, liquidity risk and foreign currency exchange risk.

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

Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer.

Trade receivables

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

<u>Credit risk concentration profile</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

<u>Exposure to credit risk</u>

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss

The Group uses a provision matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the financial period.

Ageing analysis

The ageing analysis of the Group's trade receivables, as at reporting date is as follows:

Group	Gross carrying amount RM	Loss allowance RM	Carrying amount RM
2020			
Not past due	846,335	-	846,335
Past due:			
- less than 3 months	20,000	-	20,000
- between 3 to 6 months	2,260,700	(2,259,700)	1,000
	3,127,035	(2,259,700)	867,335

Group			
2019			
Not past due	3,399,838	-	3,399,838
Past due:			
- less than 3 months	-	-	-
- between 3 to 6 months	1,608,000	(458,000)	1,150,000
	5,007,838	(458,000)	4,549,838

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Deposits

Credit risks on deposits are mainly arising from deposits paid for office buildings rented. These deposits will be refunded at the end of each lease terms. The Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group's and the Company's primary interest rate risk relates to interest earning from deposits with licensed banks and financial institutions.

	Effective interest rate per annum %	Within 1 year RM	1 – 5 years RM	Total RM
Group				
2020				
Financial asset				
Short term fund	3.04	14,862,959	-	14,862,959
Financial liabilities				
Lease liabilities	2.63 – 5.55	(547,080)	(688,565)	(1,235,645)
		14,315,879	(688,565)	13,627,314
2019				
Financial asset				
Short term fund	2.20	18,150,888	-	18,150,888
Company				
2019				
Financial asset				
Short term fund	2.20	14,010,183	-	14,010,183

Interest rate risk sensitivity analysis

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

	Group		Company	
	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 10 basis points ("bp")	10,374	13,806	17	10,659
Decrease of 10 basis points ("bp")	(10,374)	(13,806)	(17)	(10,659)

30. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

All financial assets and liabilities as of 30 June 2020 and 30 June 2019 are repayable on demand or due within one year from the end of reporting period.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows	Within 1 year RM	Between 1 to 5 year RM
Group				
2020				
Trade payables	770	770	770	-
Non-trade payables and accruals	703,065	703,065	703,065	-
Amount due to a Director	800	800	800	-
Lease liabilities	1,235,645	1,316,194	590,382	725,812
	1,940,280	2,020,829	1,295,017	725,812
2019				
Trade payables	7,721	7,721	7,721	-
Non-trade payables and accruals	7,262,601	7,262,601	7,262,601	-
Amount due to a Director	800	800	800	-
	7,271,122	7,271,122	7,271,122	-
Company				
2020				
Non-trade payables and accruals	61,401	61,401	61,401	-
2019				
Non-trade payables and accruals	6,507,196	6,507,196	6,507,196	-

Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than Ringgit Malaysia. The Group and the Company is also exposed to currency translation risk arising from its net investments in foreign subsidiaries. The investments in foreign subsidiaries are not hedged due to the long-term nature of those investments. The currencies giving rise to this risk are primarily United States Dollar and Hong Kong Dollar. The Group monitors the risk arising from foreign currency exposure regularly and formulates the appropriate strategies to mitigate the risk as and when necessary.

As the Group and the Company manage foreign currencies exposures, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency, the exposure to foreign currency exchange rates fluctuation is deemed to be immaterial and hence, sensitivity analysis is not presented.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The financial assets maturing within the next 12 months approximated fair values due to the relatively short-term maturity of the financial instruments.

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	2020 RM	2019 RM
Group		
Level 1		
Unit trust fund	14,260	13,835
Trust assets	4,076,651	4,142,000
	4,090,911	4,155,835

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 30 June 2020.

31. COMPARATIVE FIGURE AND PRIOR YEAR ADJUSTMENTS

Investment properties

In prior period, the renovation costs, amounting to RM800,000 was wrongly capitalised as investment property. The Director have made a prior year adjustment in accordance with the requirements of MFRS 108, Accounting Policies, Estimates and Errors as a correction of errors.

