

mlabs 

MLABS SYSTEMS BERHAD

Company Registration No. 200401014724 (653227-V)

YOUR CHOICE
SOLUTION PARTNER,
ALWAYS!

ANNUAL REPORT 2021



17th

ANNUAL GENERAL
MEETING

DATE

Monday, 20 December 2021

BROADCAST VENUE

Level 13, Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan

TIME

11.00 a.m.

VISION

Your Choice Solution Partner, Always!

MISSION

We strive to:

- Always listen and understand your challenges and needs
- Recommend the best-fit solution 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 **HEARTs** into everthing we do

H - Heuristic

E - Empathy

A - Adaptable

R - Resourceful

T - Tenacious

INTRODUCTION

29 YEARS OF RESEARCH

Mlabs Systems Berhad 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 in Malaysian Stock Exchange under MESDAQ counter in August 2005. Multimedia Research Lab Sdn Bhd then became a fully owned subsidiary of Mlabs Systems Berhad (“Mlabs”).

At Mlabs, we strive to become known as the best enabler for operational efficiency improvement, to our clients’ businesses through excellent customer service and collaboration.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

GENERAL TAN SRI DATO' SRI HJ. SULEIMAN BIN MAHMUD RMAF (Rtd)
Independent Non-Executive Director/Chairman

TAN SIK EEK
Executive Director

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
Independent Non-Executive Director

REGISTERED OFFICE

22-09, Menara 1MK,
No. 1, Jalan Kiara, Mont Kiara,
50480 Kuala Lumpur

☎ : 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

☎ : 03-2783 9299

☎ : 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

☎ : 03-6203 1888

☎ : 03-6201 8880

INTERNAL AUDITORS

Wensen Consulting Asia (M) Sdn Bhd
A-2-29, IOI Boulevard, Jln. Kenari 5,
Bdr. Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan

☎ : 03-8071 6488

☎ : 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

☎ : 03-7887 2896

☎ : 03-7887 1896

✉ : enquiry@mlabs.com

🌐 : 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**

AUDIT COMMITTEE

Chairman

Chuah Hoon Hong
Independent Non-Executive Director

Members

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

Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

NOMINATING COMMITTEE

Chairman

Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

Members

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

Chuah Hoon Hong
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman

Professor Dr. Sureswaran Ramadass
Independent Non-Executive Director

Members

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

Chuah Hoon Hong
Independent Non-Executive Director

OPTION COMMITTEE

Chairman

Ong Tee Kein
Non-Independent Non-Executive Director

Members

Tan Sik Eek
Executive Director

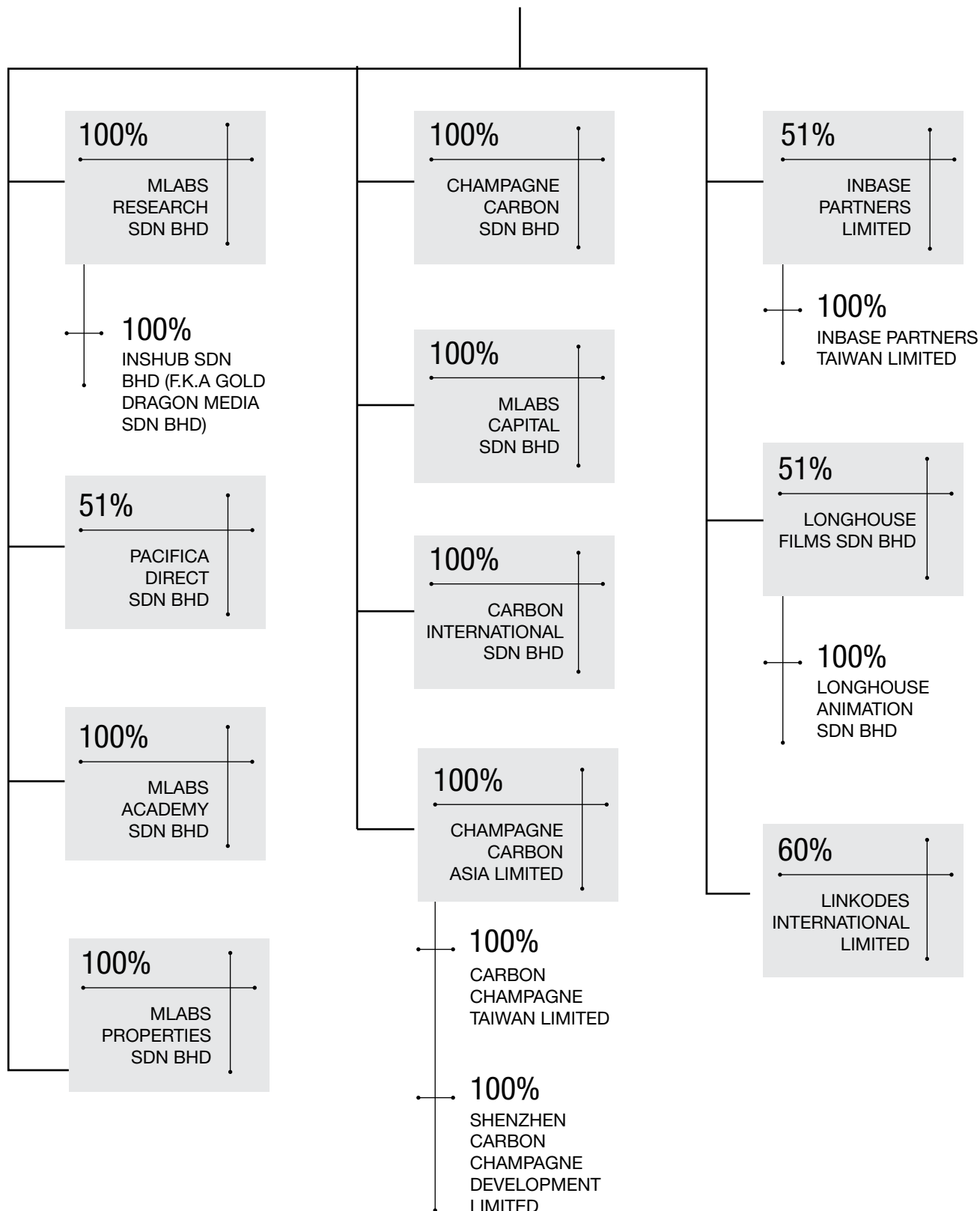
Chuah Hoon Hong
Independent Non-Executive Director

SECRETARIES

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

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

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

Name	: General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd)
Age	: 74
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 also 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.
Other Information and Directorship of Public Companies	: He is a director of Ericsson (M) Sdn Bhd. He does not hold any directorships in other public company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	: Nil
No. of Board Meetings attended in the financial year	: 5/5

Profile of the Board of Directors

Name	: Tan Sik Eek
Age	: 45
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 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. Since 2013, he has been engaged as the Director of a number of public companies to provide management strategy, day to day operational oversight, fund raising and business development planning of the various companies.
Other Information and Directorship of Public Companies	: He holds seven hundred thousand (700,000) units of shares and three hundred and fifty thousand (350,000) units of Warrants C in MLABS. He is an Executive Director of DGB Asia Berhad, Fintec Global Berhad, Netx Holdings Berhad and XOX Bhd. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	: He currently a member of Option Committee.
No. of Board Meetings attended in the financial year	: 5/5

Name	: Mejar Dato' Ismail Bin Ahmad (R)
Age	: 72
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 d) Master in Management for AIM
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.

Profile of the Board of Directors

Other Information and Directorship of Public Companies	: He is an Independent Non-Executive Director of Pasukhas Group Berhad. He 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.
Details of Any Other Board Committees	: He currently sits on the following Board Committees of the Company:- a) Member of Audit Committee; b) Member of Nominating Committee; and c) Member of Remuneration Committee.
No. of Board Meetings attended in the financial year	: 5/5

Name	: Ong Tee Kein
Age	: 64
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.
Other Information and Directorship of Public Companies	: He holds eight hundred thirty six thousand and one hundred (836,100) units of shares in MLABS. He is an Independent Director of Sanichi Technology Berhad, DGB Asia Berhad, Fintech Global Berhad, Metronic Global Berhad. He is also a director of several private limited companies. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	: He currently the Chairman of Option Committee.
No. of Board Meetings attended in the financial year	: 5/5

Profile of the Board of Directors

Name	: Professor Dr. Sureswaran Ramadass
Age	: 55
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 is currently a Professor Emeritus at the Malaysia University of Science and Technology. He is 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 and also the Managing Director of VHGLOBAL Sdn Bhd. VHGLOBAL Sdn Bhd is an advanced patient-centric global and telehealth platform. 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 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. He was the Chairman, Steering Committee of the ITU-MUST IPv6 and IoT Expertise Centre. 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.

Profile of the Board of Directors

Other Information and Directorship of Public Companies	: He directly holds thirty three thousand five hundred and thirteen (33,513) units of shares and indirectly holds three thousand eight hundred and twenty nine (3,829) units of shares in MLABS. He does not hold any directorships in other public company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	: He currently sits on the following Board Committees of the Company:- a) Chairman of Nominating Committee; and b) Chairman of Remuneration Committee; and c) Member of Audit Committee
No. of Board Meetings attended in the financial year	: 5/5

Name	: Chuah Hoon Hong
Age	: 35
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 15 years of extensive and varied experience in audit, accounting, consultancy and other financial matters. He started his career in audit firm in Kuala Lumpur, Malaysia and audited various industries. 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 is currently a Director of Silver Ocean Consulting Sdn. Bhd. and Managing Partner of Messrs. Chuah & Partners.
Other Information and Directorship of Public Companies	: He is an Independent Non-Executive Director of Vsolar Group Berhad and Sinaran Advance Group Berhad. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.
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; c) Member of Remuneration Committee; and d) Member of Option Committee.
No. of Board Meetings attended in the financial year	: 5/5

PROFILE OF KEY SENIOR MANAGEMENT

Name	: Hui Kiat Bin (“Bin”)
Age	: 48
Nationality	: Malaysian
Gender	: Male
Position in the Company	: Chief Executive Officer
Qualification	: He holds the following qualifications:- Degree in Law from University of Wales Colleges of Cardiff (UWCC)
Working Experience	: He was appointed CEO of Mlabs Systems Berhad on 1 st October 2021. He has more than 25 years of IT experience having worked at IBM Malaysia, Microsoft Malaysia and Dell Malaysia. He was based in China for the 2010 Shanghai Expo Project and worked for Datacraft / Dimension Data China based out of Beijing and Shanghai. He subsequently ran his own business in Malaysia and Singapore and sold his business prior to joining Mlabs. He has more than 15 years of Senior Management experience with P&L responsibilities working for MNC and Entrepreneur experience. His IT experience ranges from Server, Storage, Software, Networking, Data Center and Cloud. He has a remarkable blend of Technical, Services and Sales experience over the course of his IT journey. He also previously founded the IBM Team Blue Program and Experience Microsoft Program for management trainee within corporations he served.
Other Information and Directorship of Public Companies	: He does not hold any directorship in other public companies. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs

Name	: Alvin Ng Ewe Beng (“Alvin”)
Age	: 45
Nationality	: Malaysian
Gender	: Male
Position in the Company	: Senior Sales 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 Caulfield Grammar School Melbourne, Australia
Working Experience	: Mr Alvin joined Mlabs in November 2019 as a Senior Sales Manager and hold the responsibilities in leading one of the subsidiary - Mlabs Research Sdn. Bhd. sales team. Mr 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 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, Mr 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 organisation and aids chief administrative officers in formulating and administering organization policies by performing the following duties personally or through subordinate managers.
Other Information and Directorship of Public Companies	: He does not hold any directorship in other public companies. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.

Profile of Key Senior Management

Name	: Phua Leong Kui ("Will")
Age	: 43
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	: Mr Will was joined the company on 1 Oct 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. Mr Will also play a key role in maintaining good relationship with strategic business partners and customers. Mr Will has 20 years of experience in the 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, Mr Will went to Taipei, Taiwan ROC to join Neutec Limited for 2 and 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. Together with his team, Mr Will enabled new income streams for Mlabs by venturing into providing virtual general meeting solutions for listed companies, as well as deploying the first ever Cisco Webex Contact Center solution in Asia.
Other Information and Directorship of Public Companies	: He does not hold any directorship in other public companies. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any, and has no conflict of interest with Mlabs.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Mlabs Systems Berhad (“Mlabs” or “the Company”) 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.

Business activities of the Group :-

COLLABORATIVE DIGITALISATION

- R&D and Provisioning of Collaborative Conferencing Solutions & Services
- Provisioning of Enterprise Mobile Application Solutions
- Provisioning of Digital & Infrastructure Hardware & Related Services
- Project Consultation & Managed Services

FINTECH DEVELOPMENT & INVESTMENT

- Blockchain & Digital Assets Advisory Services
- Fintech Technology Research & Development
- High-Frequency & Quant Trading Solutions
- Investment Managed Account Services
- Software Application Development
- Trading of Precious Metal

FILM PRODUCTION & DISTRIBUTION

- Film Investment & Production
- Distribution of Movies, TV, and Web Drama Series via traditional channels and digital streaming services.

OBJECTIVES AND STRATEGIES

The Group aspires to be a leading system integrator in enterprise digitalisation and collaborative conferencing solutions complemented by a range of peripheral and related advanced mobile applications. We will become an integral part of our clients' success, collaborating with them to achieve their strategic objectives whilst creating long lasting business value through the delivery and management of their technology.

FINANCIAL PERFORMANCE RESULT

The table below highlights the key financial performance of the Mlabs Group for the financial year ended 30 June 2021 (“FYE 2021”):

Group Financial Performance Review

	FYE 2021	FYE 2020	VARIANCE	
	RM'000	RM'000	RM'000	%
REVENUE	10,584	8,319	2,265	27
COST OF SALES	(9,219)	(7,268)	(1,951)	27
GROSS PROFIT	1,365	1,051	314	30
LOSS FROM OPERATIONS	(15,953)	(26,013)	10,060	-39
LOSS FOR THE FINANCIAL YEAR	(15,953)	(26,013)	10,060	-39
BASIC LOSS PER SHARE (SEN)	(2.32)	(3.51)		

Management Discussion and Analysis

FINANCIAL PERFORMANCE RESULT (CONTINUED)

Revenue

Total revenue recorded an increase of 27% (or approximately RM2.27 million) to RM10.58 million for the year ended 30 June 2021 ("FYE 2021") as compared to RM8.32 million in the precedent financial year ended 30 June 2020 ("FYE 2020"). The main revenue contributors to the Group for this FYE 2021 were generated mainly from collaborative digitilisation operation of RM6.92 million (or 65.40%), and fintech operation of RM1.97 million (or 18.62%).

Gross Profit

In line with the higher revenue, the Group recorded a higher gross profit ("GP") of RM1.37 million (GP margin of 12.89%) as compared to RM1.05 million (GP margin of 12.6%) for the previous corresponding year, representing an increase of RM0.31 million or 30%. The improved GP margin was mainly contributed from the margin arising from our business activities in collaborative digitalisation solution and services.

Loss from Operations

With the higher GP, the Group recorded an Operating Loss Before Tax of RM15.95 million for the FYE 2021 as compared to RM26.01 million for the previous corresponding year, representing an decrease of RM10.06 million or 39%. The operation loss was mainly due to share option expenses of RM6.69 million incurred in relation to the exercise of ESOS Options, and RM4.00 million from amortisation, depreciation and impairment.

Loss for the Financial Year

The Group recorded a lower net loss of RM15.95 million for FYE 2021 as compared to the net loss of RM26.01 million for the FYE 2020 representing a 39% improvement from precedent financial year. This is attributable to the impairment loss of trade receivables, non-trade receivables and intangible assets of RM1.80 million, RM2.00 million and RM12.86 million respectively in preceding corresponding financial year.

Group Financial Position

	FYE 2021 RM'000	FYE 2020 RM'000	VARIANCE RM'000	%
NON-CURRENT ASSETS	24,016	21,625	2,391	11
CURRENT ASSETS	124,507	29,306	95,201	325
SHAREHOLDERS' EQUITY	136,038	48,982	87,056	178
NON-CURRENT LIABILITIES	381	689	(308)	-45
CURRENT LIABILITIES	12,105	1,260	10,845	861
CURRENT RATIO	10.29	23.26	(12.97)	-56
NET ASSET PER SHARE	0.123	0.050		

Total Assets

The Group's total net assets increased by 178% from RM48.98 million for the FYE 2020 to RM136.04 million for the FYE 2021. The significant increase was due inflow of cash balances from corporate exercises conducted during FYE 2021 which raised a total of RM101.25 million which details are explained in below corporate development statement.

The Group's cash position remains healthy with cash and cash equivalents balance as at 30 June 2021 of RM100.24 million against 30 June 2019's cash balances of RM22.49 million. Most of the cash position has been earmarked for ongoing projects under the recently concluded rights issue. 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.

Management Discussion and Analysis

FINANCIAL PERFORMANCE RESULT (CONTINUED)

Total Liabilities

The Group's total net liabilities increased to RM12.49 million for the FYE 2021 from RM1.95 million as compared to the precedent FYE (increased by RM10.54 million) which is due to production investment Longhouse for upcoming projects of RM1.20 million and Catch Market platform development commitments by Inbase Partners of RM6.23 million.

Nevertheless, the liabilities position remains manageable as it is incurred from normal business operations. The Board will continue to monitor and take appropriate actions to lessen further financial exposure.