The summary of these adjustments are set out below:

	As previously reported RM	Prior year RM	Estimated adjustments due to adoption of MFRS 16 RM	As restated RM
Statement of comprehensive income for the financial period ended 30 June 2019				
Administrative expenses	(4,816,760)	8,000	-	(4,808,760)
Statement of financial position as at 30 June 2019				
Right-of-use assets	-	-	1,855,709	1,855,709
Investment properties	8,509,500	(792,000)	-	7,717,500
Accumulated depreciation of right-of-use assets	-	-	(392,821)	(392,821)
Non-trade receivables, deposits and prepayments	6,873,419	800,000	-	7,673,419
Lease liabilities	-	-	(1,493,065)	(1,493,065)
Accumulated losses	(13,831,440)	8,000	(30,175)	(13,853,615)

31. PRIOR YEAR ADJUSTMENTS (CONTINUED)

Investment properties (Continued)

	As previously reported RM	Prior year RM	Estimated adjustments due to adoption of MFRS 16 RM	As restated RM
Statement of cash flow for the financial period ended 30 June 2019				
Loss before tax	(5,721,599)	8,000	-	(5,713,599)
Investment properties	78,000	(8,000)	-	70,000

32. CAPITAL MANAGEMENT

The Group defines capital as total shareholders' equity attributable to owners of the Group. The primary objective of the management of the Group's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

No significant changes were made in the objectives, policies or processes relating to the management of the Group's capital structure during the year. There is no external capital requirement imposed on the Group.

Under the requirement of Bursa Malaysia Practice Note 18, the Group is required to maintain a consolidated shareholder's equity equal to or not less than the 25% of the issued and paid up capital (including treasury shares). The Group has complied with this requirement.

33. SIGNIFICANT EVENTS

(a) *Warrant*

On 29 November 2019, 80,000 units of Warrant A converted into ordinary shares at an exercise price of RM0.09 per share. The total number of Warrants A which remained unexercised were 76,249,959 and had expired on 27 April 2020.

(b) *Employees' share option scheme ("ESOS") and Private Placement*

(i) On 5 February 2020, the Company announced and proposed to establish an ESOS. The Company offered 100,000,000 shares option to eligible employee at an exercise price of RM0.03 per option. The shares were fully exercised on 12 February 2020.

(ii) On 30 March 2020, the Company announced and proposed to establish an ESOS. The Company offered 31,000,000 shares option to eligible employee at an exercise price of RM0.015 per option. The shares were fully exercised on 7 April 2020.

(iii) On 8 April 2020, the Company announced and proposed to establish an ESOS. The Company offered 9,475,000 shares option to eligible employee at an exercise price of RM0.02 per option. The shares were fully exercised on 20 April 2020.

(iv) On 13 April 2020, the Company announced and proposed to undertake the private placement of new ordinary shares in MLABS ("MLABS Shares" or "Shares") of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified later and at an issue price to be determined later ("Placement Shares") ("Proposed Private Placement").

On 17 April 2020, the Company announced and approved the listing of up to 80,158,000 Placement Shares to be issued pursuant to the Private Placement.

33. SIGNIFICANT EVENTS (CONTINUED)

(b) *Employees' share option scheme ("ESOS") and Private Placement (continued)*

(v) On 21 April 2020, the Company announced the issue price for the placement of 80,158,000 Placement Shares, being the first tranche of the Placement Shares, at RM0.0184 per Placement Share.

(vi) On 29 April 2020, the Company announced that the Private Placement of 80,158,000 Placement Shares, being the first and last tranche of Placement Shares for the Private Placement.

(vii) On 4 May 2020, the Company announced and proposed to establish an ESOS. The Company offered 26,890,000 shares option to eligible employee at an exercise price of RM0.02 per option. The shares were fully exercised on 15 May 2020.

(viii) On 15 May 2020, the Company announced and proposed to undertake the private placement of up to 267,365,000 new ordinary shares in the Company ("MLABS Shares" or "Shares") representing 30% of the total number of issued shares of the Company, to independent third party investors to be identified later at an issue price to be determined later

On 29 May 2020, the Company announced the approval of 267,365,000 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 25 June 2020, the Company announced issue price for the placement of 100,000,000 Placement Shares at RM0.0315 per Placement.

On 30 June 2020, the Company announced that 100,000,000 shares issued under Private Placement at an issue price of RM0.0315 per placement share.

(ix) On 10 June 2020, the Company entered into a Share Subscription Agreement ("Agreement") with Longhouse Films Sdn. Bhd. ("Longhouse") for the following:

(a) subscription of 52,000 new ordinary shares at RM1.00 each in the Longhouse for a total consideration of RM52,000 only ("Subscription of Ordinary Shares"); and

(b) subscription of up to 3,000,000 Redeemable Convertible Preference Share ("RCPS") at the issue price of RM1.00 each in Longhouse for a total consideration of RM3,000,000 only ("Subscription of RCPS")

After the share subscription of 52,000 ordinary shares, Longhouse will officially become the subsidiary of the Company.