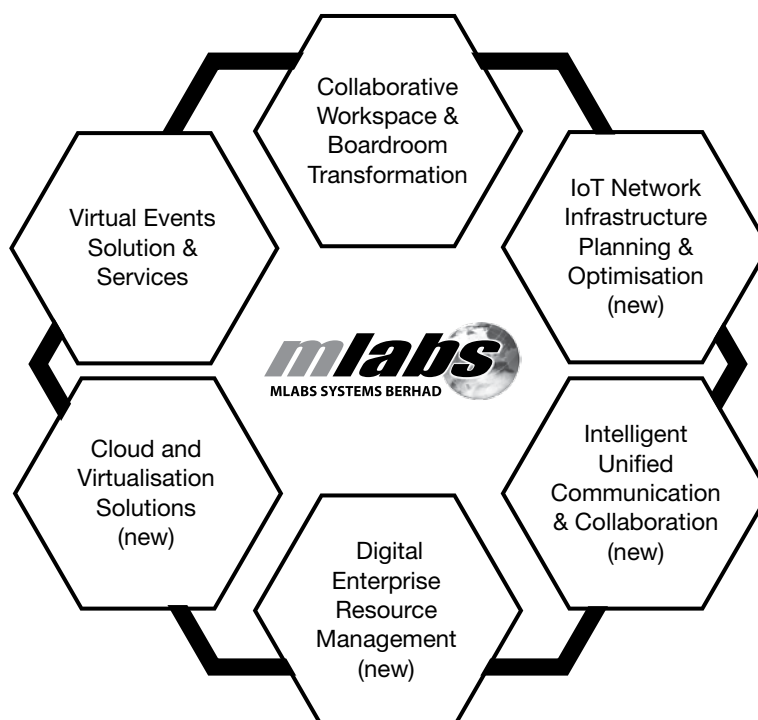
Gearing and Capital Resources

The Group has no bank borrowings as at 30 June 2021 and its liabilities were only comprised of insignificant hire purchase lease balances and a lease liability recognised in relation to a lease agreement for the use of office premise.

BUSINESS AND OPERATIONS OVERVIEW

Digitilisation Solutions and Services

The pandemic has sped up the process of digital transformation for businesses and governments around the world. Higher emphasis, efforts and resources are being channeled into digitalisation as it is crucial not only to adapt to the ever-changing landscape but also to innovate and create long-term sustainable growth for the Group. In support of this, our staff has focused on building an expanded skillset that complements our existing range of enterprise digitilisation solution and services to ensure our customers were able to continue operating digitally or quickly embark on the digitalisation of their operations.



Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Virtual Events Solution & Services

Our virtual event platform and services was developed and launched within a rapid timeframe in last FYE 2020 in response to the urgent need for organisations to meet their statutory compliance or resumption of business activities. Our platform allows users to participate in the virtual AGM/EGM which is conducted via live feed, with the Chairman and Board of Directors participating from the client's broadcast location. Shareholders and/or proxies and advisors take part from their individual preferred location over laptop or mobile device.

Our virtual meeting services not only cover hosting of virtual meetings but include ancillary services such as online voting, poll administration and validation of poll results. Thus far, we have conducted over 75 virtual general meetings for public listed companies.

Collaborative Workspace & Boardroom Transformation

Our cloud-based solutions with out-of-the-box functionality, so our customers won't have to wait long before using them. With cloud-based solutions or SaaS (Software as a Service), our customer can benefit from secured and predictable cloud collaboration solution cost, which means there will be no sudden, large capital outlay that can strain the budget in an upgrade year. Our specialist team is capable in assessing, customise, and transform any room size into a functioning conferencing environment to conduct their business. Our cloud-based solutions also have continuous updates seamlessly so that both our hardware and software is still up to date and compliant with new launches, therefore avoiding unplanned downtime.

For the FYE 2021 under purview, we have expanded our solution partnerships with numerous leading major brands - Huawei, Logitech, and Polycomm which allows us to serve wider range of customers' preferred conferencing platforms via Zoom, GoToWebinar, Microsoft Teams, and many more. Under one year, Mlabs has established itself as one of the leading conferencing integrators in the Country under Cisco partnership with successful large-scale deployments and it has become the second largest revenue contributor to the Group. We are of the view that even post-pandemic, the demand for video or web conferencing solutions remains relevant as many are accustomed to remote working environment.

IoT Network Infrastructure Planning & Optimisation

We noticed that throughout our workspace transformation deployment that consistent internet bandwidth is critical in maintaining smooth and consistent virtual conferencing connection. Most of our clients were not aware that their network infrastructure is either outdated or incapable of data usage growth. Henceforth, our team decided to serve the gap within our own operation and enrich our services with latest IoT networking technology.

The infrastructures we deploy provides software-defined programmable network architecture for every customer needs. Businesses are able to remotely monitor, manage, and control their IT network operation. Our team believe that this addition is ideal in complementing our other digitilisation solutions to deliver the optimal end-user and IT experience through software-defined, AI-driven simplicity, automation, security, and shared visibility. Many of our completed and ongoing workspace transformation deployments have incorporated this option to achieve better connectivity.

Intelligent Unified Communication & Collaboration

One of our newest digitilisation solution addition was cloud-based software defined unified communications platform. Our highly flexible and omnichannel contact centre solutions enables enriched customer engagement experiences between businesses and their customers via voice, chat, and email into a single, streamlined interface, with the goal of improving user experience and productivity. This platform can also dynamically predict each customer's needs and matches that need with the best customer service agent, improving performance, first contact resolution, and customer satisfaction. At the same time, the operation is centrally managed and administered from the cloud via the intuitive control hub to improve operational and IT efficiency and reduce costs. Since is cloud-based, the operators could discharge their services from anywhere in the world.

We are proud with the team in securing their first deployment project with a local mobile virtual network operator that focuses on digital-first lifestyle to their customers. Designed to be an open, extensible, and customizable platform, the solution provides the flexibility to integrate with future Customer Relationship Management (CRM) applications and scale to keep up with their business needs.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Intelligent Unified Communication & Collaboration (continued)

Finally, we are studying to enhance our proprietary mobile chat app - Lets' Talk with IP telephony functionality for internal business communication network. Our objective for this enhancement is to replace the traditional capital-intensive telephony architecture with IP-based digital PBX network to consolidate their voice mailboxes, extension numbers, and directory-based dialing. This convergence holds the promise of increased productivity and reduced running costs for the businesses.

Digital Enterprise Resource Management

Our ERP platform has broad focus on planning and managing all resources, both within and across location and company boundaries. This expanded scope is most strongly felt in the areas of CRM, supply chain management (SCM), product lifecycle management (PLM), manufacturing execution system (MES), enterprise quality management (EQM), field service automation (FSA), and business process management (BPM) to name only a few. Manufacturers of all sizes have recognized the value of an integrated suite rather than trying to piece disparate solutions together.

Despite being the manufacturing centric platform, it can manage the requirements of multiple industries with a single solution, including industrial machinery, automotive, aerospace and defense, medical device, electronics and high-tech, fabricated metals, furniture and fixtures, rubber and plastics, job shops, and more. It provides the ability to access the right information, from the right source, at the right time, empowering all users through the supply chain to make, informed decisions.

At this moment, we have our maiden ongoing project in replacing a public listed company's frozen food processing plant archaic ERP system.

Cloud and Virtualisation Solutions

Our cloud solutions combine focused experience and distinct knowledge to work on developing off-premise, on-premise and hybrid environments. Our engineers design solution enfold past and future, turning diverse and complex infrastructures into efficient business engines. Regardless if our customers are taking minor steps toward the cloud or digitilising their business operation, our team is committed to provide dependable, compliant, and secure solutions that result in business competencies. Our solutions are based on Solution-as-a-Service (SaaS) models where we offer customisable and scalable computing power, storage options and enterprise-grade network stacks at fraction of capex investment into monthly subscription payments.

We have just begun offering these services in second half of year 2021 after ensuring our infrastructure and our team are well prepared and optimised for our future customers.

Fintech Development & Digital Assets Advisory Services

Inbase Partners Ltd, is our subsidiary in Taiwan that offers cutting edge fintech and digital advisory services. Although the management of covid by the Taiwanese health authorities were effective there were nevertheless a sharp contraction in economic activities. As Inbase business is very much conducted online, its business operations were not materially affected.

Inbase proactively sought out other business opportunities that arose from operational inefficiencies brought on by the covid pandemic. These include investment in digital assets and precious metals by using our in-house and other digital platforms. Inbase has started development of a new digital trading platform codenamed "Catch Markets" during FYE 2021 and the platform is targeted for live operation by Q4 2021.

Film Production & Distribution

For the past 18 months, our filming business has been adversely affected by the pandemic due to the numerous restrictions imposed by the government. As film production involves close contacts and gathering of large working groups which was not possible during the EMCO and MCO periods, many of our projects had to be deferred. Nevertheless, our team has been proactively reworking earlier planned filming projects and source for other opportunities. During the FYE 2021, we managed to secure the distribution rights for "My People, My Homeland" on major cinemas in conjunction with ASEAN Mid-Autumn Press Conference, an event celebrating multilateral relationship between ASEAN region with China.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Film Production & Distribution (continued)

Additionally, Longhouse has invested into locally produced tele-movies “Ada Hantu” which has been released in Disney+ while “The Assistant” is under post-production. The production team is now working on a new IP sitcom “My Ofis” which is currently under production. The storyline revolves around an advertising creative office environment that deals mainly with office politics amongst its management teams and its workers. MyOfis is expected to run for three seasons with the 1st Season expected to be broadcasted in Q1 of 2022.

Meanwhile, our team is in final negotiation for a co-production agreement with CCTV Animation Group Co. Ltd., an animation company under the state-run media broadcaster China Central Television (CCTV) for a 52-animated series – “Panda and Friends” featuring pandas (China’s national animal) and indigenous animals of Malaysia (The characters are inspired by Sang Kancil, Sang Harimau, Tapir, Hornbill and Orangutan) to be known as “Panda and Friends”. The co-production of “Panda and Friends” is part of an initiative founded by CCTV Animation to promote and share cultures throughout different countries. The animation series was launched by China in collaboration with other countries to feature characters that are synonymous or related to China and the collaborating countries.

The Group had recently concluded a private placement exercise raising RM8.7 million in preparation for this project. The team is also in partnership talks with FINAS and MDEC for the production on this series aiming to promote our local landmarks and culture to the world stage.

CORPORATE EXERCISES

Employee Shares Option Scheme

391,864,000 shares were issued to eligible employees during FYE 2021 at prices between RM0.040 to RM0.085 per share under the Group’s employees’ share option scheme.

Private Placements

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 issuance prices ranging from RM0.0318 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.

On 16 July 2021, the Group announced a private placement exercise of 241,568,000 new shares representing 20% of the Company’s total issued share capital. The proceed is intended to be utilised for the development of a 52-episodes “Panda & Friends” animated series under a co-production collaboration between Longhouse Films Sdn Bhd, a subsidiary of the Group with CCTV Animation Group Co. Ltd.. The new placement shares price was fixed at RM0.0360 which were subsequently fully placed out on 14 September 2021 and raised RM8,696,448.

Rights Issues

On 1 September 2020, the Company had:-

- proposed to consolidate of every 10 existing ordinary shares in the Company into 1 share. The consolidation had been completed on 5 November 2020, in which 1,258,539,027 shares had consolidated into 125,853,870 Consolidated Shares, and
- proposed a renounceable right issue of up to 755,123,412 new shares together with up to 440,488,657 free detachable warrants in the Company (“Warrant C”) on the basis of 12 Rights Shares together with 7 free Warrants C for every 2 existing shares.

The Rights Issues with Warrants exercise which raised RM67.96 million was completed following the listing and quotation of 755,123,220 Rights Shares and 440,488,340 Warrants C on the ACE Market of Bursa Securities on 14 December 2020.

Management Discussion and Analysis

CORPORATE EXERCISES (CONTINUED)

Corporate Development

MLabs Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 30 August 2021 entered Share Sale Agreement with the Fiscalab Altinvest Sdn. Bhd. to acquire 2,500,000 ordinary shares in Ikhlas Al Dain Sdn. Bhd. (“Ikhlas”), representing 100% equity interest of Ikhlas at a total cash consideration of RM5,000,000.00 only.

Ikhlas is approved by the Ministry of Finance (“MOF”) to conduct the business of factoring, development financing, leasing, and building credit since 2011. As a MOF approved factoring company, Ikhlas is able to collect payment directly from the MOF for invoices factored from government contractors and service providers who are Ikhlas’s main clientele. In 2018, Ikhlas obtained its Syariah compliance certification.

The acquisition of Ikhlas provides an opportunity for MLabs to acquire a factoring business which business model can be transformed and improved by the introduction and application of MLabs’s digital technology into this business to provide another source of business to increase revenue and earnings for MLabs Group.

Additionally, Ikhlas currently holds the development rights on the Lands which are approved for development into a hotel resort. Future development of the Lands will expand MLabs’ business base and contribute earnings for the Company.

This exercise was concluded on 30th August 2021.

RISKS MANAGEMENT

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:-

Key Area	Risk Factors	Mitigation Measures
Economic Risk	The outlook for the Malaysia’s economic outlook remains on a recovery path due to resurgence and mutation of Covid virus. The vaccine had seemed to curtail explosive virus spread while cautious optimism remains to achieve “herd immunity” for resumption and recovery of economic activities.	Various business initiatives were executed in FYE 2021 to create sustainable income stream for the Group. These includes <ul style="list-style-type: none"> expanding into other digitilisation services as explained in above business review, new revenue stream from various types of trading activities on digital assets and precious metals on its own trading platform and others’ network, and acquisition of Ikhlas Al-Dain, a BNM approved factoring house to introduce digital business financing services for SMEs.
Competition Risk and Ability to Secure New Projects	Intense competition in the technology field remains inevitable. As Mlabs’s revenue is derived mostly from contractual and projects basis, it is subjected to competition from other market players.	Continuous technical core competencies development for all personnel with the goal of providing world-class digitilisation solutions and excellent services at competitive pricing that will consistently create value for our customers. <p>During the FYE2021, Mlabs has been appointed as authorized partner for Huawei, Logitech, and Polycomm to expand our portfolio in enterprise-grade digitilisation solutions catering to wider customer requirements.</p>

Management Discussion and Analysis

RISKS MANAGEMENT (CONTINUED)

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:- (continued)

Key Area	Risk Factors	Mitigation Measures
Recruitment and Retention of Experienced Personnel	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.	<p>Ongoing monitoring of the organisational health of the Group and have various programs and perks in place to retain key employees.</p> <p>Continuous communications are carried out in understanding what our employees need and want so we could realign on a timely basis. Employees' Share Option Scheme is part of our incentive policy, both for the Directors as well as for our employees. They are intended to attract and retain key talent to the Group.</p>
Business Risk	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 present demand.	<p>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.</p> <ul style="list-style-type: none"> • 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.

MOVING FORWARD

Going into FYE 2022, the challenges experienced during FYE 2021 are expected to persist, with the ongoing national MCO orders prompted by new waves of infection posing further threat to businesses and communities. It is also expected that the global economy will take longer than anticipated to recover from the effects of the Pandemic, with the subsequent knock-on effect on international trade.

Nevertheless, after a year of turbulence, the shift to digitalisation is expected to continue to accelerate as businesses look for and adopt new ways to continue operating or even change direction. We are therefore optimistic on the outlook of the ICT industry both in Malaysia and further afield, given the marked increase in the requirement for businesses to digitally transform their operations. This potential is further reflected in the MyDIGITAL initiative which includes the Malaysia Digital Economy Blueprint announced by the Government earlier in 2021. Through this initiative, by 2025, the digital economy is expected to contribute 22.6% to the Malaysia's GDP (Gross Domestic Product) and create 500,000 job opportunities in the digital economy.

Management Discussion and Analysis

MOVING FORWARD (CONTINUED)

We will continue our efforts on enhancing our full suites of digitisation solutions to ensure the sustainability of our business and to remain at the cutting edge of our industry. Tapping into the surge for allthings-digital, we continued to collaborate with our strategic partners, both existing and new ones, to develop, deploy and strengthen our portfolio of innovative technological offerings. These amongst other measures, to strengthen our position as a key digitisation player in the markets that we operate in.

For our overseas fintech operation, we planned to add-on other suites of “Catch” products with the aim to pivot our existing business model from a software consulting and development firm to a software licensing and solution-as-a-service (SaaS) firm. We believe that the demand is there to grow our suite of products and we have the knowledge, expertise, partners, and clients to provide us with the initial Launchpad for this while increasing our profitability performance for the medium to long term.

With the relaxation of the SOP for filming and entertainment industries, artists and workers in the creative sector is prepping to resume working to revive the industry. The team also aims to get their numerous creative production projects & IP investments back on track. Longhouse is building up a new slate which will comprise of its core business units which are distributions, production and developments, investments, and brands acquisition via product placements.

DIVIDENDS

The Board has not adopted any fixed dividend policy. The Board does not recommend payment of any dividend for the financial year ended 31 June 2021.

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 Board of Directors, we would like to extend our sincerely appreciation to our shareholders for your continued support of our ambitious goals, our leadership and your patience as we strive to achieve our goals.

Finally, and most importantly, we would like to take this opportunity to express our gratitude and thanks to the management and staff of the Group for their enduring commitment and resolve to be the best in the business. Our dedication to deliver value and quality to our customers shall always be our culture.

SUSTAINABILITY STATEMENT

At Mlabs Systems Berhad (“**Mlabs**” or “the **Company**”), sustainability is a key agenda in maintaining business continuity and in creating value for the Group’s stakeholders, in spite of the challenges presented by the Covid-19 pandemic. In fact, the global pandemic has impacted society and businesses alike and further emphasised the importance of governance, social and environmental matters. During this period, we remain focused on realising the Company’s goals and objectives while being mindful of the environmental and social issues.

As such, we are pleased to present our Sustainability Statement (“**Statement**”) as we outline the Group’s sustainability-related efforts undertaken throughout the reporting period. This Statement provides a concise narrative of Mlabs’s commitment in addressing the economic, environmental and social (“**EES**”) impacts across Mlabs and its subsidiaries (collectively “**Mlabs Group**”).

REPORTING SCOPE OF THE STATEMENT

Sustainability at Mlabs considers the EES risks and opportunities in the products and services we provide. Information presented in this Statement covers Mlabs with its subsidiaries (“**Mlabs Group**” or “the **Group**”).

All the disclosure for this Statement was for the period of 12 months, from 1 July 2020 to 30 June (“**FYE**”) 2021, unless stated otherwise. This Statement is to be read alongside the rest of the Group’s FYE 2021 Annual Report.

OUR SUSTAINABILITY APPROACH

The Board of Directors (“**Board**”) recognises sustainability as an integral value in doing business, with the aim of balancing long-term success with promoting sustainable practices for its business partners, employees, shareholders, community and the environment.

The Board is also accountable for overseeing sustainability across the Group, supported by the Executive Director and Senior Management who are responsible for driving and managing sustainability across the business, and reporting key sustainability matters to the Board.

STAKEHOLDER ENGAGEMENT

We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process.

Stakeholders	Focus Area	Engagement Platform
Shareholders	<ul style="list-style-type: none"> Company performance Profitability and growth Company direction and strategy Corporate governance Sustainability 	<ul style="list-style-type: none"> Annual and quarterly reports Annual General Meetings Bursa Malaysia announcements
Employees	<ul style="list-style-type: none"> Career development Job security Remuneration and benefits Equal opportunities Training opportunities Workplace health and safety 	<ul style="list-style-type: none"> Training and education Weekly management communication sessions Events such as Annual Dinner, festive celebrations and other employee engagement events Performance appraisal and feedback reviews
Client	<ul style="list-style-type: none"> Efficacy & effectiveness Product innovation Product ingredients Product/service safety Customer service and experience Pricing 	<ul style="list-style-type: none"> Customer feedback surveys Customer visits/meetings Marketing campaigns Digital and social media platforms Brand websites Virtual customer events
Suppliers	<ul style="list-style-type: none"> Product quality and inventory/supply Pricing Customer service 	<ul style="list-style-type: none"> Supplier meetings Supplier and quality evaluation Price negotiation




Sustainability Statement

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Focus Area	Engagement Platform
Government	<ul style="list-style-type: none"> Regulatory compliance 	<ul style="list-style-type: none"> Compliance with government legislative and regulatory body framework
Communities	<ul style="list-style-type: none"> Community engagement Social and environmental concerns 	<ul style="list-style-type: none"> Corporate social responsibility activities Provision of jobs and internship to graduates Local employment

MATERIALITY ASSESSMENT

The key EES issues prioritised and determined are as follows:

 <p>ECONOMIC</p> <ul style="list-style-type: none"> Product Research & Development & Customer relationship management Corporate governance and ethics 	 <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Conservation of energy Material consumption and management 	 <p>SOCIAL</p> <ul style="list-style-type: none"> Diversity Talent Attraction & Retention Employee Health & Wellbeing Community Investment
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ECONOMIC SUSTAINABILITY

Product Research & Development

Our mission is to be an Innovation Partner for our clients, enabling them to achieve their digital transformation goals. A strong focus on helping clients move from traditional, manual legacy systems to a digital environment is therefore a major focus of our business strategy. As such, our team holds responsibility for identifying upcoming digitalization trends and developing the suitable solutions either through in-house development or in collaborate with external expertise. The team comprises experienced business analysts, solution engineers with diverse technology skills and experience.

As a technology-first organisation, it is vital that a significant proportion of our resources is allocated to the research, development and commercialisation of future-ready digital solutions to ensure that our business remains relevant. In response to the changing market conditions arising out of the COVID-19 environment, our collaborative conferencing solution have served as an important communications channel for many corporates with their shareholders and customers remotely without the need for unnecessary physical contact. At the same time, we have launched our collaborative device themed e-commerce store at Lazada and Shopeee to engage retail customers in creating more income source for the Mlabs Group.

Client Relationship Management

Mlabs Group understands that client satisfaction and engagement are important material issues that have an impact on our reputation, brand and opportunity for future recurring business transactions. Given that our digitilisation solutions are customisable to meet specific client requirements, it is essential that we understand the market conditions and customer sentiments in our engagements. We therefore engage in regular communication with our clients, conducting product briefing sessions and seminars where applicable.

Corporate Governance and Ethics

Mlabs Group regards good corporate governance and ethics as a fundamental aspect in all our businesses. We have an established whistleblowing process in place where any incidents or concerns can be independently brought to the attention of the Board. In addition, we impart as part of our culture that the Mlabs Group does not participate nor condone any form of corruption in our business.

Sustainability Statement

MATERIALITY ASSESSMENT (CONTINUED)

ENVIRONMENTAL SUSTAINABILITY



Conservation of Energy

As a Group, we aim to minimise our energy consumption through mindful usage of energy and resources. With the majority of our operations now operating out of one centralized location, we have been able to reduce resource consumption in several areas. In addition, with the majority of our employees operating under a Work-from-Home regime, and flexible working hours has contributed to reduced energy consumption at our office premises.

These steps were made possible with our collaborative conferencing solution and remote workforce management system in enabling employees always maintaining effective communications with the management while managers can keep track of task progress remotely without the need to physically congregate unnecessary in the office. In return, Mlabs is able to reduce utilities consumption from reduced workspace requirement.

Material consumption and management

We are committed to minimise our own carbon footprint. Wherever possible, we source the materials, supplies and equipment required for our business operations from locations that offer the least impact on the environment. We also consolidate our back-office operations activities to ensure economies of scale both in terms of expenditure and logistics.

We also encourage employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing or to print on recycled paper. We will be embarking on a paperless or digital office solution whereby all documentations are digitatised to keep paper usage to the minimal.

SOCIAL SUSTAINABILITY



Diversity

At Mlabs Group, we recognise and value the unique combination of talents, experiences and skills of each employee in driving our business success. We aim to promote an inclusive workforce with employees from diverse backgrounds with the skills and experience needed to bring us towards our vision and mission to be the leading digitalisation specialist.

We focus on fairly recruiting and promoting people based on merit, capability and experience and provide opportunities to our employees regardless of their age, gender, identity, ethnicity, race or religion.

Gender	No. of Employees	%
Male	37	64
Female	20	36
Total	57	100

Age Diversity	No. of Employees	%
Below 30	7	13
Between 30-39	24	41
Between 40-49	18	32
Above 50	8	14
Total	57	100

Talent Attraction & Retention

A major sustainability issue faced by all industry sectors in Malaysia today is the recruitment and retention of employees at all levels, who are equipped with the appropriate mix of skills for the world of work, particularly with regards to the graduate population. This situation has been exacerbated during our FYE 2021 due to the severe impact of the COVID-19 Pandemic on the availability of appropriate talent.

Sustainability Statement

MATERIALITY ASSESSMENT (CONTINUED)

SOCIAL SUSTAINABILITY (CONTINUED)

Talent Attraction & Retention (continued)

Our approach however remains that of placing strong emphasis on creating and maintaining a safe and supportive work environment that is conducive to empowering talented individuals to achieve their full potential. The size and range of activities covered by our organisation provides an extensive cross-section of opportunities for employees to build their skills portfolio and broaden their experience.

The agile and open nature of the organization in terms of hierarchical structure means that employees are able to interact with colleagues at all levels of the Group without reservation or strict formality. During the period however, the usual interaction has been severely limited due to the continued Movement Control Order (MCO) restrictions. Regular online communication with employees has therefore become an important part of the work pattern in order to ensure an inclusive experience.

Relevant training and development in professional and technical skills forms an important component of employee progress and is incorporated into their Annual Key Performance metrics. Employees in all divisions of the Group receive training in areas pertaining to their function and/or technical discipline. Due to the ongoing MCOs during the period, which have prevented in-person training, employees have been encouraged to pursue online training wherever possible, in order to ensure continued skills development.

Employee Health & Well-being

We are committed to conducting our businesses in a way that protects the health and safety of our employees. In light of the ongoing COVID-19 situation, the physical health and mental well-being of employees has been of paramount importance. Strict adherence to Government-mandated Standard Operating Procedures (“SOP”s) with Work-From-Home (WFH) measures have been implemented in order to minimise exposure to the risk of infection.

Maintaining peak operational levels under these circumstances has placed immense strain on the mental well-being of employees, especially those having to juggle home schooling with their workload. Employees have been encouraged to reach out for emotional support when needed, with reassurance that they are able to do so without fear of judgment or discrimination.

Community

Mlabs is invested in providing educational opportunities for future Malaysian talent. However, opportunities to engage in any form of community engagement have been greatly hampered since the outbreak of the Pandemic. Nevertheless, we organized a Raya celebration for the unfortunate and orphaned children at Yayasan Sunbeams Homes under strict SOP with minimal contact to bring festive cheers and continued with our internship program. Once the restrictions are lifted and life returns to normalcy, the Group will re-connect with stakeholders in the community and resume its engagement programmes.

CONCLUSION

In the coming financial year, the Mlabs and the Board will continue to conduct a comprehensive materiality assessment via interface with its key internal and external stakeholders in order to ensure that all non-financial factors that pose a risk to the sustainability of the Group’s businesses are understood and that measures are taken to mitigate any such risks.

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 2021 (“**FYE 2021**”). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

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 2021 (“**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 MCCG during FYE 2021.

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 2021 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 Conduct and Ethics 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

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (Continued)

The Code of Conduct and Ethics 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 Conduct and Ethics is set out in the Board Charter 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 envelop 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.

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the Anti-Bribery and Corruption Policy ("ABC Policy"). The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instil the spirit of integrity and avoid all forms of corruption practices within the organisation. The ABC Policy has also been incorporated in the Employee Handbook.

The ABC 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 the Group's businesses, 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.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (Continued)

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FYE 2021 were as follows:

	Training Programmes/Seminars/Conferences
General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd)	<ul style="list-style-type: none"> Introduction to Anti-Money Laundering, Anti-Terrorism Financing Proceed of Unlawful Activity Act 2001 (AMPLATFPUAA 2001)
Tan Sik Eek	<ul style="list-style-type: none"> WIEF - SIDC Powertalk Webinar 2020 Moving Forward: Banking & Capital Market Trends Introduction to Anti-Money Laundering, Anti-Terrorism Financing Proceed of Unlawful Activity Act 2001 Webinar on Transfer Pricing by Cheng & Co Advocacy Session for ACE Market Listed Corporation
Mejar Dato' Ismail Bin Ahmad (R)	<ul style="list-style-type: none"> Leadership & Managing Organization Change
Ong Tee Kein	<ul style="list-style-type: none"> Webinar Series: Preference Shares - New Redemption Methods MIA Webinar Series: Audit Quality Enhancement Programme for SMPs Case Study-Based MRFS Webinar: Consideration for Preparation of Financial Statements under COVID-19 Situation
Professor Dr. Sureswaran Ramadass	<ul style="list-style-type: none"> Digital Around The World Wireless World Research Forum (WWRF45) Introduction to Anti-Money Laundering, Anti-Terrorism Financing Proceed of Unlawful Activity Act 2001 (AMPLATFPUAA 2001)
Chuah Hoon Hong	<ul style="list-style-type: none"> Awareness Training on The MACC (Amendment) Act 2018 -Corporate Liability Provision Guidelines for Reporting Framework for Beneficial Ownership of Legal Person in Malaysia Resolving Boardroom and Shareholder's Dispute Decoding Transactions and RPT Rules MIA Webinar Series: Pre & Post IPO Rules and Key Updates to Listing Requirements

During the FYE 2021, all the Directors have attended the necessary training programmes as required under the Rule 15.08 of the Listing Requirements.

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.

(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 Non-Executive 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 Independent Non-Executive Directors on the Board helps to bring objective and independence judgements to facilitate a balanced leadership in the Group.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(b) Board Composition (Continued)

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 FYE 2021, 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 FYE 2021 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.

(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 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.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)(c) Remuneration (Continued)

The detailed disclosure on a named basis for the remuneration of individual Directors for the FYE 2021 are as follows:

Received from the Company (RM):						
Directors	Fees	Salaries	Bonus	Meeting allowance	Benefits-in-kind / Other Emoluments	Total
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	91,000	-	-	-	-	91,000
Mejar Dato' Ismail Bin Ahmad (R)	91,000	-	-	-	-	91,000
Ong Tee Kein	91,000	-	-	-	-	91,000
Professor Dr. Sureswaran Ramadass	70,000	-	-	-	-	70,000
Chuah Hoon Hong	70,000	-	-	-	-	70,000
Tan Sik Eek *	31,000	-	-	-	-	31,000
Total	444,000	-	-	-	-	444,000

Received from the Group (RM):						
Directors	Fees	Salaries	Bonus	Meeting allowance	Benefits-in-kind / Other Emoluments	Total
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	91,000	-	-	-	-	91,000
Mejar Dato' Ismail Bin Ahmad (R)	91,000	-	-	-	-	91,000
Ong Tee Kein	219,000	-	-	-	-	219,000
Professor Dr. Sureswaran Ramadass	70,000	-	-	-	-	70,000
Chuah Hoon Hong	70,000	-	-	-	-	70,000
Tan Sik Eek *	196,800	298,980	39,900	-	42,122	577,802
Tay Be Seng, Benson [^]	120,000	-	-	-	-	120,000
Carlos Luis Salas Porras [^]	11,555	237,082	-	-	5,950	254,587
Stephen Joseph Chor Lynch [^]	11,555	237,082	-	-	16,470	265,107
Huang Hsin Han [^]	148,561	-	-	-	-	148,561
Chiew Jia Chiun	-	303,000	-	-	37,206	340,206
Chiew Jia Yee	-	108,000	-	-	13,806	121,806
Total	1,029,471	1,184,144	39,900	-	115,555	2,369,069

Note:

* The Executive Director is also the Key Senior Management of the Company

[^] The Director of the subsidiaries of the Group

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AC

The AC currently comprises of three members with majority 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 AC Report on pages 31 to 32 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 FYE 2021 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 33 to 34 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 Secretaries 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.

Corporate Governance Overview Statement

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

(a) Communication with Stakeholders (Continued)

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
Address : 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

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 MCCG, the Company's notice of the forthcoming AGM shall be given to shareholders at least 28 days prior to the meeting.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report and CG Report 2021, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

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 2021 (“**FYE 2021**”) and as of the date of this Report together with their attendance record at meetings held during FYE 2021 are as follows:

Name	Designation	Status of directorship	Number of meetings attended/Number of meetings held ⁽¹⁾
Chuah Hoon Hong	Chairman	Independent Non-Executive Director	5/5
General Tan Sri Dato’ Sri Hj. Suleiman bin Mahmud RMAF (Rtd) (Resigned as AC member on 21.10.2021)	Member	Independent Non-Executive Director / Chairman	5/5
Professor Dr. Sureswaran Ramadass	Member	Independent Non-Executive Director	5/5
Mejar Dato’ Ismail bin Ahmad (R) (Appointed as AC member on 21.10.2021)	Member	Non-Independent Non-Executive Director	N/A

⁽¹⁾ Number of meetings (including adjourned meetings, if any) held during the respective member’s tenure of office during FYE 2021

Whilst the AC’s terms of reference require the AC to meet at least four times in a financial year, it met five times during FYE 2021. 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 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 FYE 2021:

(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.

(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.

Audit Committee Report

SUMMARY OF AC'S ACTIVITIES (CONTINUED)

(b) External Audit (Continued)

- 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 FYE 2021 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 FYE 2021 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 FYE 2021, 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 operations:

- Human Resources and Payroll Management;
- Financial Close Processing Management, and
- Fixed Asset Management.

The total cost paid or payable for the internal audit function for FYE 2021 was RM10,000.

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**”) and 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.

Statement on Risk Management and Internal Control

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 FYE 2021 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 had 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, Messrs PKF had 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.

OTHER COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

(i) 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.

As at 30 June 2021, the proceeds derived from the said private placement has been fully utilised as follows:

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2021 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Working Capital	1,395	1,395	-	Within 24 months
Expenses in relation to the proposals	80	80	-	Immediate
	1,475	1,475	-	

(ii) 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**").

The Company has raised total proceeds of RM9.2 million from the said 30% Private Placement by issuance of 267,350,000 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 2021 was as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2021 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Marketing expenses for the Let's Talk mobile application	3,000	1,000	2,000	Within 24 months
Working Capital	5,909	5,552	357	Within 24 months
Expenses in relation to the proposals	332	332	-	Immediate
	9,241	6,884	2,357	

(iii) Rights Issue with Warrants

The Company has on 14 December 2020 completed the Rights Issue with Warrants exercise with the issuance of 755,123,220 new ordinary shares at an issue price of RM0.09 per rights share, together with 440,488,340 free detachable warrants of the Company on the basis of 12 rights shares together with 7 free warrants C for every existing shares held by the entitled shareholders of the Company.