(x) On 15 June 2020, the Company announced and proposed to establish an ESOS. The Company offered 8,067,000 shares option to eligible employee at an exercise price of RM0.025 per option. The shares were fully exercised on 25 June 2020.

(c) *COVID-19 outbreak*

The Directors of the Group and the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Group and the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on the (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

34. SUBSEQUENT EVENTS

(a) On 6 July 2020, the Company announced issue price for the placement of 110,000,000 Placement Shares at RM0.0318 per Placement.

On 8 July 2020, the Company announced that 110,000,000 share issued under Private Placement at an issue price of RM0.0318 per placement share.

(b) On 17 July 2020, the Company announced issue price for the placement of 57,365,000 Placement Shares at RM0.0452 per Placement.

On 21 July 2020, the Company announced that 57,365,000 share issued under Private Placement at an issue price of RM0.0452 per placement share.

(c) On 17 July 2020, the Company announced and proposed to establish an ESOS. The Company offered 65,000,000 shares option to eligible employee at an exercise price of RM0.05 per option. The shares were fully exercised on 6 August 2020.

(d) On 15 July 2020, Champagne Carbon Asia Limited incorporated Shenzhen Carbon Champagne Development Limited with a paid capital of RMB1,000,000 in the People's Republic of China.

(e) On 10 August 2020, the Company the Company subscribed 52,000 new ordinary shares at RM1.00 for a total consideration of RM52,000 representing 51% shareholding of Longhouse Films Sdn Bhd ("Longhouse"). Upon completion, Longhouse became a 51% owned subsidiary of the Group.

(f) On 1 September 2020, the Company proposes to undertake the following:-

i. proposed consolidation of every 10 existing ordinary shares in MLABS ("MLABS Shares" or "Shares") into 1 MLABS Share ("Proposed Share Consolidation"); and

ii. proposed renounceable rights issue of up to 755,123,412 new Shares ("Rights Shares") together with up to 440,488,657 free detachable warrants in MLABS ("Warrants C") on the basis of 12 Rights Shares together with 7 free Warrants C for every 2 existing Shares (after the Proposed Share Consolidation) held by the entitled shareholders on an entitlement date to be determined ("Proposed Rights Issue with Warrants"),

On 20 October 2020, the Company successfully get approval from shareholders to proceed with the two proposals mentioned above.

(g) On 10 September 2020, the total numbers of Warrants B which remained unexercised and had expired were 186,855,358.

(h) On 6 October 2020, the Company has subscribed first tranche of 500,000 unit of Redeemable Convertible Preference Shares at RM1 each with its subsidiary Longhouse Films Sdn Bhd.

(i) On 21 Oct 2020, the Company proposes to seek for the shareholders' approval for the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature at the forthcoming Annual General Meeting of the Company to be convened.

35. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and research and development in mobile application solutions.

The principal activities of its subsidiaries are set out in Note 13 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

The registered office of the Company are located at 22-09, Menara 1MK, No.1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur.

The principal place of business of the Company is Lot 10.3, 10th Floor, Menara Lien Hoe, No.8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 26 October 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2020

Issued	: 1,258,539,027 ordinary shares
Class of Shares	: Ordinary Shares
Voting rights	: One vote for one ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Holders	Total Holdings	% of Holdings
Less than 100	43	1,90	90.00
100 - 1,000	354	225,814	0.02
1,001 - 10,000	802	5,268,377	0.42
10,001 - 100,000	2,873	153,107,183	12.16
100,001 to 33,525,200 (Less than 5% of issued shares)	1,665	957,988,744	76.12
33,525,201 and above (5% and above of issued shares)	1	141,947,000	11.28
Total	**5,738**	**1,258,539,027**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(as per the Register of Substantial Shareholders)

ORDINARY SHARES

	No. of Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
First United Technology Limited	133,200,000	10.58	-	-
NetX Holdings Berhad	-	-	133,200,000 *	10.58
Asiabio Capital Sdn Bhd	75,100,000	5.97	-	-
Fintec Global Berhad	-	-	75,100,000 *	5.97

Note:
* *Deemed interest by virtue of Section 8 of the Companies Act 2016*

DIRECTORS' SHAREHOLDINGS
(as per the Register of Directors' Shareholding)

	No. of Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
General Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	-	-	-	-
Professor Dr. Sureswaran Ramadass	335,132	0.03	38,299	0.003(1)
Ong Tee Kein	1,000,000	0.08	-	-
Mejar Dato' Ismail Bin Ahmad (R)	-	-	-	-
Tan Sik Eek	1,000,000	0.08	-	-
Chuah Hoon Hong	-	-	-	-

(1) Deemed interest through shares held directly by spouse.