Status of utilisation of proceeds derived from the Rights Issue with Warrants exercise by the Company as at 30 June 2021 was as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2021 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Remote meeting and videotelephony enablers	23,000	-	23,000	Within 36 months
Broadcasting and livestreaming centre	7,600	7,600	-	Within 6 months
Acquisition and/or investments in complementary business and/or assets	25,000	-	25,000	Within 24 months
Working Capital	11,561	657	10,904	Within 24 months
Expenses in relation to the proposals	800	800	-	Immediate
	67,961	9,057	58,904	

Other Compliance Information

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 2021 (“**FYE 2021**”) amounted to RM204,600 of which RM51,300 was incurred by the Company.

The amount of the non-audit fees incurred for services rendered to the Company by the external auditors for FYE 2021 amounted to RM6,500. 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

(i) Employees’ Shares Options Scheme

The Employees’ Shares Options Scheme (“**ESOS**”) was implemented on 28 September 2017 by the Board pursuant to the Company’s by-laws.

As at 30 June 2021, the share option movements are as detailed below:-

No of Share Options granted during the financial year ended 30 June 2021	Share Options Exercised during the financial year ended 30 June 2021	Share Options lapsed during the financial year ended 30 June 2021	No of Share Options outstanding during the financial year ended 30 June 2021
701,411,000	391,864,000	309,547,000	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	66%
Actual percentage of options granted during the financial year	66%
Actual percentage of options granted since the commencement of the ESOS	52%

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

(ii) Warrants B (2017/2020)

The total numbers of unexercised Warrants B were 186,855,358 and had expired on 10 September 2020.

(iii) Warrants C (2020/2023)

As at 30 June 2021, the total numbers of Warrants C which remained unexercised were 440,488,340 and the expiry date on 7 December 2023.

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 FYE 2021 or which were entered into since the end of the previous financial year ended 30 June 2020.

Other Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The breakdown of the aggregate value of transaction of a revenue and trading nature conducted during the FYE 2021, is set out below:

Related Party and its Principal Activities	Mlabs Group - Transacting Party	Nature of Transaction with Mlabs Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Holdings Berhad ("NetX") and its subsidiary companies - Investment holding, research and development of software, system design, integration and installation and provision of information technology services	Mlabs Group	Provision of maintenance and support services, Fintech or website maintenance and support related services, Cloud related services by Mlabs Group	39,633	NetX is a Major Shareholder of Mlabs with a shareholding of 11.85%. Mr Tan Sik Eek is the Executive Director of Mlabs and NetX. He is also a shareholder of NetX with a shareholding of 4.79%.
		Provision of Videoconferencing maintenance and supports services and related products or services on subscriptions basis by Mlabs Group		
		Provision of mobile application products and services on subscriptions basis and related support services by Mlabs Group	30,000	
		Leasing/renting/letting of office premises to / from Mlabs Group	30,000	

LIST OF PROPERTY

Location	Description/ Existing use	Build up area	Tenure	Age of Building (Year)	Net book value as at 30 June 2021 (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	2	6,790	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 2021 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 was approved during the Board meeting held on 21 October 2021.



FINANCIAL

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

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 14 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year	15,953,241	27,583,575
Loss for the financial year attributable to:		
Owners of the parent	15,038,945	27,583,575
Non-controlling interest	914,296	-
	15,953,241	27,583,575

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 2021.

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

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:

Carlos Luis Salas Porras
 Chen Chee Peng
 Chiew Jia Chiun
 Chiew Jia Yee
 Huang Hsin Han
 Stephen Joseph Chor Lynch
 Tay Ben Seng, Benson

Directors' Report

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 30.6.2021
	Balance as at 1.7.2020	*Share Consolidate	Bought	Sold	
In the Company					
Direct interest:					
Ong Tee Kein	1,000,000	(900,000)	736,100	-	836,100
Professor Dr. Sureswaran Ramadass	335,132	(301,619)	-	-	33,513
Tan Sik Eek	-	-	700,000	-	700,000
Deemed interest:					
Professor Dr. Sureswaran Ramadass#	38,299	(34,470)	-	-	3,829

* All the share as at 5 November 2020 is consolidated 10 shares to 1 during the financial year.

Shares held in the name of his spouse.

	Number of warrants			Balance as at 30.6.2021
	Balance as at 1.7.2020	Bought	Sold	
In the Company				
Direct interest:				
Ong Tee Kein	-	429,391	(429,391)	-
Professor Dr. Sureswaran Ramadass	100	-	(100)	-
Tan Sik Eek	-	350,000	-	350,000

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 year, 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 30 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' Report

Directors' remuneration and fees

Director's remuneration of the Group is amounted to RM1,339,598 as disclosed in Note 5(b) to the financial statements.

Director's fees of the Group and of the Company are amounted to RM1,029,471 and RM444,000 respectively as disclosed in Note 5(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 1,026,174,027 to 1,207,841,090 by way of issuance of new ordinary shares pursuant to the following:

- (i) 391,864,000 option exercised under Employee's Share Option Scheme ("ESOS") at exercise price of ranging from RM0.0400 to RM0.0850 per option;
- (ii) 167,365,000 shares exercised under the Private Placement at exercise price ranging from RM0.0318 to RM0.0452 per placement of shares;
- (iii) 755,123,220 shares issued under the Right Issue at issue price range at RM0.0900 per share; and
- (iv) 1,258,539,027 existing shares consolidated to 125,853,870 shares by issuance of every 10 existing shares into 1 shares.

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 September 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.

Directors' Report

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

The Company implemented an ESOS for a period of five (5) years until 27 September 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.

Date of offer	Exercise price	Number of options over ordinary shares				As at 30.6.2021
		As at 1.7.2020	Granted	Exercised	Lapsed	
17 July 2020	0.050	-	65,000,000	(65,000,000)	-	-
17 December 2020	0.085	-	153,498,000	(26,000,000)	(127,498,000)	-
29 December 2020	0.073	-	212,049,000	(30,000,000)	(182,049,000)	-
8 February 2021	0.060	-	30,000,000	(30,000,000)	-	-
17 February 2021	0.060	-	30,000,000	(30,000,000)	-	-
22 February 2021	0.065	-	30,000,000	(30,000,000)	-	-
24 February 2021	0.063	-	60,000,000	(60,000,000)	-	-
26 February 2021	0.060	-	100,000,000	(100,000,000)	-	-
18 March 2021	0.058	-	16,049,000	(16,049,000)	-	-
23 April 2021	0.040	-	4,815,000	(4,815,000)	-	-
		-	701,411,000	(391,864,000)	(309,547,000)	-

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

Warrants

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 Warrants B were constituted under the Deed Poll dated 27 July 2017.

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.
- (d) The total number of Warrants B which remained unexercised were 186,855,358 and had expired on 10 September 2020.

The movements in the Warrants B are as follows:

	Entitlement for Number of Ordinary Shares		
	As at 1.7.2020	Expired	As at 30.6.2021
Warrants B	186,855,358	(186,855,358)	-

Directors' Report

Warrants (continued)

WARRANT 2020/2023 ("WARRANT C")

On 14 December 2020, the Company listed and quoted 440,488,340 free detachable Warrants 2020/2023 ("Warrants C") pursuant to the Rights Issue with Warrants Exercise on the basis of seven (12) Rights Shares together with seven (7) free Warrants C for every two (2) Existing Shares held by the entitled shareholders.

The Warrants C were constituted under the Deed Poll C dated 28 October 2020.

The salient features of the Warrants C are as follows:

- (a) On 14 December 2020, the Company issued renounceable rights of 755,123,412 new ordinary shares together with 440,488,657 free detachable new Warrants on the basis of twelve (12) rights shares together with seven (7) Warrant for every two (2) 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 14 December 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.
- (d) The total number of Warrants C which remained unexercised were 440,488,657.

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 provision need not be 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 provision for doubtful debts; 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.

Directors' Report

Other statutory information (continued)

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 2021 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.

Significant event

Details of significant event during the financial year is disclosed in Note 35 to the financial statements.

Subsequent event

Details of subsequent event after the financial year is disclosed in Note 36 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 2021 amounted to RM275,753 and RM51,300 respectively.

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

TAN SIK EEK

Kuala Lumpur
8 November 2021

ONG TEE KEIN

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 53 to 108 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 2021 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
8 November 2021

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 53 to 108 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 8 November 2021)

TAN SIK EEK

Before me,

SHI' ARATUL AKMAR BINTI SAHARI (W 788)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MLABS SYSTEMS BERHAD

Registration No.: 200401014724 (653227-V) (Incorporated in Malaysia)

AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of MLABS SYSTEMS BERHAD, which comprise the statements of financial position as at 30 June 2021 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 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 108.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2021, 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 Qualified Opinion

1. Investment in Coinful Capital Fund

(Refer to Note 1(d)(v), 2(g)(i), 2(l) and 15 to the financial statements)

The subsidiary had invested in Coinful Capital Fund ("the Fund"), whereby the Fund participated in the non-voting, redeemable shares issued by DGC Fund, a Segregated Portfolio of Coinful Capital Fund, which is known as Coinful Growth Fund I (referred to as "CGFI"). The CGFI is unquoted with the objective to seek capital appreciation with investments in Digital Assets and derivatives with underlying Digital Assets a reference rate or index, utilising options, futures, swaps and other derivative instruments as well as Digital Assets' "decentralised finance" products. The investment was accounted for as unquoted financial assets at fair value through profit and loss, with the carrying amount as at the financial year ended 30 June 2021 amounted to RM1,711,602.

CGFI is managed by an Investment Manager, Lazarus Securities Pty Ltd and administered by Bolder Fund Services (Singapore) Pte. Ltd.. As at the financial year end, the fair value of the investment is determined based on the net asset value of the Fund according to the policies stated in the agreement. However, we are unable to assess the information in determining the fair value of the investment as well as the subsidiary's participating shares in the CGFI. Owing to the nature of the investment and records, we were unable to satisfy ourselves by any other audit procedures.

2. Bank Confirmation

Due to the delay of financial statement of the subsidiary, we are unable to receive the bank confirmation to confirm the cash in bank amounted to RM5,016,174 as at the date of this report. As such, we are unable to ascertain the accuracy and completeness of the balance and disclosures.

Any adjustment or additional disclosures found to be necessary in respect of the above matter, including any related tax impact, will have a consequential significant effect on the financial position of the Group as at 30 June 2021 and the financial performance and cash flows of the Group for the financial year ended and may have resulted in additional information being disclosed in the financial statements as to the nature of the transactions.

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

To the members of Mlabs Systems Berhad

Registration No.: 200401014724 (653227-V) (Incorporated In Malaysia)
And Its Subsidiaries

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Income recognition

(Refer to Note 4 to the financial statements)

During the financial year, the Group has reported realised gain on investment amounted to RM757,543.

The Director has originally recorded this transaction as RM73.4 mil and RM72.6 mil of revenue and cost of sales respectively, arising from the trading of unwrought gold, as a new business activity of the subsidiary.

In accordance with MFRS 15 "Revenue from Contract with Customers", revenue will be recognised at a point in time when the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

However, based on the Offtake and Underwriting Agreement ("the Agreement") dated on 30 December 2020 states that the subsidiary shall underwrite the purchase and sales of unwrought gold through a company which is responsible to procure and to sell unwrought gold at a specific target price provided by the subsidiary, therefore it does not create a contract of sale of unwrought or refined gold, ie the subsidiary has taken a role as an investor hedging against the fluctuation of gold price. These does not constitute a performance that creates or enhances an asset that the customer controls as the asset is created or enhanced, thereby rendering the accounting policy selected by the subsidiary inappropriate.

Upon discussion with the Directors, they have concurred with the treatment of the transaction, and reconstructed the financial statements of the subsidiary as at the financial year 2021 to reflect the appropriate transaction as an investment in financial assets through profit and loss. As at the financial year end, the investment has been realised as gain on investment in the statement of profit or loss.

In view of the complexity of the arrangement, we have considered this to be an area of audit focus.

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

- (a) Made enquiries with the appropriate personnel to evaluate the basis of the accounting treatment.
- (b) Review the agreements to ascertain the appropriateness of the transaction in compliance with MFRS.
- (c) Carried out company search of the company that is binding in the agreement.
- (d) Detail verification of the transactions and review the sufficiency of the supporting documents.

2. Transactions in cryptocurrency

(Refer to Note 1(d)(xii), 2(g) and 2(j)(iii) to the financial statements)

With reference to the Offtake and Underwriting Agreement ("the Agreement") dated on 30 December 2020 as reference in our key audit matters no. 1, the subsidiary has undertaken the transactions in cryptocurrency, of which the subsidiary has transfer the investment sum by converting the USD into crypto E-wallet. The total investment sum deposit in the crypto E-wallet amounted to approximately USD1.11 million during the year. As at the financial year end, the Director had converted the entire balance in the crypto E-wallet into USD, received in the bank of the subsidiary.

In view of the complexity of the arrangement, we have considered the risk in the audit related to transactions in cryptocurrency to be an area of audit focus.

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

- (a) Made enquiries with the appropriate personnel to evaluate the transactions in accordance with the agreement.
- (b) Obtain access to the crypto E-wallet of the subsidiary, to review the transactions history that occurred during the year.
- (c) Detail verification of the transactions occur in the crypto E-wallet, against the deposit and withdrawal's instruction by the management.
- (d) Recompute the crypto E-wallet account by matching against the bank transactions in the bank statements.

Independent Auditors' Report

To the members of Mlabs Systems Berhad

Registration No.: 200401014724 (653227-V) (Incorporated In Malaysia)
And Its Subsidiaries

Key audit matters (continued)

3. Impairment assessment of intangible assets

(Refer to Note 1(d)(ix), 2(g)(ii), 2(j)(i) and 12 to the financial statements)

(i) Goodwill

The carrying amount of Goodwill of the Group as at the end of financial year amounted to RM2,923,129. 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 RM6,890,048. 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.

4. Impairment of amount due from subsidiaries

(Refer to Note 1(d)(vi), 2(g)(i), 2(l) and 19 to the financial statements)

The gross carrying amount of the amount due from subsidiaries amounted to RM85,074,670 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.

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.

Independent Auditors' Report

To the members of Mlabs Systems Berhad

Registration No.: 200401014724 (653227-V) (Incorporated In Malaysia)

And Its Subsidiaries

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the fair value of investment in Coinful Capital Fund and outstanding bank confirmation letter. We are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.
- 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.

Independent Auditors' Report

To the members of Mlabs Systems Berhad

Registration No.: 200401014724 (653227-V) (Incorporated In Malaysia)

And Its Subsidiaries

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

1. the subsidiaries of which we have not acted as auditors are disclosed in Note 14 to the financial statements.
2. The accounting and other records for the matter as described in the Basis of Qualified Opinion section have not been properly kept by subsidiaries, we have not obtained the relevant information and explanation that we required.

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
AF 0911
CHARTERED ACCOUNTANTS

Kuala Lumpur
8 November 2021

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	3	10,584,566	8,319,266	-	-
Cost of sales		(9,219,301)	(7,267,801)	-	-
Gross profit		1,365,265	1,051,465	-	-
Other income	4	2,457,634	1,664,697	461,676	195,036
Administrative and operating expenses		(17,196,256)	(11,730,377)	(7,828,256)	(4,439,514)
Selling and distribution expenses		(1,534,884)	-	(34,635)	-
Other operating expenses		(281,088)	(18,210)	-	-
Impairment loss on:					
- trade receivables		-	(1,801,700)	-	-
- non-trade receivables		-	(2,000,000)	-	-
- right-of-use assets		-	(202,876)	-	-
- investment in subsidiaries		-	-	(200,000)	(7,345,912)
- amount due from subsidiaries		-	-	(19,982,360)	(10,509,280)
- intangible assets		(583,688)	(12,857,442)	-	-
- inventories		(15,761)	-	-	-
Inventories written off		(118,367)	(59,343)	-	-
Loss from operations		(15,907,145)	(25,953,786)	(27,583,575)	(22,099,670)
Finance costs	6	(46,096)	(59,053)	-	-
Loss before tax	7	(15,953,241)	(26,012,839)	(27,583,575)	(22,099,670)
Tax expense	8	-	-	-	-
Loss for the financial year		(15,953,241)	(26,012,839)	(27,583,575)	(22,099,670)
Other comprehensive (loss)/income:					
Item that will be subsequently reclassified to profit or loss					
Exchange differences on translation foreign operation		(525,744)	203,887	-	-
Total comprehensive loss for the financial year		(16,478,985)	(25,808,952)	(27,583,575)	(22,099,670)
Loss attributable to:					
Owners of the company		(15,038,945)	(25,756,426)	(27,583,575)	(22,099,670)
Non-controlling interests		(914,296)	(256,413)	-	-
		(15,953,241)	(26,012,839)	(27,583,575)	(22,099,670)
Total comprehensive loss attributable to:					
Owners of the company		(15,478,769)	(25,646,766)	(27,583,575)	(22,099,670)
Non-controlling interests		(1,000,216)	(162,186)	-	-
		(16,478,985)	(25,808,952)	(27,583,575)	(22,099,670)
Basic loss per share (sen):					
- Basic	9	(2.32)	(3.51)		
Diluted loss per share (sen):					
- Diluted	9	(2.32)	(3.51)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	2,258,463	2,386,566	2,095	3,792
Right-of-use assets	11	897,625	1,063,934	-	-
Intangible assets	12	9,955,297	5,135,757	-	-
Investment properties	13	8,815,000	8,885,000	-	-
Investment in subsidiaries	14	-	-	7,475,524	5,395,095
Other investments	15	2,026,109	4,090,911	1,500,000	-
Non-trade receivables, deposits and prepayments	16	63,945	62,526	-	-
		24,016,439	21,624,694	8,977,619	5,398,887
Current assets					
Inventories	17	445,821	279,865	-	-
Trade receivables	18	3,268,276	867,335	-	-
Non-trade receivables, deposits and prepayments	16	19,962,312	5,667,797	971,528	1,389,210
Amount due from subsidiaries	19	-	-	15,664,038	2,232,461
Contract asset	20	594,427	-	-	-
Cash, bank balances and short term fund	21	100,236,452	22,490,470	64,042,119	4,472,034
Tax recoverable		120	120	-	-
		124,507,408	29,305,587	80,677,685	8,093,705
TOTAL ASSETS		148,523,847	50,930,281	89,655,304	13,492,592
EQUITY AND LIABILITIES					
Share capital	22	101,401,679	42,553,284	101,401,679	42,553,284
Reserves	23	33,747,678	4,428,783	(11,908,295)	(29,122,384)
Equity attributable to owners of the parent		135,149,357	46,982,067	89,493,384	13,430,900
Non-controlling interest		888,670	1,999,872	-	-
Total equity		136,038,027	48,981,939	89,493,384	13,430,900
Non-current liabilities					
Lease liabilities	24	380,574	688,565	-	-
Current liabilities					
Trade payables	25	433,959	770	-	-
Non-trade payables and accruals	26	9,241,765	703,065	81,200	61,401
Lease liabilities	24	542,313	547,080	-	-
Amount due to a Director	27	822,687	800	-	-
Amount due to subsidiary	19	-	-	80,429	-
Deferred income	28	1,056,460	-	-	-
Tax payable		8,062	8,062	291	291
		12,105,246	1,259,777	161,920	61,692
Total liabilities		12,485,820	1,948,342	161,920	61,692
TOTAL EQUITY AND LIABILITIES		148,523,847	50,930,281	89,655,304	13,492,592

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	← Attributable to the owners of the company →							Non-controlling interest RM	Total Equity RM
	← Non-distributable →				Distributable		Sub-total RM		
	Share capital RM	Share option reserve RM	Warrants reserve RM	Foreign translation reserve RM	Accumulated losses RM				
2021									
At 1 July 2020	42,553,284	-	43,929,695	109,129	(39,610,041)	46,982,067	1,999,872	48,981,939	
Loss for the financial year	-	-	-	-	(15,038,945)	(15,038,945)	(914,296)	(15,953,241)	
Exchange translation differences	-	-	-	(439,824)	-	(439,824)	(85,920)	(525,744)	
Total comprehensive losses	-	-	-	(439,824)	(15,038,945)	(15,478,769)	(1,000,216)	(16,478,985)	
Transaction with owners									
Acquisition of subsidiaries	-	-	-	-	-	-	(252,986)	(252,986)	
Issuance of ordinary shares in subsidiary	-	-	-	-	-	-	142,000	142,000	
Grant of ESOS	-	6,686,170	-	-	-	6,686,170	-	6,686,170	
Ordinary shares issued pursuant to:									
-ESOS	30,736,587	(6,686,170)	-	-	-	24,050,417	-	24,050,417	
-Right issue	22,352,725	-	44,797,664	-	-	67,150,389	-	67,150,389	
-Warrant B expired	-	-	(43,929,695)	-	43,929,695	-	-	-	
-Private Placement	5,759,083	-	-	-	-	5,759,083	-	5,759,083	
	58,848,395	(6,686,170)	867,969	-	43,929,695	96,959,889	-	96,959,889	
At 30 June 2021	101,401,679	-	44,797,664	(330,695)	(10,719,291)	135,149,357	888,670	136,038,027	

Group	← Attributable to the owners of the company →							Non-controlling interest RM	Non-Total Equity RM
	← Non-distributable →				Distributable		Sub-total RM		
	Share capital RM	Warrants reserve RM	Foreign translation reserve RM	Accumulated losses RM					
2020									
At 1 July 2019	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.

Statements of Changes in Equity

For the Financial Year Ended 30 June 2021

Company	← Attributable to owners of the company →			Total equity RM
	Share capital RM	Warrant reserve RM	Accumulated losses RM	
At 1 July 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
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(27,583,575)	(27,583,575)
	42,553,284	43,929,695	(100,635,654)	(14,152,675)
Transaction with owners				
Ordinary shares issued pursuant to:				
-ESOS	30,736,588	-	-	30,736,588
-Right issue	22,352,724	44,797,664	-	67,150,388
-Warrant expired	-	(43,929,695)	43,929,695	-
-Private placement	5,759,083	-	-	5,759,083
	58,848,395	867,969	43,929,695	103,646,059
At 30 June 2021	101,401,679	44,797,664	(56,705,959)	89,493,384

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Loss before tax	(15,953,241)	(26,012,839)	(27,583,575)	(22,099,670)
Adjustments for:				
Amortisation of intangible assets	2,186,366	2,000,000	-	-
Amortisation of investment properties	70,000	70,000	-	-
Depreciation of property, plant and equipment	555,664	432,269	1,697	1,809
Depreciation of right-of-use assets	546,081	532,157	-	-
Impairment loss on trade receivables	-	1,801,700	-	-
Impairment loss on non-trade receivables	-	2,000,000	-	-
Impairment loss on right-of-use assets	-	202,876	-	-
Impairment loss on investment in subsidiaries	-	-	200,000	7,345,912
Impairment loss on amount due from subsidiaries	-	-	19,982,360	10,509,280
Impairment loss on intangible assets	583,688	12,857,442	-	-
Inventories written down	15,761	-	-	-
Inventories written off	118,367	59,343	-	-
Income distribution from short term fund	(987,075)	(374,994)	(442,045)	(49,043)
Interest expense	46,096	59,053	-	-
Interest income	(5,606)	(16,931)	-	-
Gain on disposal of plant, property and equipment	-	(9,454)	-	-
Fair value gain on investment	(582,714)	(677,065)	-	(25,990)
Share Option granted under ESOS	6,686,170	2,901,221	6,686,170	2,901,221
Unrealised loss/(gain) on foreign exchange	229,524	(376,288)	-	-
Reversal of impairment on inventories	(84,448)	(8,586)	-	-
Operating loss before working capital changes	(6,575,367)	(4,560,096)	(1,155,393)	(1,416,481)
(Increase)/Decrease in inventories	(215,637)	17,639	-	-
(Increase)/Decrease in receivables	(16,476,918)	2,215,213	417,682	(1,369,763)
Increase/(Decrease) in payables	7,808,259	(6,566,487)	19,799	(6,445,795)
Increase in contract assets	(594,427)	-	-	-
Increase in deferred income	1,056,460	-	-	-
Cash generated (used in)/from operation, representing cash (used in)/from operating activities	(14,997,630)	(8,893,731)	(717,912)	(9,232,039)

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

Statements of Cash Flows

For the Financial Year Ended 30 June 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities				
Advances to a subsidiary	-	-	(36,833,509)	(11,267,966)
Drawdown of other investment	2,601,567	834,052	-	-
Income received from short term fund	987,075	374,994	442,045	49,043
Interest income	5,606	16,931	-	-
Acquisition of a subsidiary	(46,157)	-	(280,429)	(1)
Acquisition of right-of-use asset (ii)	-	(78,038)	-	-
Acquisition of investment properties	-	(1,237,500)	-	-
Acquisition of intangible assets	(7,185,726)	-	-	-
Acquisition of property, plant and equipment (i)	(323,405)	(115,994)	-	-
Acquisition of film production	(300,000)	-	-	-
Proceeds from disposal of property, plant and equipment	5,500	43,877	-	-
Net cash used in investing activities	(4,255,540)	(161,679)	(36,671,893)	(11,218,924)
Cash flows from financing activities				
Interest paid	(46,096)	(59,053)	-	-
Advance from director	821,887	-	-	-
Proceeds from exercise of warrants	-	7,200	-	7,200
Proceeds from issuance of shares pursuant to ESOS	24,050,418	4,393,975	24,050,418	4,393,975
Proceeds from issuance of shares pursuant to Private Placement	5,759,083	4,624,907	5,759,083	4,624,907
Proceeds from issuance of shares pursuant to right issue	67,150,389	-	67,150,389	-
Repayment of lease liabilities (iv)	(693,161)	(515,460)	-	-
Net cash from financing activities	97,042,520	8,451,569	96,959,890	9,026,082
Net increase/(decrease) in cash and cash equivalents	77,789,350	(603,841)	59,570,085	(11,424,881)
Effects of exchange rate changes	(43,368)	502,762	-	25,990
Cash and cash equivalents at 1 July 2019/1 April 2019	22,490,470	22,591,549	4,472,034	15,870,925
Cash and cash equivalents at 30 June (iii)	100,236,452	22,490,470	64,042,119	4,472,034

Notes:

(i) *Acquisition of property, plant and equipment*

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

	2021 RM	2020 RM
Acquisition of property, plant and equipment	323,405	1,770,152
Less: Offset against receivable	-	(1,654,158)
Cash payment on acquisition of property, plant and equipment	323,405	115,994

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

Statements of Cash Flows

For the Financial Year Ended 30 June 2021

(ii) Acquisition of right-of-use assets

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

	2021	2020
	RM	RM
Acquisition of right-of-use assets:	-	336,078
Less: Lease arrangements	-	(258,040)
Cash payment on acquisition of right-of-use assets:	-	78,038

(iii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances.

	Note	Group		Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
Short term fund	21	50,364,639	14,862,959	50,364,639	-
Cash and bank balances	21	49,871,813	7,627,511	13,677,480	4,472,034
		100,236,452	22,490,470	64,042,119	4,472,034

(iv) Reconciliation of liabilities arising from financing activities:

	1 July 2020	Acquisition	Non-cash	Cash	30 June 2021
	RM	of subsidiary	movement	flows	RM
		RM	RM	RM	RM
2021					
Lease liabilities	1,235,645	141,401	239,002	(693,161)	922,887
Amount due to a Director	800	-	-	821,887	822,687
	1,236,445	141,401	239,002	128,726	1,745,574

	30 June 2019	Initial	1 July 2019	Addition of	Cash	30 June 2020
	RM	application	RM	right-of-use	flows	RM
		of MFRS 16		assets	RM	RM
		RM		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

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2021

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.

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 2020, the Group and the Company have also adopted the following new and amended MFRS which are mandatory for annual financial periods beginning on or after 1 January 2020.

Description

- Amendments to MFRS 3, *Business Combinations*: Definition of Business
- Amendments to MFRS 4, *Insurance Contracts*: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*: Interest Rate Benchmark Reform
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Material
- Amendments from other Standards:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 3, *Business Combinations*
 - Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 15, *Revenue from Contracts with Customers*
 - Amendments to MFRS 101, *Presentation of Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
 - Amendments to MFRS 110, *Events after the Reporting Period*
 - Amendments to MFRS 116, *Property, Plant and Equipment*
 - Amendments to MFRS 119, *Employee Benefits*
 - Amendments to MFRS 126, *Accounting and Reporting by Retirement Benefit Plans*
 - Amendments to MFRS 128, *Investments in Associates and Joint Ventures*
 - Amendments to MFRS 132, *Financial instruments: Presentation*
 - Amendments to MFRS 134, *Interim Financial Reporting*
 - Amendments to MFRS 136, *Impairment of Assets*
 - Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets*
 - Amendments to MFRS 138, *Intangible Assets*
 - Amendments to MFRS 140, *Investment Property*
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 16, *Leases: Covid-19-Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases: Interest Rate Benchmark Reform - Phase 2*
- Amendments to MFRS 16, *Leases: Covid-19-Related Rent Concessions* beyond 30 June 2021

The directors expect that the adoption of the new and amended MFRS above will have no impact on the financial statements of the Group and Company.

Notes to the Financial Statements

As at 30 June 2021

1. Basis of preparation (continued)

(b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • Amendments to MFRS 9, <i>Financial Instruments</i>, MFRS 139, <i>Financial Instruments: Recognition and Measurement</i>, MFRS 7, <i>Financial Instruments: Disclosures</i>, MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases: Interest Rate Benchmark Reform - Phase 2</i> 	1 January 2021
<ul style="list-style-type: none"> • Amendments to MFRS 16, <i>Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</i> 	1 April 2021
<ul style="list-style-type: none"> • Amendments to MFRS 3, <i>Business Combinations: Reference to the Conceptual Framework</i> 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 116, <i>Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use</i> 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i> 	1 January 2022
<ul style="list-style-type: none"> • Annual improvements to MFRSs 2018 - 2020 cycle <ul style="list-style-type: none"> - Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards</i> - Amendments to MFRS 9, <i>Financial Instruments</i> - Amendments to MFRS 16, <i>Leases</i> - Amendments to MFRS 141, <i>Agriculture</i> 	1 January 2022
<ul style="list-style-type: none"> • MFRS 17, <i>Insurance Contracts</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 17, <i>Insurance Contracts</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 101, <i>Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 101, <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 112, <i>Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture</i> 	Deferred

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

(c) Basis of measurement

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

Notes to the Financial Statements

As at 30 June 2021

1. Basis of preparation (continued)

(d) 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.

(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.

Notes to the Financial Statements

As at 30 June 2021

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(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.

(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).

Notes to the Financial Statements

As at 30 June 2021

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(xi) Lease (continued)

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Group uses interest rate ranging from 2.63% to 5.80% as a starting point and makes adjustments specific to the lease, from one (1) to six (6) years.

(xii) Classification of Crypto-assets as intangible asset

In determining the classification of the Crypto-assets, the management considered the Crypto-assets that the Group held in the form of Cryptocurrency, USD Tether ("USDT") and USD Coin ("USDC"), has generally met the definition of an intangible asset, as they are identifiable, lack physical substance and are controlled by the subsidiary and give rise to future economic benefits for the subsidiary.

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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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.

(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

(i) Functional and presentation currency

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

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(b) Foreign currencies (continued)

(ii) Foreign currencies 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.

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:

	2021 RM	2020 RM
1 United States Dollar	4.15	4.32
1 Hong Kong Dollar	0.53	0.55
1 Taiwan New Dollar	0.15	0.15
1 Chinese Yuan	0.64	-

(c) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

(i) Services rendered

Revenue are recognised at over time, if (i) a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or (ii) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date.

Revenue is recognised over period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to extend that contract costs incurred are likely to be recoverable.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(c) Revenue and other income (continued)

(ii) Sale of goods

The Group sells a range of 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.

(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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(f) Tax expense (continued)

(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.

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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(i) *Financial assets (continued)*

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.

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**

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 entity and the cost of the item can be measured reliably.

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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

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.

The principal annual rates used for this purpose are:

Renovation	10%
Motor vehicles	20%
Furniture, fittings and office equipment	20% - 33.33%
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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(j) Intangible assets (continued)

(i) Goodwill on consolidation (continued)

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.

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.

(ii) 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.

(iii) Crypto-assets

Crypto-assets are measured initially at cost. The cost of acquiring crypto-assets which includes the purchase price (after deducting trade discounts and rebates, if any) and the related transaction costs, which could include blockchain processing fees. Where a crypto-asset is acquired in exchange for another non-monetary asset, the cost is measured at fair value, unless the transaction lacks commercial substance or the fair value of neither the asset acquired nor the asset given up can be measured reliably. In such instances, the cost of the intangible asset is measured as the carrying amount of the asset given up.

Subsequent to recognition, the Group apply the revaluation model by referring the fair value of the Crypto-assets to an active market.

Under the revaluation model, Crypto-assets are measured at their fair value on the date of revaluation less any subsequent amortisation and impairment losses. The net increase in fair value over the initial cost of the Crypto-assets is recorded in the revaluation reserve via other comprehensive income. A net decrease below cost is recorded in profit or loss. The cumulative revaluation reserve may be transferred directly to retained earnings upon derecognition, and possibly by transferring the additional amortisation on the revalued amount to retained earnings as the asset is used.

(iv) 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:

Development cost	5 years
Computer software	10 years
Film production	1 year

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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(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.

(l) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Subsequent measurement

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassified debt investments when and only when its business model for managing those asset changes.

(a) Amortised costs

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

(b) Fair value through other comprehensive income ("FVOCI") – debt investment

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(l) Financial assets (continued)

(ii) Subsequent measurement (continued)

(b) Fair value through other comprehensive income (“FVOCI”) – debt investment (continued)

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

(c) FVOCI – equity investment

Equity investment is measured at FVOCI when the Group and the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Company’s right to receive payments is established.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(d) Fair value through profit or loss (“FVTPL”)

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(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) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(n) Financial liabilities (continued)

(ii) Subsequent measurement

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

(a) Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities where it is designated as FVTPL.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(b) Fair value through profit or loss ("FVTPL")

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 are measured at FVTPL.

Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) are satisfied. The Company has not designated any financial liability as at FVTPL.

Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, is recognised in profit or loss.

(o) Leases

(i) Initial recognition and measurement

(a) As a lessee

The Group and the Company recognised 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 and the Company's incremental borrowing rate.