THIRTY LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

	Name of Shareholder	No. of Shares	% of Shares
1	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD	141,947,000	11.278
2	SOO OON LAM	12,126,000	0.963
3	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK YONG WAH	11,800,000	0.937
4	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG JIE SEAK	11,680,000	0.928
5	LIAN FONG CHEE	9,000,000	0.715
6	ANG SING FOONG	8,536,200	0.678
7	WOO SHI FANG	8,500,000	0.675
8	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	8,130,000	0.645
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG ENG TAIK	7,950,000	0.631
10	SARAWAK INFORMATION SYSTEMS SDN BHD	6,750,097	0.536
11	LEE AH YEW	6,699,000	0.532
12	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI TZE JIN	6,600,000	0.524
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AASIA-EAST CAPITAL SDN BHD	6,500,000	0.516
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO POH CHYE	6,324,300	0.502
15	BECWELL RESOURCES SDN. BHD.	6,000,000	0.476
16	MOHAMED FAROZ BIN MOHAMED JAKEL	5,500,000	0.437
17	ROOPAK SINGH A/L RAGHBIR SINGH	5,500,000	0.437
18	CHUAH CHUN WAI	5,400,000	0.429
19	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,100,000	0.405

ANALYSIS OF SHAREHOLDINGS (Continued)

AS AT 29 SEPTEMBER 2020

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

(without aggregating securities from different securities accounts belonging to the same registered holder)

	Name of Shareholder	No. of Shares	% of Shares
20	CHEONG YOKE KAI	5,020,700	0.398
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEGA DEVAN A/L M NADCHATIRAM	5,000,000	0.397
22	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN SAI KIM	4,994,500	0.396
23	LOH ENG SOON	4,888,800	0.388
24	NG HEWI FEAN	4,800,000	0.381
25	PAU YU TIONG	4,700,000	0.373
26	YAP CHEE KONG @ YAP CHEE KEONG	4,500,000	0.357
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO CHU PAK	4,400,000	0.349
28	FOO CHU JONG	4,143,100	0.329
29	NG CHOON @ NG SENG LYE	4,120,000	0.327
30	CHOONG FOOK HON	4,100,000	0.325
	Total	**330,709,697**	**26.277**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of MLABS Systems Berhad ("MLABS" or "the Company") will be conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 November 2020 at 10.30 a.m. or any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Directors' and Auditors' Reports thereon. — **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees of up to RM450,000.00 from 26 November 2020 until the next Annual General Meeting of the Company. — **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits (excluding Directors' fees) of up to RM20,000.00 to the Non-Executive Directors with effect from 26 November 2020 until the next Annual General Meeting of the Company. — **Ordinary Resolution 2**

4. To re-elect Mr Chuah Hoon Hong who retires pursuant to Clause 125 of the Company's Constitution. — **Ordinary Resolution 3**

5. To re-elect General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) who retires pursuant to Clause 115 of the Company's Constitution. — **Ordinary Resolution 4**

6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

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

7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** — **Ordinary Resolution 6**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the issued share capital of the Company for the time being ("20% General Mandate") and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

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

8. **Proposed Retention of Independent Non-Executive Director** — **Ordinary Resolution 7**

   "THAT General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) be and is hereby retained as an Independent Non-Executive Director of the Company".

Notice Of Annual General Meeting
(Continued)

9. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 8**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 28 October 2020 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with MLABS Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

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

By order of the Board,

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

Kuala Lumpur
28 October 2020

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 19 November 2020 shall be regarded as members and entitled to participate, speak and vote at the Sixteenth (16th) Annual General Meeting ("AGM").
2. A member entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy needs not be a member of the Company and a member may appoint any persons to be his proxy. A proxy appointed to participate and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.
3. A member shall be entitled to appoint more than two (2) proxies to participate and vote at the AGM. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
4. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) 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.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), which it is signed or a notarially certified copy thereof, must be deposited at the principal office of the Company at Lot 10.3, Level 10, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
7. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolution set out above will be put to vote by way of poll.
8. The AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

EXPLANATORY NOTES

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

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

2. Ordinary Resolutions 1 & 2: Proposed Payment of Directors' Fees and Proposed Payment of Directors' benefits to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Sixteenth (16^{th}) Annual General Meeting ("AGM") on the Directors' fees and benefits in 2 separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees from 26 November 2020 until the next AGM.
- Ordinary Resolution 2 on payment of Director's benefits (excluding Directors' fees) from 26 November 2020 until the next AGM.