Variable lease payments that do not depend 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 has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(o) Leases (continued)

(i) Initial recognition and measurement (continued)

(b) As a lessor

Leases for which the Group and 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 and 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 and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(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, 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.

(b) As a lessor

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.

(p) Contract assets and contract liabilities

A contract asset is the Company's right to consideration for goods or services transferred to a customer when the right is subject to conditions other than passage of time. Contract assets are reviewed for impairment on the same basis as financial assets in accordance with the Company's accounting policy on impairment of financial assets as disclosed in Note 2(g).

A contract liability is the Company's obligation to transfer goods or services to customer for which the Company's has received the consideration or has billed the customers for the consideration due under the contracts with customers.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) Fair value measurements

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 which must be accessible to by the Group and the Company.

For non-financial asset, the fair value measurement considers 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.

Notes to the Financial Statements

As at 30 June 2021

2. Summary of significant accounting policies (continued)**(u) Fair value measurements (continued)**

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 categories into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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	
	2021 RM	2020 RM	2021 RM	2020 RM
At a point in time				
Revenue from contracts with customers				
Service rendered	8,562,502	8,015,116	-	-
Sale of goods	2,022,064	304,150	-	-
	<u>10,584,566</u>	<u>8,319,266</u>	<u>-</u>	<u>-</u>

4. Other income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income distribution from short term fund	987,075	374,994	442,045	49,043
Interest income	5,606	16,931	-	-
Fair value gain on investment	582,714	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	84,448	8,586	-	-
Unrealised gain on foreign exchange	-	376,288	19,631	-
Realised gain on investment	757,543	-	-	-
Others	40,248	69,817	-	-
	<u>2,457,634</u>	<u>1,664,697</u>	<u>461,676</u>	<u>195,036</u>

Notes to the Financial Statements

As at 30 June 2021

5. Employee benefits expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Staff cost				
Salaries, wages and bonus	3,156,576	2,229,592	-	-
Defined contribution plan	247,416	161,910	-	-
Social security contributions	17,801	13,993	-	-
Equity-settled share based payment	6,686,170	2,901,219	6,686,170	2,901,219
Other employee benefits	118,037	236,903	-	-
	10,226,000	5,543,617	6,686,170	2,901,219
(b) Directors' remuneration:				
Salaries and other emoluments	1,246,463	628,049	-	-
Defined contribution plan	90,519	19,152	-	-
Social security contributions	2,616	923	-	-
	1,339,598	648,124	-	-
(c) Directors' fees:				
Fees	1,029,471	-	444,000	-
	12,595,069	6,191,741	7,130,170	2,901,219

The total number of employees, inclusive directors of the Group at the end of the financial year was 57 (2020: 33).

Share-based payment arrangementsEmployee Share Option Scheme ("ESOS")

The Company granted share options ESOS of 701,411,000 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
2021			
Options granted to employees on 17 July 2020	Not applicable	65,000,000	802 days
Options granted to employees on 17 December 2020	Not applicable	153,498,000	30 days
Options granted to employees on 29 December 2020	Not applicable	212,049,000	30 days
Options granted to employees on 8 February 2021	Not applicable	30,000,000	30 days
Options granted to employees on 17 February 2021	Not applicable	30,000,000	30 days
Options granted to employees on 22 February 2021	Not applicable	30,000,000	30 days
Options granted to employees on 24 February 2021	Not applicable	60,000,000	30 days
Options granted to employees on 26 February 2021	Not applicable	100,000,000	30 days
Options granted to employees on 18 March 2021	Not applicable	16,049,000	30 days
Options granted to employees on 23 April 2021	Not applicable	4,815,000	30 days
2020			
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

Notes to the Financial Statements

As at 30 June 2021

5. Employee benefits expense (continued)

Share-based payment arrangements (continued)

Employee Share Option Scheme ("ESOS") (continued)

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 costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on lease liabilities	46,096	59,053	-	-

7. Loss before tax

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before tax are arrived after charging:				
Auditors' remuneration:				
- statutory audit	275,753	180,343	51,300	38,000
- non-statutory audit	16,500	5,000	-	-
Amortisation of intangible assets	2,186,366	2,000,000	-	-
Amortisation of investment properties	70,000	70,000	-	-
Depreciation of property, plant and equipment	555,664	432,269	1,697	1,809
Depreciation of right-of-use assets	546,081	532,157	-	-
Impairment loss on trade receivables	-	1,801,700	-	-
Impairment loss on non-trade receivables	-	2,000,000	-	-
Impairment loss on right-of-use assets	-	202,876	-	-
Impairment loss on investment in subsidiaries	-	-	200,000	7,345,912
Impairment loss on amount due from subsidiaries	-	-	19,982,360	10,509,280
Impairment loss on intangible assets	583,688	12,857,442	-	-
Impairment loss on property, plant and equipment	-	-	-	-
Inventories written down	15,761	-	-	-
Inventories written off	118,367	59,343	-	-
Income distribution from short term fund	(987,075)	(374,994)	(442,045)	(49,043)
Interest expenses	46,096	59,053	-	-
Interest income	(5,606)	(16,931)	-	-
Gain on disposal of plant, property and equipment	-	(9,454)	-	-
Fair value gain on investment	(582,714)	(677,065)	-	(25,990)
Unrealised loss/(gain) on foreign exchange	229,524	(376,288)	-	-
Reversal of impairment on inventories	(84,448)	(8,586)	-	-

Notes to the Financial Statements

As at 30 June 2021

8. Tax expense

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

Reconciliation of tax expense

	Group		Company	
	2021	2020	2021	2020
	RM	Restated RM	RM	RM
Loss before tax	(15,953,241)	(26,012,839)	(27,583,575)	(22,099,670)
Tax calculated at statutory tax rate of 24%	(3,828,778)	(6,243,081)	(6,620,058)	(5,303,921)
Effect of tax rate in foreign jurisdictions	-	(5,767)	-	-
Non-deductible expenses	1,163,746	4,799,743	4,850,806	4,294,868
Non-taxable income	(20,388)	(53,351)	-	-
Deferred tax assets not recognised during the year	2,685,420	1,502,456	1,769,252	1,009,053
	-	-	-	-

The Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately RM14,882,987 and RM717,919 respectively (2020: RM4,117,170 and RM283,829 respectively) and the Company has unutilised tax losses and unabsorbed capital allowances amounting to RM8,332,925 and RM37,706 respectively (2020: RM962,737 and RM36,009 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 2019 and before	2,662,688	YA 2026	962,737	YA 2026
YA 2020	1,454,482	YA 2027	-	YA 2027
YA 2021	10,765,817	YA 2028	7,370,188	YA 2028

9. 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.

	Group	
	2021 RM	2020 RM
Loss attributable to owners of the parent (RM)	(15,038,945)	(25,756,426)
Weighted average number of ordinary shares at 30 June	30,228,694	456,081,442
Effect of new ordinary share pursuant to exercise of ESOS	617,356,535	278,321,582
Weighted average number of ordinary shares at 30 June	647,585,229	734,403,024
Basic loss attributable to owners of the Company per ordinary share	(2.32)	(3.51)

Notes to the Financial Statements

As at 30 June 2021

9. Earnings per share (continued)

(b) Diluted loss per ordinary share

The Group has no dilution in its loss per ordinary share as the exercise price of the outstanding warrants has exceeded the average market price of ordinary shares during the financial year, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

	Group	
	2021 RM	2020 RM
Loss attributable to owners of the parent (RM)	(15,038,945)	(25,756,426)
Weighted average number of ordinary shares at 30 June	30,228,694	456,081,442
Effect of new ordinary share pursuant to exercise of ESOS	617,356,535	278,321,582
Weighted average number of ordinary shares at 30 June	647,585,229	734,403,024
Basic loss attributable to owners of the Company per ordinary share	(2.32)	(3.51)

10. Property, plant and equipment

Group	Renovation RM	Motor vehicle RM	Furniture, fittings and office equipment RM	Computers RM	Total RM
2021					
Cost					
At 1 July 2020	602,197	375,114	906,368	1,750,098	3,633,777
Acquisition of subsidiary	22,551	-	94,182	11,019	127,752
Additions	21,185	-	207,787	94,433	323,405
Foreign exchange	-	-	1,782	-	1,782
Disposal	-	-	-	(7,500)	(7,500)
At 30 June	645,933	375,114	1,210,119	1,848,050	4,079,216
Accumulated depreciation					
At 1 July 2020	256,301	375,114	321,340	290,212	1,242,967
Acquisition of subsidiary	3,383	-	12,658	3,006	19,047
Charge for the year	65,368	-	135,108	355,188	555,664
Foreign exchange	-	-	831	-	831
Disposal	-	-	-	(2,000)	(2,000)
At 30 June	325,052	375,114	469,937	646,406	1,816,509
Accumulated impairment					
At 1 July 2020/30 June	-	-	-	4,244	4,244
Carrying amount					
At 30 June	320,881	-	740,182	1,197,400	2,258,463

Notes to the Financial Statements

As at 30 June 2021

10. Property, plant and equipment (continued)

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 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
Company			Office equipment RM	Computers RM	Total RM
2021					
Cost					
At 1 July 2020/30 June			900	7,584	8,484
Accumulated depreciation					
At 1 July 2020			540	4,152	4,692
Charge for the financial year			180	1,517	1,697
At 30 June			720	5,669	6,389
Carrying amount					
At 30 June			180	1,915	2,095
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

Notes to the Financial Statements

As at 30 June 2021

10. Property, plant and equipment (continued)***Impairment of property, plant and equipment***

During the financial year ended 2021, 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.

11. Right-of-use assets

Group	Motor vehicle RM	Office RM	Total RM
2021			
Cost			
At 1 July 2020	336,079	1,855,709	2,191,788
Acquisition of subsidiary	-	173,255	173,255
Addition	-	239,002	239,002
At 30 June	336,079	2,267,966	2,604,045
Accumulated Depreciation			
At 1 July 2020	39,210	885,768	924,978
Acquisition of subsidiary	-	32,485	32,485
Charge for the financial year	67,216	478,865	546,081
At 30 June	106,426	1,397,118	1,503,544
Accumulated Impairment			
At 1 July 2020/ 30 June	-	202,876	202,876
Carrying amounts			
At 30 June	229,653	667,972	897,625
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

Notes to the Financial Statements

As at 30 June 2021

11. Right-of-use assets (continued)

The Group's office leases contract term ranging from 1 to 3 years (2020: 1 to 3 years) that comes together with an extension options of renewal of contract which ranges from 1 to 3 years (2020: 1 to 3 years).

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 ended 2021, the Group has continued to assess the recoverability of its right-of-use assets 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 right-of-use assets on consolidation for current financial year as its recoverable value was in excess of its carrying values.

12. Intangible assets

Group	Goodwill RM	Film production RM	Website cost RM	Software development expenditure RM	Total RM
2021 Cost					
At 1 July 2020	10,096,882	-	200,000	10,000,000	20,296,882
Acquisition of subsidiary Addition	371,064	32,804	-	-	403,868
	-	295,679	-	6,890,047	7,185,726
At 30 June	10,467,946	328,483	200,000	16,890,047	27,886,476
Accumulated amortisation					
At 1 July 2020	-	-	160,000	2,000,000	2,160,000
Charge for the financial year	-	186,363	-	2,000,003	2,186,366
At 30 June	-	186,363	160,000	4,000,003	4,346,366
Accumulated impairment					
At 1 July 2020	7,544,817	-	40,000	5,416,308	13,001,125
Charge for the financial year	-	-	-	583,688	583,688
At 30 June	7,544,817	-	40,000	5,999,996	13,584,813
Carrying amount					
At 30 June	2,923,129	142,120	-	6,890,048	9,955,297

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

As at 30 June 2021

12. Intangible assets (continued)

(i) Goodwill

During the year, the RM371,064 addition of goodwill is arising from the acquisition of 51% equity interest of Longhouse Film Sdn. Bhd. Further details of the acquisition are disclosed in Note 14 to the financial statements.

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 Longhouse Film Sdn. Bhd. 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 10.30% (2020: 8.50%) per annum.

With regards to the assessment of the value-in-use of the CGU relating to goodwill, No impairment loss was recognised for the intangible assets on consolidation for current financial year as its recoverable value was in excess of its carrying values.

(ii) Software development expenditure

(a) 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 continued to report losses for the current financial year, which indicated the existence of impairment. There is impairment amounted to RM583,688 for current financial year as its carrying value was in excess of its recoverable value.

(b) RM6,890,097 is the capitalised "Catch Markets" development cost. This is an electronic exchange trading platform for physical commodities bringing together physical (wholesale) commodity trading, price discovery, and clearing facility into one standardised online environment.

During the financial year, the Group has carried out a review on the recoverable amount of its software development expenditures. The recoverable amount of the software development has been determined based on value-in-use calculations using cash-flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value-in-use calculations

Key assumptions and managements approach to determine the values assigned to each key assumption are as follows:

(i) Revenue growth - The revenue was projected based on current secured sales.

(ii) Discount rate - The discount rate used is weighted average cost of capital of the Group applied was 14.25% per annum.

With regards to the assessment of the value-in-use of the CGU, no impairment loss was recognised for the intangible assets on consolidation for current financial year as its recoverable value was in excess of its carrying values.

(iii) Website cost

Website cost 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.

Notes to the Financial Statements

As at 30 June 2021

13. Investment properties

Group	Building RM	Work in progress RM	Total RM
2021			
Cost			
At 1 July 2020/30 June	7,000,000	2,025,000	9,025,000
Accumulated depreciation			
At 1 July 2020	140,000	-	140,000
Charge for the financial year	70,000	-	70,000
At 30 June	210,000	-	210,000
Carrying amount			
At 30 June	6,790,000	2,025,000	8,815,000
Fair value	7,500,000	-	7,500,000
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 depreciation			
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

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 1 Fair Value

The fair value references of freehold apartment and building are categorised as Level 1, and have been generally derived from active markets that the Group can access at the measurement date.

Notes to the Financial Statements

As at 30 June 2021

14. Investment in subsidiaries

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost		
At 1 July 2020/1 July 2019	20,541,630	20,541,629
Addition	2,280,429	1
At 30 June	22,822,059	20,541,630
Accumulated impairment		
At 1 July 2020/1 July 2019	15,146,535	7,800,623
Addition	200,000	7,345,912
At 30 June	15,346,535	15,146,535
	7,475,524	5,395,095

Impairment of investment in subsidiary

In the financial year ended 2021, 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 RM200,000 (2020: RM7,345,912) 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		Principal activities
		2021 %	2020 %	
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	Trading of wine and investment holding
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	100	Distribution and supply of alcoholic beverage
Mlabs Capital Sdn. Bhd.*	Malaysia	100	-	Investment holdings
Longhouse Film Sdn. Bhd.	Malaysia	51	-	Film entertainment, film investment, film production, filem development and film distribution
Linkodes International Limited*	Hong Kong	60	-	Dormant, yet to commence business activity on technology development and investment holding.
Subsidiary of Mlabs Research Sdn. Bhd.				
Gold Dragon Media Sdn. Bhd.	Malaysia	100	100	Dormant, yet to commerce business on provision of marketing and event services and investment holdings company.

Notes to the Financial Statements

As at 30 June 2021

14. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Subsidiary of Inbase Partners Limited.				
Inbase Partners Taiwan Limited*	Taiwan	51	51	Financial technology related services and trade of precious metals
Subsidiary of Champagne Carbon Asia Limited.				
Carbon Champagne Taiwan Limited*	Taiwan	100	100	Reseller of alcoholic beverage
Shenzhen Carbon Champagne Development Limited*	China	100	-	Dormant, yet to commence commercial operations on reseller of alcoholic beverage.
Subsidiary of Longhouse Film Sdn. Bhd.				
Longhouse Animation Sdn. Bhd	Malaysia	51	-	Motion picture, video and television programme production activities.

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

Acquisition and incorporation of subsidiaries**Current financial year**

(i) Mlabs Capital Sdn Bhd

On 4 March 2021, the Company incorporated Mlabs Capital Sdn. Bhd. with a paid-up share capital of RM1 comprising one ordinary share.

(ii) Longhouse Film Sdn. Bhd

On 10 August 2020, Mlabs Systems Berhad had acquired 52,000 ordinary shares representing 51% equity interest of Longhouse Film Sdn. Bhd. for a total cash consideration of RM52,000.

On 1 September 2020, Mlabs Systems Berhad increased its share capital by issuance of 148,000 ordinary shares representing 51% equity interest of Longhouse Film Sdn. Bhd. for a total cash consideration of RM148,000.

The fair values of the identifiable assets and liabilities of Longhouse Film Sdn. Bhd. at the date of acquisition were as follows:

	Fair value recognised on acquisition RM
Property, plant and equipment	108,705
Right-of-use assets	140,770
Intangible assets	32,804
Non-trade receivables	84,490
Cash and bank balances	5,843
Lease liabilities	(141,402)
Non-trade payables	(856,825)
Net assets acquired	(625,615)
Less: Non-controlling interest	306,551
	(319,064)
Total purchase consideration	(52,000)
Goodwill on acquisition	(371,064)

Notes to the Financial Statements

As at 30 June 2021

14. Investment in subsidiaries (continued)**Acquisition and incorporation of subsidiaries (continued)****Current financial year (continued)**

(ii) Longhouse Film Sdn. Bhd (continued)

The purchase consideration was satisfied by:

	RM
Cash consideration	52,000

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

	RM
Purchase consideration satisfied by cash	52,000
Cash and bank balances of subsidiary acquired	(5,843)
Net cash outflow on acquisition of the subsidiary	46,157

(iii) Linkodes International Limited

On 7 September 2020, Mlabs Systems Berhad had acquired 150,000 ordinary shares in Linkodes International Limited at an issue price of HK\$1 each for total cash consideration of HK\$150,000 or equivalent to RM80,429, representing 60% equity interest of Linkodes International Limited.

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

	Fair value recognised on acquisition RM
Non-trade receivables	134,048
Net assets acquired	134,048
Less: Non-controlling interest	(53,619)
Total purchase consideration	80,429
Goodwill on acquisition	(80,429)

The purchase consideration was satisfied by:

	RM
Non trade payables	80,429

Previous 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.

Notes to the Financial Statements

As at 30 June 2021

15. Other investments

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-current					
Quoted investments:					
- Unit trust fund at fair value through profit or loss	(a)	14,507	14,260	-	-
Unquoted investments:					
- Trust assets at fair value through profit or loss	(b)	1,711,602	4,076,651	-	-
- Redeemable convertible preference share	(c)	-	-	1,500,000	-
- Investment in film production		300,000	-	-	-
		2,026,109	4,090,911	1,500,000	-

- (a) The quoted investments represent investment in unit trust in Malaysia and determined by reference to exchange quoted money market fund on the reporting date.
- (b) In the current financial year, the investment in trust assets represents investment in Coinful Growth Fund I Segregated Portfolio administered and managed by an independent fund administrator, based in Grand Cayman, Cayman Islands. In the previous financial year, 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.
- (c) Mlabs Systems Berhad subscribe up to 3,000,000 Redeemable Convertible Preference Shares in Longhouse Film Sdn. Bhd. in tranches and in accordance to the timeline and amount as stipulated as follows;

No.	Tranches	Subscription Timeline	Number of shares
1	Tranche 1	01.06.2020 to 31.12.2020	1,000,000
2	Tranche 2	01.01.2021 to 30.6.2021	900,000
3	Tranche 3	01.07.2021 to 31.12.2021	700,000
4	Tranche 4	01.01.2022 to 30.6.2022	400,000
			3,000,000

The fair value is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy.

16. Non-trade receivables, deposits and prepayments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Non-trade receivable	2,063,945	2,062,526	-	-
Less: Impairment	(2,000,000)	(2,000,000)	-	-
At 30 June	63,945	62,526	-	-

Notes to the Financial Statements

As at 30 June 2021

16. Non-trade receivables, deposits and prepayments (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Non-trade receivables	2,736,925	2,813,999	-	100,000
Less: Impairment	(163,587)	(163,587)	-	-
At 30 June	2,573,338	2,650,412	-	100,000
Deposits	3,000,627	3,181,351	1,500,400	1,500,400
Less: Impairment	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
At 30 June	1,500,627	1,681,351	400	400
Prepayments	15,888,347	1,336,034	971,128	1,288,810
	19,962,312	5,667,797	971,528	1,389,210
Total	20,026,257	5,730,323	971,528	1,389,210

17. Inventories

	Group	
	2021 RM	2020 RM
At cost:		
Finished goods	445,821	279,865
	1.7.2020 to 30.6.2021 RM	1.7.2019 to 30.6.2020 RM
Recognised in profit or loss:		
Inventories written off	118,367	-
Reversal of write-down to net realisable value	(84,448)	(8,586)
Write-down to net realisable value	15,761	59,343

18. Trade receivables

	Group	
	2021 RM	2020 RM
Trade receivables	5,527,976	3,127,035
Less: Allowance of impairment		
At 1 July 2020/1 July 2019	(2,259,700)	(458,000)
Addition	-	(1,801,700)
At 30 June	(2,259,700)	(2,259,700)
	3,268,276	867,335

Trade receivables are non-interest bearing and the normal trade credit terms ranging from 30 to 90 days (2020: 30 to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Notes to the Financial Statements

As at 30 June 2021

19. Amount due from/(to) subsidiaries

	Company	
	2021 RM	2020 RM
Amount due from subsidiaries	85,074,670	51,660,733
Less: Impairment		
At 1 July 2020/1 July 2019	49,428,272	38,918,992
Addition	19,982,360	10,509,280
At 30 June	69,410,632	49,428,272
	15,664,038	2,232,461
Amount due to subsidiary	(80,429)	-
	15,583,609	2,232,461

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

Significant related party transactions are disclosed in Note 30 to the financial statements.

20. Contract asset

	Group	
	2021 RM	2020 RM
Contract asset	594,427	-

This represents cost incurred to date on research and development of multimedia video conferencing system as well as assembling and trading of multimedia video conferencing system and equipment for specific performance obligations which are not satisfied at the reporting date.

21. Cash, bank balances and short term fund

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	49,871,813	7,627,511	13,677,480	4,472,034
Short term fund	50,364,639	14,862,959	50,364,639	-
Total cash, bank balances and short term fund	100,236,452	22,490,470	64,042,119	4,472,034

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.

Notes to the Financial Statements

As at 30 June 2021

22. Share capital

	Group and Company			
	2021 Number of shares	2020	2021 RM	2020 RM
Issued and fully paid				
At 1 July 2020/2019 2018/2017	1,026,174,027	670,504,027	42,553,284	30,625,981
Issuance of ordinary shares pursuant to:				
ESOS exercised	391,864,000	175,432,000	30,736,587	7,295,196
Private Placement	167,365,000	180,158,000	5,759,083	4,624,907
Right issue	755,123,220	-	67,150,389	-
Right issue - Warrant reserve	-	-	(44,797,664)	-
Warrant A exercised	-	80,000	-	7,200
Share consolidated	(1,132,685,157)	-	-	-
At 30 June	1,207,841,090	1,026,174,027	101,401,679	42,553,284

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 2021, the Company had:

- (i) 391,864,000 option exercised under Employee's Share Option Scheme ("ESOS") at exercise price of ranging from RM0.0400 to RM0.0850 per option;
- (ii) 167,365,000 shares exercised under the Private Placement at exercise price ranging from RM0.0318 to RM0.0452 per placement of shares;
- (iii) 755,123,220 ordinary shares issued under the Right Issue an issue price range at RM0.0900 per ordinary share; and
- (iv) 1,258,539,027 existing shares consolidated to 125,853,870 shares by issuance of every 10 existing shares into 1 shares.

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

23. Reserves

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:				
Warrant reserve	44,797,664	43,929,695	44,797,664	43,929,695
Foreign translation reserve	(330,695)	109,129	-	-
	44,466,969	44,038,824	44,797,664	43,929,695
Distributable:				
Accumulated losses	(10,719,291)	(39,610,041)	(56,705,959)	(73,052,079)
	33,747,678	4,428,783	(11,908,295)	(29,122,384)

Warrant reserve represents the fair value assigned to Warrants C of RM0.1017 each. During the year, opening balance of warrant reserve represents the fair value assigned to the Warrants B of RM0.2351 each. The Warrants B expired on 10 September 2020 and unexercised Warrants B is transferred to retained earnings.

Notes to the Financial Statements

As at 30 June 2021

24. Lease liabilities

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

	Group	
	2021 RM	2020 RM
Representing:		
Current	542,313	547,080
Non-current	380,574	688,565
	922,887	1,235,645
Recognised in profit or loss:		
Interest expense on lease liabilities	46,096	59,053
Low value assets	-	4,000
Short term lease	215,578	72,000
	964,550	1,309,232
	(41,663)	(73,587)
Present value of lease liabilities	922,887	1,235,645
Present value of lease liabilities:		
Repayable within one year	568,527	590,382
Repayable between one to two years	278,546	405,998
Repayable between two to five years	117,477	312,852
	964,550	1,309,232
Less: Future finance charges	(41,663)	(73,587)
Present value of lease liabilities	922,887	1,235,645
Present value of lease liabilities:		
Repayable within one year	542,313	547,080
Repayable between one to two years	266,533	374,163
Repayable between two to five years	114,041	314,402
	922,887	1,235,645

The lease liabilities bears interest ranging from 2.63% to 5.55% (2020: 2.63% to 5.55%) per annum.

The total cash outflow for leases for the financial year ended 30 June 2021 is RM500,256 (2020: RM 574,513).

25. Trade payables

The normal trade credit terms granted to the Group ranging from 30 to 45 days (2020: 60 to 90 days).

26. Non-trade payables and accruals

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-trade payables	8,830,488	332,044	800	801
Accruals	319,277	279,021	80,400	60,600
Refundable deposits	92,000	92,000	-	-
	9,241,765	703,065	81,200	61,401

Notes to the Financial Statements

As at 30 June 2021

27. 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.

Significant related party transactions are disclosed in Note 30 to the financial statements.

28. Deferred income

The deferred income primarily related to the Group's obligation to transfer goods or services to customer for which Group's has billed the customers for the consideration at the reporting date.

29. 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 2020			184,690
Recognised in profit or loss			(47,562)
At 30 June 2021			<u>137,128</u>
At 1 July 2019			64,775
Recognised in profit or loss			119,915
At 30 June 2020			<u>184,690</u>
	Unutilised tax losses RM	Unabsorbed capital allowance RM	Total RM
Group			
Deferred tax liabilities			
At 1 July 2020	-	(184,690)	(184,690)
Recognised in profit or loss	-	47,562	47,562
At 30 June 2021	<u>-</u>	<u>(137,128)</u>	<u>(137,128)</u>
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	<u>-</u>	<u>(184,690)</u>	<u>(184,690)</u>
Company			
Deferred tax assets			
At 1 July 2020			546
Recognised in profit or loss			(44)
At 30 June 2021			<u>502</u>
At 1 July 2019			616
Recognised in profit or loss			(70)
At 30 June 2020			<u>546</u>

Notes to the Financial Statements

As at 30 June 2021

29. Deferred tax assets (continued)

	Unabsorbed capital allowance RM
Deferred tax liabilities	
At 1 July 2020	(546)
Recognised in profit or loss	44
At 30 June 2021	<u>(502)</u>
At 1 July 2019	(616)
Recognised in profit or loss	70
At 30 June 2020	<u>(546)</u>

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment	(9,566)	-	-	-
Unutilised tax losses	14,882,987	4,117,170	8,332,925	962,737
Unabsorbed capital allowances	717,919	283,829	37,706	36,009
Others	25,700	26,794	-	-
	<u>15,617,040</u>	<u>4,427,793</u>	<u>8,370,631</u>	<u>998,746</u>

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.

30. 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 14 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.

Notes to the Financial Statements

As at 30 June 2021

30. Significant related party transactions (continued)

(b) Transactions with related parties

Name of companies	Type of transaction	Transaction value	
		1.7.2020 to 30.6.2021 RM	1.7.2019 to 30.6.2020 RM
With subsidiaries :			
Mlabs Research Sdn. Bhd.	Advances	19,064,937	10,394,500
	Payment on behalf	(455,942)	(801,251)
	Impairment	(16,946,235)	(9,349,950)
Pacifica Direct Sdn. Bhd.	Payment on behalf	17,927	8,077
Mlabs Properties Sdn. Bhd.	Advances	402,178	1,505,377
	Repayment	(400,000)	-
	Impairment	(196,064)	(1,159,328)
Gold Dragon Media Sdn. Bhd.	Advances	45,048	8,052
	Impairment	(62,928)	-
Mlabs Academy Sdn. Bhd.	Advances	360,823	91,487
	Impairment	(340,551)	-
Champagne Carbon Asia Ltd.	Advances	7,806,198	3,023
	Payment on behalf	1,070	-
Champagne Carbon Sdn. Bhd.	Advances	1,525,365	58,698
	Payment on behalf	1,070	-
	Impairment	(576,441)	-
Mlabs Capital Sdn. Bhd.	Advances	1,184,820	-
	Investment	(2,000,000)	-
Linkodes International Limited	Advances	(80,429)	-
Longhouse Film Sdn. Bhd.	Investment	(200,000)	-
	Redeemable Preference Shares	(1,500,000)	-

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.

(c) Compensation of Key Management Personnel

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors:				
- salaries and other emoluments	338,880	628,049	-	-
- defined contribution plan	41,199	19,152	-	-
- social security contribution	923	923	-	-
- fees	196,800	40,000	31,000	8,000
	577,802	688,124	31,000	8,000
Non-executive Directors:				
- fees	602,000	480,000	354,000	192,000
- others	59,000	5,000	59,000	5,000
	661,000	485,000	413,000	197,000

Notes to the Financial Statements

As at 30 June 2021

30. Significant related party transactions (continued)**(c) Compensation of Key Management Personnel (continued)**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other key management personnel:				
- salaries and other emoluments	907,583	190,079	-	-
- defined contribution plan	49,320	24,778	-	-
- social security contribution	1,693	1,308	-	-
- fees	171,671	-	-	-
	1,130,267	216,165	-	-
	2,369,069	1,389,289	444,000	205,000

The Group and the Company participates 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.

31. 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 are future minimum lease payables under non-cancellable operating leases as at the reporting date are as follows:

	Rental expense RM	Service charge RM	Total RM
2021			
Not later than one year	20,000	11,570	31,570
2020			
Not later than one year	24,000	46,280	70,280
Between one to five years	20,000	11,570	31,570
	44,000	57,850	101,850

(b) Capital commitments

Capital commitments as at the reporting date are as follows:

	2021 RM	2020 RM
Approved and contracted for:		
Acquisition of investment property	225,000	225,000

Notes to the Financial Statements

As at 30 June 2021

32. Operating segments

(a) Business segments

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

- (i) Research and development, and assembling;
- (ii) Trading; and
- (iii) Film production

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 2021	Research and development, and Assembling RM	Trading RM	Films production RM	Total segments RM	Adjustments and eliminations RM	Total RM
Revenue						
Sales to external customers	8,898,113	2,022,064	-	10,920,177	(335,611)	10,584,566
Results						
Segment results	(35,103,707)	656,213	(1,623,397)	(36,070,891)	20,117,650	(15,953,241)
Loss for the period	(35,103,707)	656,213	(1,623,397)	(36,070,891)	20,117,650	(15,953,241)
Other information						
Segment assets	159,762,388	37,979,012	1,873,184	199,614,584	(51,090,737)	148,523,847
Segment liabilities	86,349,582	38,358,904	2,282,196	126,990,682	(114,504,862)	12,485,820
Depreciation of property, plant and equipment	502,094	16,679	36,891	555,664	-	555,664
Depreciation of right-of-use asset	192,839	288,272	64,971	546,081	-	546,081
Amortisation of investment properties	70,000	-	-	70,000	-	70,000
Amortisation of intangible assets	2,000,004	-	186,362	2,186,366	-	2,186,366
Income distribution from short term fund	(987,075)	-	-	(987,075)	-	(987,075)
Interest income	(5,606)	-	-	(5,606)	-	(5,606)
Impairment losses on						
- inventories	-	15,761	-	15,761	-	15,761
- intangible assets	583,688	-	-	583,688	-	583,688
Inventories written off	-	118,367	-	118,367	-	118,367
Reversal of inventories written off	-	(84,448)	-	(84,448)	-	(84,448)

Notes to the Financial Statements

As at 30 June 2021

32. Operating segments (continued)

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					
Segment results	(37,975,359)	(281,048)	(38,256,407)	12,447,455	(25,808,952)
Loss for the period	(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
Amortisation 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)

33. 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 and liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	FVTPL RM	AC RM
2021			
Financial assets			
Trade receivables	3,268,276	-	3,268,276
Non-trade receivables, deposits (excluding prepayments)	4,137,910	-	4,137,910
Other investments	2,026,109	1,726,109	300,000
Contract asset	594,427	-	594,427
Cash, bank balances and short term fund	100,236,452	50,364,639	49,871,813
	110,263,174	52,090,748	58,172,426
Financial liabilities			
Trade payables	433,959	-	433,959
Non-trade payables and accruals	9,241,765	-	9,241,765
Amount due to a Director	822,687	-	822,687
Lease liabilities	922,887	-	922,887
	11,421,298	-	11,421,298

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)

Categories of financial instruments (continued)

Company	Carrying amount RM	FVTPL RM	AC RM
2021			
Financial assets			
Non-trade receivables, deposits (excluding prepayments)	400	-	400
Other investments	1,500,000	-	1,500,000
Amount due from subsidiaries	15,664,038	-	15,664,038
Cash, bank balances and short term fund	64,042,119	50,364,639	13,677,480
	81,206,557	50,364,639	30,841,918
Financial liabilities			
Non-trade payables and accruals	81,200	-	81,200
Amount due to a subsidiary	80,429	-	80,429
	161,629	-	161,629

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 and liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	FVTPL RM	AC RM
2020			
Financial assets			
Trade receivables	867,335	-	867,335
Non-trade receivables, deposits (excluding prepayments)	4,394,289	-	4,394,289
Other investments	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			
Trade payables	770	-	770
Non-trade payables and accruals	703,065	-	703,065
Amount due to a Director	800	-	800
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

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)

Net (gains)/losses arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets measured at amortised cost				
Impairment loss on trade receivables	-	(1,801,700)	-	-
Impairment loss on non-trade receivables	-	(2,000,000)	-	-
Impairment loss on amount due from subsidiaries	-	-	(19,982,360)	(10,509,280)
Income distribution from short term fund	987,075	374,994	442,045	49,043
Interest income	5,606	16,931	-	-
Unrealised loss on foreign exchange	(229,524)	376,288	-	-
	763,157	(3,033,487)	(19,540,315)	(10,460,237)
Financial assets measured through profit and loss				
Fair value gain on investment	582,714	677,065	-	25,990
Financial liabilities measured at amortised cost				
Interest expense	(46,096)	(59,053)	-	-
	1,299,775	(2,415,475)	(19,540,315)	(10,434,247)

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.