The Directors' benefits payable to the Directors is essentially includes meeting allowance for Board/Board Committee meeting attended / to be attended for the period from 26 November 2020 until the conclusion of the next AGM and is estimated not to exceed RM20,000.00. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/Board Committee meetings and increase in Board size.

Details of the Directors' fees and benefits of the Non-Executive Directors for the financial year ended 30 June 2020 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2020.

3. Ordinary Resolution 6 : Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 6, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Notice Of Annual General Meeting
(Continued)

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

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

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

As at the date of this Notice, 80,158,000 new ordinary shares in the Company were issued by way of private placement pursuant to the general mandate granted to the Directors at the Annual General Meeting held on 29 November 2019 and which will lapse at the conclusion of the Sixteenth (16^{th}) Annual General Meeting. The total proceeds raised from the said private placement exercise was around RM1.478 million. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows :

Utilisation of Proceeds	**Proposed Utilisation (RM'000)**	**Amount Utilisation (RM'000)**	**Balance Available for Utilisation (RM'000)**
Working capital	1,395	1,395	-
Expenses for the private placement	80	80	-
Total	**1,475**	**1,475**	**-**

4. Ordinary Resolution 7 : Proposed Retention of Independent Non-Executive Director

The proposed Ordinary Resolution 7, if passed, will allow General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) to be retained and continue to act as Independent Non-Executive Director of the Company.

The Board through the Nominating Committee ("NC"), has determined that General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)'s vast and diverse range of experiences had brought the right mix of skills to the Board. As Director, he continues to bring independent and objective judgements to Board deliberations and decision-making process as a whole. The Board therefore, endorsed the NC's recommendation for him to be retained as Independent Director.

The NC and the Board also has undertaken relevant assessments and recommended the above director to continue as Independent Director based on the following justifications:

(a) He fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements;

(b) He had vast and diverse range of experiences and therefore would be able to provide constructive and independent opinion, judgment and to act in the best interest of the Company and shareholders;

(c) He had continued to demonstrate independence, integrity and due care during Board meetings; and

(d) He had not entered into any related party transactions with the Group.

5. Ordinary Resolution 8 : Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Sixteenth (16th) Annual General Meeting (AGM).

The Company will seek shareholders' approval on the 20% General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of 16th AGM of the Company for the details.

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MLABS SYSTEMS BERHAD
Registration No. 200401014724 (653227-V)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No.
No. of Shares held

PROXY FORM

I/We ____ NRIC. No. / Registration No.: ________________
(Full name in block)

of ____
(Address)

Contact No.___________________________Email Address_______________________________

being a member of MLABS Systems Berhad, hereby appoint(s):-

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

and / or* (*delete as appropriate)

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

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at Sixteenth (16th) Annual General Meeting of MLABS Systems Berhad ("MLABS" or "the Company") will be conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 November 2020 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	To approve the payment of Directors' fees	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits	Ordinary Resolution 2		
3.	To re-elect Mr Chuah Hoon Hong as Director	Ordinary Resolution 3		
4.	To re-elect General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) as Director	Ordinary Resolution 4		
5.	To re-appoint Messrs PKF as Auditors	Ordinary Resolution 5		
6.	To approve the authority to allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 6		
7.	To retain General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) as Independent Non-Executive Director	Ordinary Resolution 7		
8.	To approve the proposed new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 8		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ______________________

____
Signature*
Member

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 19 November 2020 shall be regarded as members and entitled to participate, speak and vote at the Sixteenth (16th) Annual General Meeting ("AGM").*
2. *A member entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy needs not be a member of the Company and a member may appoint any persons to be his proxy. A proxy appointed to participate and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.*
3. *A member shall be entitled to appoint more than two (2) proxies to participate and vote at the AGM. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
4. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) 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.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), which it is signed or a notarially certified copy thereof, must be deposited at the principal office of the Company at Lot 10.3, Level 10, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*
7. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolution set out above will be put to vote by way of poll.*
8. *The AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

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Affix
stamp

MLABS SYSTEMS BERHAD
Registration No. 200401014724 (653227-V)

Lot 10.3, Level 10, Menara Lien Hoe
No. 8 Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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MLABS SYSTEMS BERHAD
Registration No. 200401014724 (653227-V)
(Incorporated in Malaysia under the Companies Act, 1965)

SIXTEENTH (16TH) ANNUAL GENERAL MEETING

ADMINISTRATIVE GUIDE

Date	Time	Broadcast Venue
Thursday, 26 November 2020	10.30 a.m.	Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

Coronavirus Disease (Covid-19) Outbreak

1. With the outbreak of Coronavirus Disease (Covid-19) and as part of the safety measures to curb the spread of Covid-19 pandemic, the Sixteenth (16th) Annual General Meeting ("**AGM**") will be conducted by way of a fully virtual meeting and online remote voting using the Remote Participation and Voting Facilities ("**RPV Facilities**") as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.

2. Shareholders are **strongly encouraged** to take advantage of the RPV Facilities to participate and vote remotely at the AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate *(including to pose questions to the Board of Directors ("**Board**") and/or Management of the Company)* and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

Registration

3. Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities, the registration is mandatory for the event. Please click the following link to register: https://rebrand.ly/MLABS-AGM.

4. All the shareholders are required to register in order to participate to the AGM via RPV Facilities. The registration will be open from 3.00 p.m. on 28 October 2020 and close at 10.30 a.m. on 25 November 2020.

   Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.

5. After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an email to notify you if your registration is approved or rejected after 19 November 2020.

6. Should your registration be rejected, you can contact the Company's Share Registrar or the Company for clarifications.

7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please refer to the description in the event page https://rebrand.ly/MLABS-AGM for the registration and setup guide.

General Meeting Record of Depositors

8. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 19 November 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

9. Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.

10. If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Members

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 25 November 2020 at 10.30 a.m.:

    i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
    ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
    iii) Corporate Representative's or proxy's email address and mobile phone number.

    Upon receipt of such documents, the Company's Share Registrar or the Company will respond to your remote participation request.

12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Nominee Company Members

13. The beneficiaries of the shares under a Nominee Company's CDS account ("**Nominee Company member(s)**") are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 25 November 2020 at 10.30 a.m.:

    i) Form of Proxy under the seal of the Nominee Company;
    ii) Copy of the proxy's MyKad (front and back)/Passport; and
    iii) Proxy's email address and mobile phone number.

    Upon receipt of such documents, the Company's Share Registrar or the Company will respond to your remote participation request.

14. If a Nominee Company member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Proxy

15. If a member is unable to attend the AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

16. If the members has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in note No. 20 below, to revoke the appointment of his/her proxy no later than 25 November 2020 at 10.30 a.m.

Poll Voting

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

RPV Facilities

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

Procedures		Action
Before AGM		
1.	Register as participant in Virtual AGM	• Using your computer, access the website at https://rebrand.ly/MLABS-AGM. Click on the **Register** button to register for the AGM session. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	• Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 3.00 p.m. on 28 October 2020 and the registration will close at 10.30 a.m. on 25 November 2020. • Clicking on the link will redirect you to the AGM event page. Click on the **Register** button for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name (not applicable for proxy). • Insert your CDS account number and indicate the number of shares you hold. • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected. • System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 19 November 2020, the system will send you an email to notify you if your registration is approved or rejected after 19 November 2020. • If your registration is rejected, you can contact the Company's Share Registrar or the Company for clarifications or to appeal.
On the day of AGM		
3.	Attending Virtual AGM	• Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. • Click **Join Event** in the reminder email to participate the RPV.
4.	Participate with live video	• You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. • Click on the **Submit** button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

No Recording or Photography

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

Enquiry

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

    For Registration, logging in and system related:
    Mlabs Systems Berhad

Name	:	Alvin Ng
Telephone No.	:	+6011-1303 3355
Email	:	enquiry@mlabs.com

    For Form of Proxy:
    Tricor Investor & Issuing House Services Sdn. Bhd.

Name	:	Zakiah Wardi; Keith Lim
Telephone No.	:	03-2783 9287; 03-2783 9240
Email	:	Zakiah@my.tricorglobal.com; Keith.Lim@my.tricorglobal.com

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