Credit risk concentration profile

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.

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)**Credit risk (continued)****Trade receivables (continued)**Exposure to credit risk

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.

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
2021			
Not past due	595,985	-	595,985
Past due:			
- less than 3 months	287,195	-	287,195
- between 3 to 6 months	1,186,286	-	1,186,286
- more than 6 months	3,458,510	(2,259,700)	1,198,810
	5,527,976	(2,259,700)	3,268,276
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

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.

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)

Credit risk (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 2021				
Financial asset				
Short term fund	0.93 - 2.31	50,364,639	-	50,364,639
Financial liabilities				
Lease liabilities	2.63 - 5.55	(542,313)	(380,574)	(922,887)
		49,822,326	(380,574)	49,441,752
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
Company 2021				
Financial asset				
Short term fund	0.93 - 2.31	50,364,639	-	50,364,639

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	
	2021 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 10 basis points ("bp")	37,576	10,357	38,277	17
Decrease of 10 basis points ("bp")	(37,576)	(10,357)	(38,277)	(17)

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.

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)**Maturity analysis**

All financial assets and liabilities as of 30 June 2021 and 30 June 2020 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:

Group	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 1 to 5 year RM
2021				
Trade payables	433,959	433,959	433,959	-
Non-trade payables and accruals	9,241,765	9,241,765	9,241,765	-
Amount due to a Director	822,687	822,687	822,687	-
Lease liabilities	922,887	964,550	568,527	396,023
	11,421,298	11,462,961	11,066,938	396,023
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
Company				
2021				
Non-trade payables and accruals	81,200	81,200	81,200	-
Amount due to subsidiary	80,429	80,429	80,429	-
	161,629	161,629	161,629	-
2020				
Non-trade payables and accruals	61,401	61,401	61,401	-

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.

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.

Notes to the Financial Statements

As at 30 June 2021

33. Financial instruments (continued)

Fair values (continued)

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).

	2021 RM	2020 RM
Group		
<u>Level 1</u>		
Unit trust fund	14,507	14,260
Trust assets	1,711,602	4,076,651
	1,726,109	4,090,911

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 2021.

34. 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.

35. Significant event

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.

Notes to the Financial Statements

As at 30 June 2021

36. Subsequent event

- (a) On 16 July 2021, the Company proposed to undertake a private placement up to 241,568,000 new ordinary shares representing 20% of the existing total number of issued shares in which Bursa Securities approved the proposed private placement on 23 July 2021. The private placement was completed on 14 September 2021 at issue price of RM0.036.
- (b) On 30 August 2021, the Company acquired 2,500,000 ordinary shares at RM1.00 for a total consideration of RM5,000,000 representing 100% shareholdings of Ikhlas AI Dain Sdn Bhd ("IKHLAS").
- (c) On 14 September 2021, 73,915,000 share option was offered to eligible employee at an exercise price of RM0.0425 each
- (d) On 21 October 2021, the Company proposes to seek for the shareholders' approval for the Proposed Renewal of Existing 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.

37. 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 14 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 28 October 2021.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2021

Issued : 1,449,409,090 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	278	8,123	0.00
100 - 1,000	754	381,201	0.03
1,001 - 10,000	1,699	9,080,986	0.63
10,001 - 100,000	2,414	114,263,860	7.88
100,001 to 72,470,453 (less than 5% of issued shares)	1,709	1,179,344,320	81.37
72,470,453 and above (5% and above of issued shares)	1	146,330,600	10.10
Total	6,855	1,449,409,090	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares			
	Direct Interest	%	Indirect Interest	%
First United Technology Limited	171,791,050	11.85	-	-
NetX Holdings Berhad	-	-	171,791,050 *	11.85

Note:

* Deemed interested by virtue of its interest in First United Technology Limited pursuant to Section 8 of the Companies Act, 2016

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares			
	Direct Interest	%	Indirect Interest	%
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	-	-	-	-
Professor Dr. Sureswaran Ramadass	33,513	-	3,829*	Negligible
Mejar Dato' Ismail bin Ahmad (R)	-	-	-	-
Ong Tee Kein	836,100	0.06	-	-
Tan Sik Eek	700,000	0.05	-	-
Chuah Hoon Hong	-	-	-	-

Note:

* Deemed interested through shares held directly by spouse.

Analysis of Shareholdings

As at 30 September 2021

LIST OF TOP 30 HOLDERS AS AT 30/09/2021

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	HOLDINGS	%
1.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	146,330,600	10.095
2.	M & A NOMINEE (TEMPATAN) SDN BHD SANSTON FINANCIAL GROUP LIMITED FOR CHARISSA LIM ZHU AI	71,568,000	4.937
3.	CHONG LOONG MEN	55,000,000	3.794
4.	SU HOW GIONG	43,000,000	2.966
5.	TAN YOUNG TAT	19,132,000	1.319
6.	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	16,830,200	1.161
7.	AU SHIUN CHOUR	11,540,000	0.796
8.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	10,600,000	0.731
9.	WONG AH YONG	10,016,800	0.691
10.	CHAN TIN WAI	10,000,000	0.689
11.	LIAN FONG CHEE	10,000,000	0.689
12.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LAZARUS CORPORATE FINANCE PTY LTD	9,000,000	0.620
13.	TEH SOO LENG	7,150,000	0.493
14.	NG KIM HUAT	6,500,000	0.448
15.	CHIN CHEE KEONG	6,389,900	0.440
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LEONG CHOY	6,050,000	0.417
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	5,750,000	0.396
18.	TEOH HIN HENG	5,750,000	0.396
19.	EE KIM CHENG	5,500,000	0.379
20.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	5,000,000	0.344
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN POH MUN	5,000,000	0.344
22.	ROBERT TANG ENG HUI	5,000,000	0.344
23.	SEE CHII WEI	5,000,000	0.344
24.	TING KWONG KEONG	5,000,000	0.344
25.	LEE TONG SENG	4,550,000	0.313
26.	CHIA GIN FOOK	4,500,000	0.310
27.	LIEW SWEE MIN	4,500,000	0.310
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SUN PING	4,500,000	0.310
29.	SOO KEE HIN	4,400,000	0.303
30.	NG CHEE YONG	4,350,000	0.300
	TOTAL	507,907,500	35.042

ANALYSIS OF WARRANT HOLDINGS - WARRANT C

AS AT 30 SEPTEMBER 2021

No. of warrants issued	: 440,488,340
Exercise Price of Warrants	: RM0.09
Exercise Period of Warrants	: 08 December 2020 to 07 December 2023
Exercise Rights	: Each warrant entitles the holders to subscribe for one new ordinary share in the Company

DISTRIBUTION OF WARRANT C HOLDINGS

Size of holding	No. of Holders	Total Holdings	% of Holdings
1 - 99	155	7,413	0.00
100 - 1,000	45	21,756	0.00
1,001 - 10,000	165	871,490	0.20
10,001 - 100,000	835	39,082,808	8.87
100,001 to 22,024,416	645	400,504,873	90.92
22,024,417 and above (5% of issued warrants)	-	-	0.00
Total	1,845	440,488,340	100

DIRECTORS' WARRANT C HOLDINGS

(as per the Register of Directors' Warrant holdings)

Name	No. of Shares			
	Direct Interest	%	Indirect Interest	%
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	-	-	-	-
Professor Dr. Sureswaran Ramadass	-	-	-	-
Mejar Dato' Ismail bin Ahmad (R)	-	-	-	-
Ong Tee Kein	-	-	-	-
Tan Sik Eek	350,000	0.08	-	-
Chuah Hoon Hong	-	-	-	-

Analysis of Warrant Holdings - Warrant C

As at 30 September 2021

NO.	NAME	HOLDINGS	%
1.	MD NOR BIN MANSOR	14,700,000	3.337
2.	CHONG HOI YONG	14,639,700	3.323
3.	CHONG FOOK SOON	12,100,000	2.746
4.	EE KIM CHENG	10,000,000	2.270
5.	TAN YOUNG TAT	8,608,333	1.954
6.	FOO FOOK MIN	6,500,000	1.475
7.	SU HOW GIONG	6,170,016	1.400
8.	YAP SWEE SANG	5,250,000	1.191
9.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEES LTD	5,040,000	1.144
10.	WONG THUNG KEE	5,000,000	1.135
11.	CHIN CHEE KEONG	4,727,441	1.073
12.	TEO TIEW	4,376,425	0.993
13.	LIM CHIA YAT	4,002,000	0.908
14.	AU SHIUN CHOUR	3,940,000	0.894
15.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,658,458	0.830
16.	NG CHOOI POH	3,400,000	0.771
17.	LEE KWANG PENG	3,090,000	0.701
18.	KOH KING CHIEW	3,000,000	0.681
19.	LIAN FONG CHEE	3,000,000	0.681
20.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,530,500	0.574
21.	PANG JOON HAU	2,500,000	0.567
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEU THIAM SUN (E-SS2)	2,500,000	0.567
23.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOK BOON SEONG	2,333,333	0.529
24.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIAN TAK (REM 132)	2,333,333	0.529
25.	CHIA GIN FOOK	2,275,000	0.516
26.	LIEW CHEE HOW	2,200,000	0.499
27.	BECWELL RESOURCES SDN. BHD.	2,100,000	0.476
28.	TEOH HIN HENG	2,088,333	0.474
29.	CHIANG MOOI KWANG	2,070,000	0.469
30.	ONG AI HOON	2,008,000	0.455
	TOTAL	146,140,872	33.177

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) 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 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 20 December 2021 at 11.00 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 2021 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 RM550,000.00 from 20 December 2021 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 RM30,000.00 to the Non-Executive Directors with effect from 20 December 2021 until the next Annual General Meeting of the Company. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who retire pursuant to Clause 115 of the Company’s Constitution : | |
| (a) Tan Sik Eek | Ordinary Resolution 3 |
| (b) Mejar Dato’ Ismail bin Ahmad (R) | Ordinary Resolution 4 |
| 5. 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:

- | | |
|---|------------------------------|
| 6. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 | Ordinary Resolution 6 |
| <p>“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.</p> <p>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.”</p> | |
| 7. Proposed Retention of Independent Non-Executive Director | Ordinary Resolution 7 |
| <p>“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.”</p> | |

Notice of Annual General Meeting

8. **Proposed Renewal of Existing 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 29 October 2021 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 higher;

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."

9. **Proposed Amendments to the Constitution of the Company ("Proposed Amendments")** **Special Resolution 1**

"THAT proposed amendments to the Constitution of the Company as set out in the Appendix A, which is circulated together with the Notice of Seventeenth (17th) Annual General Meeting dated 29 October 2021, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendment for and on behalf of the Company."

Notice of Annual General Meeting

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
29 October 2021

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 13 December 2021 shall be regarded as members and entitled to participate, speak and vote at the Seventeenth (17th) 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 Poll Administrator’s office of the Company, Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, 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.*

Notice of Annual General Meeting

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 30 June 2021

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 Seventeenth (17th) 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 20 December 2021 until the next AGM.
- Ordinary Resolution 2 on payment of Director's benefits (excluding Directors' fees) from 20 December 2021 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 20 December 2021 until the conclusion of the next AGM and is estimated not to exceed RM30,000.00. 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 2021 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2021.

3. Ordinary Resolutions 3 & 4: Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the provision of the Company's Constitution at the Seventeenth (17th) Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

- i) Tan Sik Eek (Clause 115); and
- ii) Mejar Dato' Ismail bin Ahmad (R) (Clause 115)

(collectively referred to as "Retiring Directors")

The Board of Directors through the Nomination Committee ("NC") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

4. 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.

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.

Notice of Annual General Meeting

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, 241,568,000 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 26 November 2020 and which will lapse at the conclusion of the Seventeenth (17th) Annual General Meeting. The total proceeds raised from the said private placement exercise was around RM8.70 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)
Development of "Panda and Friends" animated series	8,537,949	-	8,537,949
Expenses for the private placement	158,499	158,499	-
Total	8,696,448	158,499	8,537,949

5. 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 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:

- He fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements;
- 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;
- He had continued to demonstrate independence, integrity and due care during Board meetings; and
- He had not entered into any related party transactions with the Group.

As recommended by the Malaysian Code of Corporate Governance, the Board also has recommended General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd), who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Directors of the Company subject to the shareholders' approval through a two-tier voting process at the Seventeenth (17th) Annual General Meeting of the Company.

6. Ordinary Resolution 8 : Proposed Renewal of Existing 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.

7. Special Resolution 1 : Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments is primarily to provide further clarify on certain terms of the Constitution and provide more flexibility for the Company and to ensure the compliance with the Act, Listing Requirements of Bursa Malaysia Securities Berhad. The Proposed Amendments to be made to the Constitution are listed as per Appendix A, which is circulated together with the Notice of Seventeenth (17th) Annual General Meeting dated 29 October 2021.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**
(PURSUANT TO RULE 8.29 (2) OF THE ACE MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Seventeenth (17th) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of Seventeenth (17th) Annual General Meeting of the Company for the details.

APPENDIX A

Proposed Amendments to the Constitution of the Company

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

Clause No.	Existing Clause	Proposed Amendments
21	Subject to the Listing Requirements, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	Subject to the Listing Requirements, the Central Depositories Act and / or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue.

ADMINISTRATIVE GUIDE

Date	Monday, 20 December 2021
Time	11.00 a.m.
Broadcast Venue	Level 13, 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 Seventeenth (17th) 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 11.00 a.m. on 29 October 2021 and close at 11.00 a.m. on 19 December 2021.

Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.
5. After verification of your registration against the General Meeting Record of Depositors of the Company as at 13 December 2021, the system will send you an email to notify you if your registration is approved or rejected after 13 December 2021.
6. Should your registration be rejected, you can contact the Company’s Poll Administrator 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 13 December 2021 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

9. Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.
10. If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Administrative Guide

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 Poll Administrator with the details set out below for assistance and will be required to provide the following documents to the Company no later than 19 December 2021 at 11.00 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 Poll Administrator 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 Poll Administrator with the details set out below for assistance and will be required to provide the following documents to the Company no later than 19 December 2021 at 11.00 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 Poll Administrator 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.

Revocation of Proxy

15. 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 Poll Administrator 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 19 December 2021 at 11.00 a.m.

Poll Voting

16. 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 Boardroom.com Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting and BTS Solution Sdn Bhd as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

Administrative Guide

RPV Facilities

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

Procedures	Action
Before AGM	
1. Register as participant in Virtual AGM 	<ul style="list-style-type: none"> Using your computer, access the website at https://rebrand.ly/MLABS-AGM. Click on the Register button to register for the AGM session. If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click Register and enter your email followed by Next to fill in your details to register for the EGM session. Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.
2. Submit your online registration	<ul style="list-style-type: none"> 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 11.00 a.m. on 29 October 2021 and the registration will close at 11.00 a.m. on 19 December 2021. Clicking on the link will redirect you to the AGM event page. Click on the Register button for the online registration form. Complete your particulars in the registration page. Your name MUST match your CDS account name (not applicable for proxy). Insert your CDS account number and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. System will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors of the Company as at 13 December 2021, the system will send you an email to notify you if your registration is approved or rejected after 13 December 2021. If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.
On the day of AGM	
3. Attending Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate the RPV.
4. Participate with live video	<ul style="list-style-type: none"> You will be given a short brief about the system. Your microphone is muted throughout the whole session. If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. The session will be recorded. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5. Online Remote Voting	<ul style="list-style-type: none"> The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM. The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. Click on the Submit button when you have completed. Votes cannot be changed once it is submitted.
6. End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

Administrative Guide

No Recording or Photography

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

No Breakfast/Lunch Packs, Gifts, e-Voucher or Food Vouchers

19. There will be no distribution of breakfast / lunch packs, gifts, e-voucher or food vouchers.

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 : Ms Eris / Mr Bryan / Mr Hong
Telephone No. : +603-7688 1013
Email : vgm@mlabs.com

For Form of Proxy: Boardroom.com Sdn Bhd

Name : Ms Jennie Wong / Mr. Rikki Tan
Telephone No. : +603-7890 0638
Email : admin.registrar@boardroom.com.my

PROXY FORM

CDS Account No.
No. of Shares held

*I/We _____ NRIC. No. / Registration No.: _____
 (Please Use Block Capitals)

of _____
 (Address)

Contact No. _____ Email Address _____

being a member/members of **MLABS SYSTEMS BERHAD** hereby appoint

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

and / or* (*delete as appropriate)

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

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at Seventeenth (17th) 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 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 20 December 2021 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolutions	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 Tan Sik Eek as Director	Ordinary Resolution 3		
4.	To re-elect Mejar Dato' Ismail bin Ahmad (R) 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 renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 8		
9.	To approve the proposed amendments to Constitution	Special Resolution 1		

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 13 December 2021 shall be regarded as members and entitled to participate, speak and vote at the Seventeenth (17th) 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 Poll Administrator's office of the Company, Boardroom.com Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, 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)

c/o Boardroom.com Sdn Bhd

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

Please fold here



www.
mlabs.
com



MLABS SYSTEMS BERHAD

Company Registration No. 200401014724 (653227-V)

Lot 10.3, 10th Floor,
Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan.