Nomad Technologies Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

Annual Report

2019/2020

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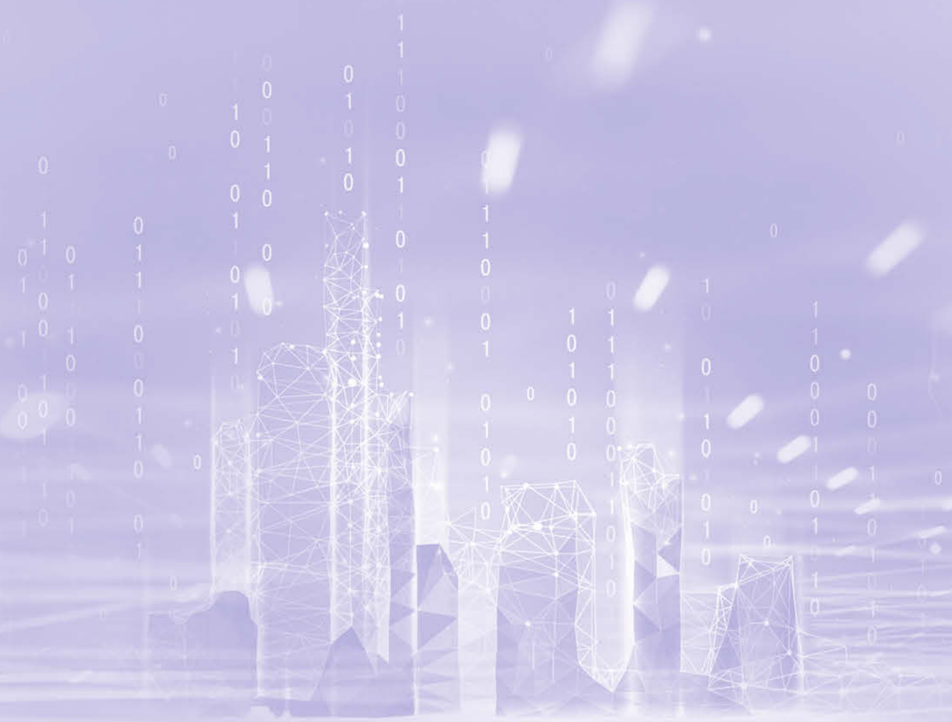
*This report, for which the directors (the "**Directors**") of Nomad Technologies Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Eric Tan Chwee Kuang
Mr. Saw Zhe Wei

Independent Non-executive Directors

Mr. Lim Peng Chuan Terence
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On

AUDIT COMMITTEE

Mr. Lim Peng Chuan Terence *(Chairman)*
Mr. Yau Yeung On
Mr. Phua Cheng Sye Charles

NOMINATION COMMITTEE

Mr. Phua Cheng Sye Charles *(Chairman)*
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang

REMUNERATION COMMITTEE

Mr. Yau Yeung On *(Chairman)*
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin (CPA)

AUTHORISED REPRESENTATIVES

Mr. Tam Chun Wai Edwin (CPA)
Dato' Eric Tan Chwee Kuang

COMPLIANCE OFFICER

Dato' Eric Tan Chwee Kuang

COMPLIANCE ADVISER

Pulsar Capital Limited
Room 1204, 12/F.
Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

HONG KONG LEGAL ADVISER

TC & Co.
Units 2201-2203
22/F, Tai Tung Building, 8 Fleming Road
Wanchai, Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong
(Appointed on 5 June 2020)

Deloitte Touche Tohmatsu
Certified Public Accountants
(Resigned on 5 June 2020)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350, Clifton House
75 Fort Street, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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75450 Ayer Keroh
Melaka, Malaysia

PRINCIPAL BANKER

Malayan Bank Berhad
14th Floor, Menara Maybank
100 Jalan Tun Perak, 50050
Kuala Lumpur, Malaysia

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.nomad-holdings.com

Dear Shareholders,

On behalf of the board of the directors (the "**Board**") of Nomad Technologies Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the annual report and the financial statements of the Group for the year ended 30 June 2020.

REVIEW

The financial year of 2019/2020 marked a milestone for the Company as its shares (the "**Shares**") were successfully listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer (the "**Share Offer**") on 9 December 2019 (the "**Listing**"). The Group are pleased with the reception it has received for the keen interest from the Share Offer. Through the Listing, the Group has obtained public funding to finance its future development and further capturing the opportunities as in line with the Group's long term objective in strengthening our position as one of the major players of Information and Communication Technology ("**ICT**") industry in Malaysia.

Nevertheless, it has been also a challenging year to our Group and specifically the outbreak of the Novel Coronavirus ("**COVID-19**") has brought certain impacts on the business operation and overall economy in the global business environment. To a certain extent, the outbreak has affected the negotiation of some new and on-going projects due to market uncertainty. Federal government of Malaysia has implemented a series of measures to contain the epidemic and the new norm is going through normalisation process for the community to get used to, which indirectly also impacts our efficiency in delivering projects. The Group will stay alert to the development and situation of the COVID-19, continue to assess its impacts on the financial position and operating results of the Group and take necessary action to maintain stability of the businesses.

PROSPECT

The Group foresee that there will be challenges in the near future due to economic uncertainties that's affecting many markets at the moment, the customers are adopting a "wait and see" attitude for the time being. To achieve sustainable growth, the Group will endeavour its readiness to adapt by evolving and responding swiftly to the needs of the market by broadening our ICT offerings to our customers.

The Group believe that the financial resources obtained by the Group from the Listing strengthen its financial position and enable the Group to implement business strategies set out in the prospectus dated 25 November 2019 (the "**Prospectus**") to further enhance our positions and market share and establish our value propositions and competitiveness as a unique entity in the competitive market.

Implementation of Data Content Management ("**DCM**") (a cloud-based data content management solution) and Secure Cloud Service ("**SCS**") (cloud-based internet security services) has seen many positive response from the market. At the current time of writing, we are expecting at least 2 successful bids for SCS. The Group is also looking forward for more potential opportunities as we are working closely with our prospects on their budget requirements. The Group is optimistic that the new ICT offerings complements our existing business.

Looking forward, the Group is committed to implement cautious approach on the development of the existing businesses and seek for better business opportunities to mitigate the impacts of the market's current volatility and to improve the performance of the Group in order to safeguard the interest of the shareholders of the Company (the "**Shareholders**").

APPRECIATION

On behalf of the Board, I would like to express our sincerest gratitude to our valued Shareholders, customers and business partners for your trust and persistent support. Besides, I would also like to express our deepest thankfulness to our management team and staff for their hard work and dedication throughout the years. We look forward to creating a prosperous future of the Group from the financial year of 2020/2021 onwards.

Dato' Eric Tan Chwee Kuang
Chairman and Chief Executive Officer
Malaysia, 23 September 2020

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services.

The financial year of 2019/2020 marked a milestone for the Company as its Shares were successfully listed on GEM of The Stock Exchange of Hong Kong Limited by way of Share Offer on 9 December 2019. The Group are pleased with the reception it has received for the keen interest from the Share Offer. Through the Listing, the Group has obtained public funding to finance its future development and further capturing the opportunities to meet its long term objective in strengthening the Group's position as one of the major players in the ICT industry in Malaysia.

Nevertheless, 2019/2020 has also been a challenging year to our Group and specifically the outbreak of the COVID-19 has brought adverse impacts on the business operation and overall economy in the global business environment. To a certain extent, the outbreak has affected the negotiation of new projects with existing customers and the seeking out of new customers due to operation suspension and global travel restrictions. The federal government of Malaysia has implemented a series of measures to contain the epidemic. The Group will stay alert to the development and situation of the COVID-19, continue to assess its impacts on the financial position and operating results of the Group and take necessary action to maintain stability of the businesses.

PROSPECT

The Group foresee that there will be challenges in the years ahead due to economic uncertainties that affect many markets at the moment. The customers are adopting a "wait and see" attitude for the time being. To achieve sustainable growth, the Group will make every endeavour to adapt by evolving and responding swiftly to the needs of the market and by broadening our ICT offerings to our customers.

Looking forward, the Group is committed to implement cautious approach on the development of the existing businesses and seek for better business opportunities to mitigate the adverse impacts of the market's current volatility and to improve the performance of the Group in order to safeguard the interest of the Shareholders.

The Group believe that the financial resources obtained by the Group from the Listing will strengthen its financial position and enable it to implement our business strategies as set out in the Prospectus to further enhance our positions and market share and establish our value propositions and competitiveness as a unique entity in competing aggressively in the market.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is susceptible to material risks associated with the Group's business, including but not limited to the following:

The Board acknowledges its responsibilities for the establishment and maintenance of adequate and effective risk management and internal control systems to safeguard the Group's assets against unauthorized use or disposition, and to protect the interests of the Shareholders. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is the highest level of our risk management and internal control structure. It is ultimately responsible for establishing an effective risk management environment. Its responsibilities include:

- developing the overall risk management targets, risk management policies and internal control systems;
- optimizing the governance structure and authorization hierarchy;
- guiding and defining the limits for specific risk management work; and
- authorizing responsibilities to other departments.

Based on the risk assessments conducted during the year ended 30 June 2020, the details of significant risks and the relevant risk responses are highlighted as follow:

Risk Categories	Risk Title	Risk Description	Risk Response
Strategic	Failure to anticipate and respond to changes in technologies or needs could adversely affect the Group's business	This is a high-level and corporate-wide risk, which include market risk and the threat of substitutes	The changes in technologies or needs is not controllable. The Group can only closely monitor the technical advancements to mitigate the risks at the current stage. The Group also established new sources of income during the year, including the provision of Secure Cloud Service and Data Content Management Hub to diversify the concentration risk of the traditional network support services.

Risk Categories	Risk Title	Risk Description	Risk Response
Operational	Dependent on major customers for a significant portion of our business and the loss of any of such customers could materially and adversely affect our business and financial position	A possible source of loss that might arise from the loss of key customers	The Group introduced various marketing activities to attract potential and existing customers. The goal of this promotion strategy in marketing is to increase market awareness and to establish long-term relationship with the customers. The Group had developed new services such as Secure Cloud Service and Data Content Management Hub to attract more business from current and new customers.
	The Group business comprises contracts and we may be unable to secure new contracts	A possible source of loss that might arise from the inability to secure new contracts	To attract new contracts, the Group broadened its product and services offerings, introduced various marketing activities, and provided customized solutions to the customers.
	The Group is exposed to payment delays and/or defaults by our customers	Payment delays and/or defaults may lead to liquidity issues in the Group's working capital	The Group generally do not provide a long credit period to new customers unless they are multi-national enterprises with good reputation. In some instances, the Group may also require customers to provide a personal guarantee for such credit limit. To collect overdue trade receivables, the Group monitors overdue payments closely.

Risk Categories	Risk Title	Risk Description	Risk Response
Financial	The performance can be affected by its tax position	There is no assurance that IP Core Sdn. Bhd. (“**IP Core**”) will be granted any further tax exemption or similar benefits after the expiry of its current tax exemption status on 3 April 2019	While the Group tried to increase the revenue by increasing products/services offering to compensate from the expiry of tax exemption status.
	The capital expenditure of our Group for the purchase of hardware may result in an increase in our depreciation expenses	Additional depreciation expenses may adversely affect our financial performance in the future	The Group will also consider to lease the equipment if lease is more beneficial than purchase.

The Board has periodically reviewed the key risk areas and appropriate risk mitigation strategies. Overall, the Board considers the risk management and internal control systems of the Group are effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal control systems.

For a more comprehensive list of risk factors and explanations, please refer to the section headed "Risk Factors" in the Prospectus.

Further descriptions of the Group's financial risk (including interest rate risk, foreign currency risk, credit risk, and liquidity risk), management objectives and policies are set out in Note 32 to the consolidated financial statements.

There were no material difference in the identified risks between those disclosed in the Prospectus and this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Financial Summary" and "Management, Discussion and Analysis" on page 128 and pages 5 to 17 respectively.

Particulars of the significant events of the Group after the end of reporting period and up to the date of this annual report have been summarised in Note 36 to the consolidated financial statements.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which includes the revenue from sales of hardware, on-site installation of hardware, network management and securities services, and lease of hardware and (ii) network connectivity services.

Our revenue decreased by approximately RM4.3 million or 10.4% from approximately RM41.4 million for the year ended 30 June 2019 to approximately RM37.1 million for the year ended 30 June 2020. Such decrease was mainly attributable to the approximately 26.0% decrease in the revenue from network support services and offset by approximately 5.3% increase in the revenue from network connectivity services during the year ended 30 June 2020.

The decrease in the revenue generated from network support services was mainly attributable to the net effect of (i) a decrease in the revenue generated from on-site installation of hardware of approximately RM3.6 million or 70.6% from approximately RM5.1 million for the year ended 30 June 2019 to approximately RM1.5 million for the year ended 30 June 2020, (ii) a decrease in the revenue generated from network management and security services of approximately RM4.0 million or 48.8% from approximately RM8.2 million for the year ended 30 June 2019 to approximately RM4.2 million for the year ended 30 June 2020, primarily due to the outbreak of COVID-19 in the early 2020; and (iii) an increase in revenue generated from sales of hardware and lease of hardware of approximately RM2.2 million or 29.3% from approximately RM7.5 million for the year ended 30 June 2019 to approximately RM9.7 million for the year ended 30 June 2020.

Revenue generated from network connectivity services increased by approximately RM1.1 million or 5.3%, from approximately RM20.6 million for the year ended 30 June 2019 to approximately RM21.7 million for the year ended 30 June 2020. The increase was mainly attributable to the subscription fees revenue received from (i) new contracts from our existing customers and (ii) new contracts from new customers.

Cost of sales and services

Our cost of sales and services remained comparable at approximately RM24.3 million for the year ended 30 June 2019 as compared to approximately RM24.2 million for the year ended 30 June 2020. It was mainly attributable to the net effect of (i) an increase in cost of telecommunication and network subscription of approximately RM0.8 million, (ii) an increase in cost of network equipment and hardware of approximately RM0.5 million, (iii) an increase in depreciation of property, plant and equipment of approximately RM0.6 million, (iv) an increase in staff cost of approximately RM0.1 million; and (v) a decrease in cost of cabling of approximately RM2.1 million which is in line with the fluctuation of revenue mix during the year ended 30 June 2020.

Other Income

Our other income increased by approximately RM0.4 million or 100% from approximately RM0.4 million for the year ended 30 June 2019 to approximately RM0.8 million for the year ended 30 June 2020. Such increase was primarily contributed by an increase in interest income from bank deposits.

Reversal of (Provision for) impairment loss on trade receivables, net

Our reversal of impairment loss on trade receivables, net was approximately RM18,000 for the year ended 30 June 2020 as compared to provision for impairment loss on trade receivables, net of approximately RM0.4 million for the year ended 30 June 2019.

Selling expenses

Our selling expenses mainly represented commission paid to our sales representatives for securing contracts with new and existing customers. Such cost remained stable at approximately RM0.9 million for both years ended 30 June 2019 and 2020.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately RM2.3 million or 42.6% from approximately RM5.4 million for the year ended 30 June 2019 to approximately RM7.7 million for the year ended 30 June 2020. The increase was primarily due to (i) an increase in staff cost for administrative and management personnel (including Directors) from approximately RM2.5 million for the year ended 30 June 2019 to approximately RM3.1 million for the year ended 30 June 2020, (ii) an increase in professional fee such as legal fee, secretarial fee and etc after the Listing from approximately RM0.2 million for the year ended 30 June 2019 to approximately RM1.3 million for the year ended 30 June 2020 and (iii) an increase in depreciation of property, plant and equipment from approximately RM0.7 million for the year ended 30 June 2019 to approximately RM1.3 million for the year ended 30 June 2020.

Finance Costs

Our finance cost mainly represented interest on interest-bearing borrowings and bank overdrafts, interest on obligations under finance leases and interest on lease liabilities, such costs remained stable at approximately RM0.4 million for both years ended 30 June 2019 and 2020.

Income tax (expenses) credit

Our income tax changed from an income tax credit of approximately RM1.9 million for the year ended 30 June 2019 to an income tax expense of approximately RM1.1 million for the year ended 30 June 2020. It was mainly attributable to (i) deferred tax expenses of approximately RM0.7 million was recognised for the year ended 30 June 2020 as compared to deferred tax credit of approximately RM2.0 million for the year ended 30 June 2019 due to changes in temporary differences arising from the accelerated accounting depreciation, provision for contract costs, contract liabilities, unused tax losses and unused capital allowance; and (ii) an increase in income tax expenses of approximately RM0.3 million following the expiry of the tax incentive on pioneer status granted by the Malaysia Government to a subsidiary of the Company on 3 April 2019.

(Loss) Profit and total comprehensive (expenses) income for the year

Our loss and total comprehensive expenses for the year ended 30 June 2020 amounted to approximately RM0.6 million, in contrast with the profit and total comprehensive income of approximately RM8.5 million for the year ended 30 June 2019. If the expenses incurred in connection with the Listing of approximately RM4.3 million (30 June 2019: approximately RM3.8 million) are excluded, the profit and total comprehensive income would be approximately RM3.7 million for the year ended 30 June 2020 as compared with approximately RM12.3 million for the year ended 30 June 2019.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded its liquidity and capital requirements primarily through capital contributions from Shareholders, interest-bearing borrowings, internally generated cash flow and proceeds received from the Shares Offer.

As at 30 June 2020, the Group had bank balances and cash of approximately RM20.3 million (30 June 2019: approximately RM9.3 million) and pledged bank deposits of approximately RM2.6 million (30 June 2019: approximately RM1.7 million).

As at 30 June 2020, the Group recorded interest-bearing borrowings and bank overdrafts of approximately RM1.1 million (30 June 2019: approximately RM3.3 million) and lease liabilities of approximately RM1.2 million (30 June 2019: obligations under finance leases of approximately RM2.2 million).

As at 30 June 2020, the Group's current assets and current liabilities were approximately RM39.6 million (30 June 2019: approximately RM27.9 million) and approximately RM11.4 million (30 June 2019: approximately RM15.6 million), respectively. As at 30 June 2020, the current ratio, being the ratio of current assets to current liabilities, was approximately 3.5 times (30 June 2019: approximately 1.8 times).

As at 30 June 2020, we had unutilised banking facilities for short term financing of approximately RM4.7 million (30 June 2019: approximately RM2.9 million).

The gearing ratio is calculated based on the amount of total interest-bearing borrowings and bank overdrafts and obligations under finance leases and lease liabilities divided by total equity. The gearing ratio of the Group as at 30 June 2020 is approximately 4.3% (30 June 2019: approximately 17.7%). The decrease in gearing ratio was mainly attributable to the increase in total equity and decrease in interest-bearing borrowings and bank overdrafts and obligations under finance leases of approximately RM23.0 million and RM3.2 million, respectively, as a result of release of the personal guarantee given by Dato' Tan, a Director of the Company and Ms. Kwong Shir Ling ("**Ms. Kwong**"), a shareholder of the holding company of the Company.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 30 June 2020, the capital of the Group comprised mainly of ordinary shares. As at 30 June 2020, equity attributable to equity holders of the Company amounted to approximately RM54.5 million (30 June 2019: approximately RM31.4 million). The Directors will review and manage the Group's capital structure regularly.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue, costs, assets and liabilities are primarily denominated in Ringgit Malaysia ("**RM**"). The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (30 June 2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 50 employees (30 June 2019: 48 employees). The staff costs (including Directors' emoluments) were approximately RM5.2 million for the year ended 30 June 2020 (30 June 2019: approximately RM4.5 million). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options under the Share Option Scheme. Details of the said Share Option Scheme are set out in the section headed "Share Option Scheme" in the "Report of the Directors" of this annual report.

The Group encourages and subsidizes employees to enrol and/or participate in development or training courses in support of their career and professional development. The Group also provides in-house training courses for the personal development of the employees.

PLEDGE OF ASSETS

As at 30 June 2020, the Group's interest-bearing borrowings and obligations under finance leases and lease liabilities are secured by charges over the following assets of the Group:

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
Leasehold land and buildings	**–**	794
Motor vehicles and internet services equipment	**914**	1,973
Pledged bank deposits	**2,622**	1,687
	3,536	4,454

DIVIDENDS

On 17 July 2019 and 18 September 2019, interim dividends of RM12,500 per share with total amount of RM500,000 and RM21,250 per ordinary share with total amount of RM850,000 for the year ended 30 June 2019 were declared and paid by a subsidiary of the Group, respectively, to the equity holders of the Company prior to the Listing.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (for the year ended 30 June 2019: Nil).

Save as disclosed above, no other dividend has been declared nor paid by the Group for the years ended 30 June 2020 and 2019.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

There was no material acquisition or disposal of subsidiaries and affiliated companies and significant investments by the Group during the year ended 30 June 2020.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group had capital commitments contracted but not provided for in the consolidated financial statements of approximately RM0.2 million (30 June 2019: approximately RM1.5 million). Details of the capital commitments are set out in Note 35 to the consolidated financial statements.

EVENTS AFTER REPORTING PERIOD

Since January 2020, the outbreak of COVID-19 has certain impacts on the business operation and overall economy on the business environment. The federal government of Malaysia officially promulgated the "Movement Control Order". To a certain extent, the order may affect the negotiation of new projects with existing customers and the seeking out of new customers due to operation suspension.

Despite the challenges, governments have implemented a series of measures to contain the epidemic. The Group will stay alert to the development and situation of the COVID-19, continue to assess its impacts on the financial position and operating results of the Group, and take necessary action to maintain stability of the businesses. Details of event after the reporting period are set out in Note 36 to the consolidated financial statements.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. The proceeds received from the issuance of 150 million ordinary shares (the "**Offer Shares**") by Share Offer at HK$0.40 per offer share was HK$60.0 million. The net proceeds after deduction of underwriting fees and related listing expenses were approximately HK$28.0 million (the "**Net Proceeds**"). As set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Company intends to use the Net Proceeds from the Share Offer for the following purposes:

Approximate amount of net proceeds	Business strategies
HK$4.6 million or 16.4%	Implementing cloud-based data content management solution
HK$11.0 million or 39.3%	Acquiring additional hardware and software to provide cloud-based internet security services
HK$6.3 million or 22.5%	Establishing a disaster recovery centre and becoming a holder of network service provider licence
HK$1.4 million or 5.0%	Establishing a branch office and a backup data centre in Kuala Lumpur
HK$2.7 million or 9.6%	Expanding and strengthening our manpower to cater for the anticipated expansion plans
HK$2.0 million or 7.2%	Promoting our business to capture more market share in the industry

An analysis of the utilization of the net proceeds up to 30 June 2020 is set out below:

Business Strategies	Planned use of the net proceeds up to 30 June 2020 HK$'000	Actual amount utilised up to 30 June 2020 HK$'000	Unutilised net proceeds up to 30 June 2020 HK$'000
Implement cloud-based data content management solution	3,790	3,790	–
Acquire additional hardware and software to provide cloud-based internet security services	9,874	9,611	263
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	5,408	4,678	730
Establish a branch office in Kuala Lumpur	708	231	477
Expand and strengthening our manpower to cater for the anticipated expansion plans	635	451	184
Promote our business to capture more market share in the industry	845	237	608
	21,260	18,998	2,262

The Directors will continuously examine the Group's business objectives and may change or modify the plans against the changing market conditions to pursuit business growth of the Group.

The net proceeds were not fully utilised up to 30 June 2020 as previously disclosed in the Prospectus because of the reasons elaborated below:

1. As for the acquisition of additional hardware and software to provide cloud-based internet security services, the unutilised portion amounted to approximately HK$263,000 as at 30 June 2020 was due to lower-than-expected hardware and software cost. The unutilised portion amount will be used for hardware and software maintenance in providing secure cloud service during FY2021.

2. As for the establishment of a disaster recovery centre and a backup data centre and becoming a holder of network service provider license, the unutilised portion amounted to approximately HK$730,000 as at 30 June 2020. Due to the outbreak of COVID-19, the Group's plan to purchase data centre space facilities of backup data centre has been delayed;

3. As for the establishment of a branch office in Kuala Lumpur, the unutilised portion amounted to approximately HK$477,000 as at 30 June 2020 was due to lower-than-expected office rent for the branch office in Kuala Lumpur after the outbreak of COVID-19, the Group plans to use the unutilized portion to rent the branch office in Kuala Lumpur in FY2021;

4. As for expand and strengthening manpower to cater for the anticipated expansion plans, the unutilised portion amounted to approximately HK$184,000 as at 30 June 2020 as the Company is still recruiting a suitable candidate with the right skills and experience for the position of compliance manager.

5. As for promoting our business to capture more market share in the industry, the unutilised portion amounted to approximately HK$608,000 as at 30 June 2020 as the outbreak of COVID-19 lead to the cancellation of marketing campaigns that were scheduled to roll out in the year.

As at 30 June 2020, the net proceeds of approximately HK$2.3 million had not yet been utilised as planned, but is expected to be utilised during the financial year ending 30 June 2021. The Group will continue to apply the net proceeds from the listing in the same manner as specified in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

All the unutilised net proceeds have been placed in licensed banks in Hong Kong and Malaysia.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The future plan and the planned amount of usage of Net Proceeds as stated in the "Future Plans and Use of Proceeds" were based on the best estimation and assumption of future market conditions at the time of preparing the Prospectus of the Company dated 25 November 2019 while the proceeds were applied based on the actual development of the Group's business and the industry. An analysis comparing the business strategies stated in the Prospectus with the Group's actual business progress is set out below:

Business strategies	Actual business progress up to 30 June 2020
Implementing cloud-based data content management solution	Utilized for implementing the cloud-based data content management solution.
Acquiring additional hardware and software to provide cloud-based internet security services	Partly utilized for implementing cloud-based internet security services which was completed in April 2020 and the remaining amount will be utilized for hardware and software maintenance in FY2021.
Establishing a disaster recovery centre and a backup data centre and becoming a holder of network service provider licence	Partly utilized for purchasing the hardware and software required for establishing disaster recovery centre and due to the outbreak of COVID-19, the remaining amount for purchasing and maintaining data centre space facilities and backup data centre will be utilized in FY2021.
Establishing a branch office in Kuala Lumpur	Partly utilized for paying the rental of the new branch office since Feb 2020, the remaining amount will be utilized for paying the rental of the new branch office in FY2021.
Expanding and strengthening our manpower to cater for the anticipated expansion plans	Partly utilized for recruiting two IT specialist engineers, one service delivery manager and two senior sales executive in FY2020, the remaining amount will be used for recruiting a compliance manager in FY2021.
Promoting our business to capture more market share in the industry	Partly utilized for expanding and explore more effective online marketing strategies via Linkedin, Facebook and Google ad and by redesigning the Company's website, the remaining amount will be used to conduct market campaigns for promotion and building up brand awareness in FY2021.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Dato' Eric Tan Chwee Kuang, aged 41, was appointed as a Director on 5 June 2018 and redesignated as an Executive Director and appointed as the Chairman and Chief Executive Officer of the Company on 27 August 2018. Dato' Tan is the co-founder of our Group and a director of each of IP Core and Metro Direct Carrier (M) Sdn Bhd. ("**MDC**") and a member of the Nomination Committee and the Remuneration Committee. Dato' Tan is also the compliance officer of our Company. Dato' Tan is primarily responsible for the overall business strategy, preparing annual budget proposals, and major business decisions of the Group.

He has more than 20 years of experience in the ICT industry. Before establishing our Group, Dato' Tan held various positions in the information technology sector where he accumulated extensive industry experience. On 1 August 1999, Dato' Tan was employed as a support specialist responsible for providing technical support for clients in V-tech Computers Pte Ltd, an information technology service provider involving in sales of hardware and software, system maintenance, integration and relocation services and information technology support services for multinational and small-to-medium enterprises. In October 2001, he joined Perot Systems (Singapore) Pte. Ltd., an information technology service provider involving in consultancy, system integration and operation and software development in both the public and private sectors, where his last held position was a specialist responsible for providing system access support to clients. Dato' Tan was assigned by Perot Systems (Singapore) Pte. Ltd. to support the information technology infrastructure for Union Bank of Switzerland, where his responsibilities mainly include monitoring and maintenance of global servers, performing remote access management and keeping maintenance records on a real-time basis in case of system failures.

Dato' Tan obtained a Diploma in Computer Studies from the Informatics Institute, Malaysia in April 1998. He has also been certified as a Microsoft Certified Professional and a Microsoft Certified Systems Engineer in May 1998 and September 1998, respectively, under the Microsoft Certification Professional Program.

Mr. Saw Zhe Wei, aged 33, was appointed as a Director on 5 June 2018 and re-designated as an Executive Director of our Company on 27 August 2018. Mr. Saw is responsible for the overall business strategy, preparing annual budget proposals, and major business decisions of the Group. Mr. Saw is also the head of technical team of IP Core, and is primarily responsible for managing the technical team to ensure that all operations in process are installed in accordance with the required standard with appropriate procedures.

In July 2010, Mr. Saw graduated with a Bachelor's Degree in Information Technology (Honours) in Security Technology from the Multimedia University in Melaka, Malaysia. He was certified as Fortinet Certified Network Security Administrator, and as Fortinet Certified Network Security Professional, in 2011 and 2013, respectively, under the Fortinet Training and Certification Program.

He started his career by joining the Group as an intern from October to December in 2009, and as a part-time supporting staff from January to May in 2010. He joined our Group as NOC Technical Level 2 in June 2010, and has worked on our technical engineering projects. He was promoted to the head of technical team in January 2013.

Throughout his journey at the Group, Mr. Saw has performed different roles accommodating to the needs of the customers and the relevant project nature. His qualification and experience have brought him the necessary skills to provide solutions in different projects, ranging from the design and implementation of internet and intranet infrastructure, building security features for wireless connections, to setting up tunneling and backup functions for our customers. Mr. Saw has over nine years of experience, and has been involved in more than 12 major projects as of the date of this Annual Report.

Mr. Lim Peng Chuan Terence (林炳泉), aged 50, was appointed as an Independent Non-executive Director on 11 November 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Lim graduated with a Bachelor of Commerce Degree from the University of Western Australia in March 1995, and has been a member of the Certified Practising Accountants of Australia since 1 April 1999.

Mr. Lim has more than 22 years of experience in corporate finance. From 1994 to 1997, he started his career as an audit assistant at Ernst & Young, where he later served as an audit senior and was primarily responsible for the audit of companies in Singapore. In July 1997, he joined See Hup Seng Pte Ltd, a Singapore company primarily engaged in the business of corrosion prevention services for offshore and marine industry and construction industry as a business development manager, and was appointed as business development director in June 1998. During his position as business development director of the company, he oversaw the successful listing of SHS Holdings Ltd (formerly known as See Hup Seng Limited) on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in November 1998 (SGX stock code: 566) and he had been an executive director of the said publicly listed company until September 2006. Since 2006, he has started his own business and co-founded Paliy Marine Engineering Pte Ltd., an exempted Singaporean private company primarily engaged in the business of building and repairing of ships, tankers and other ocean-going vessels.

Mr. Phua Cheng Sye Charles (潘正帥), aged 51, was appointed as an Independent Non-executive Director on 11 November 2019. He is the chairman of the Nomination Committee and a member of the Audit Committee.

Mr. Phua graduated with a Bachelor of Laws (Honours) Degree from the University of Sheffield in the United Kingdom in July 1993. In 1995, he was admitted as advocate and solicitor in Singapore. He has over 24 years of legal practice experience in the field of corporate and civil litigation, including working in Ms. Khatter Wong & Partners as a legal assistant. In 2000, he set up Legalworks Law Corporation, a barristers' chambers specialising in insurance litigation, which then merged with M/s Tan Kok Quan Partnership in 2007 where he served as a senior partner for six years. In 2014, he joined M/s ComLaw LLC as a director.

Mr. Yau Yeung On (游楊安), aged 46, was appointed as an Independent Non-executive Director on 11 November 2019. He is the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Yau has more than 22 years of experience in the IT industry. From October 1997 to May 2001, he worked as a project engineer at Modern Time Technology Ltd, an IT infrastructure system integrator in Hong Kong, and was responsible for handling on-site maintenance service, installation and project coordination in Hong Kong. From May 2001 to February 2003, he joined Infotech Services (HK) Limited, which provided services for the data network team of the Hong Kong Police Force as an analyst programmer, and was involved in the implementation of project works including core network layer and technical support for the police data network in Hong Kong.

In June 2001, he set up Tohia International Limited, a body corporate providing broadband network infrastructure design, as well as technical project consultancy and management in Hong Kong. In October 2016, he served as a general manager for Boast Inc., a shoe manufacturing company, and was responsible for the daily internal administrative work and production plan control.

Mr. Yau obtained a Master Degree in Industry-Based Information Technology Management from the University of Wollongong, Australia in November 2004.

SENIOR MANAGEMENT

Ms. Fathim Nur Zaida Binti Zainal Ariffin, aged 37, is the head of sales & alliance of the Group, and is primarily responsible for developing and managing business alliance and partnership relationships. She joined the Group in April 2014 as an account manager, and was promoted to her current position in January 2016. She has over 13 years of experience in the network computing and telecommunication industry. She started her career as a business consultant at Macrolynx Sdn. Bhd in 2006. She subsequently served as an account manager at Palette Multimedia Berhad from July 2009 to May 2010, and started working at Patimas Outsourcing Services Sdn. Bhd. from December 2011, where she gained exposure to handling business partnerships and customers by selling technology products and developing business strategies. From September 2012 to March 2014, she was a client sales manager at AIMS Data Centre Sdn. Bhd..

She obtained a Diploma in Information Technology from the International Islamic College in Malaysia in August 2004. In January 2010, she obtained a Microsoft certification in ASP.NET under the Microsoft Certified Professional Developer Certifications Program. In February 2014, she also successfully completed a Certified Data Centre Professional course offered by Nota Asia (M) Sdn. Bhd..

Ms. Nor Hamimah Binti Ibrahim, aged 32, is the administrative & human resources manager of the Group. Her primary duties included managing our Administrative and Human Resources Department in handling recruitment affairs, employee records and also insurance-related issues in the operations. In September 2011, she obtained a Bachelor's Degree in Accountancy (Honours) from the National University of Malaysia.

She joined the Group in July 2011, and has over nine years of experience in secretarial and accounting work. Prior to taking up her current position, she was the accountant of the Group, and was responsible for managing and preparing our books of accounts, as well as handling tax and auditing matters by liaising with the appropriate professionals.

Ms. See Hui Ting, aged 32, is the finance manager of the Group and is responsible for managing our Finance and Procurement Department. Her main duties include managing the Group's overall financial and accounting affairs by overseeing the Group's budgetary control and forecasting, as well as managing the working capital and cash flow of our Group. She joined the Group and was appointed to her current position in January 2018. She graduated from the Multimedia University at Melaka, Malaysia with Bachelor of Accounting (Honours) Degree in July 2011. She was admitted as a member of the Association of Chartered Certified Accountants ("ACCA") in March 2017. In 2006, she also obtained a Certificate in Book-keeping – Second Level from the London Chamber of Commerce and Industry Examinations Board in the United Kingdom.

Ms. See has over ten years of experience in the accounting and finance industry. After graduating from university, Ms. See served at Ernst & Young as an industrial trainee from October 2010 to April 2011. She then joined A Famosa Resort Hotel as a management trainee in August 2011, and became an internal audit officer in 2012. In August 2012, she joined KPMG PLT in Malaysia as an audit assistant, and left as an audit assistant manager in July 2017. Prior to joining the Group, she also served at KPMG Management & Risk Consulting Sdn Bhd from August 2017.

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin (談俊緯), aged 39, the Company Secretary, was appointed on 27 August 2018. He has over 16 years of experience in financial and accounting management, operational finance, capital market transactions, merger and acquisition matters, corporate governance as well as compliance affairs.

Mr. Tam graduated from the Manchester Metropolitan University in the United Kingdom with a Bachelor's Degree in Accounting and Finance in 2003. He is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants in England. Mr. Tam currently practises at Noble Partners CPA Company, a certified public accountants firm in Hong Kong.

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services. There were no significant changes in the nature of the Group's principal activities during the year ended 30 June 2020.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 17 of this annual report. This discussion forms part of this Directors' Report.

USE OF PROCEEDS FROM THE SHARE OFFER

Details of the use of proceeds from the Share Offer are set out in the section headed "Management Discussion and Analysis" to this annual report.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAW AND REGULATION

The Group is committed to conducting its business in an environmentally conscious manner and minimising the adverse effects caused by its operations on the environment. The Group continues to make every endeavors in saving energy and reducing unnecessary waste by adopting various green measures in its workplace. Such measures include using of energy-efficient light tubes, encouraging use of recycle papers and both sides of papers for printing and copying and keeping office temperature at reasonable level. The Group will review the environmental policy from time to time and will consider implementing further environmentally friendly measures and practices in the operation of the Group's business.

The Board paid attention to the Group's policies and practices on compliance with all significant legal and regulatory requirements essential to is business operations. The Group would seek professional advice from its external legal advisers and consultants to ensure transactions and business to be performed by the Group are in compliance with applicable environmental policies, laws and regulations. During the year ended 30 June 2020, as far as the Company is aware, it has complied in all material respects of the laws or regulations that have a significant impact on the Group's business and operation.

A report on the environmental, social and governance aspects is prepared in accordance with Appendix 20 to the GEM Listing Rules will be published on the Company's and the Stock Exchange's websites as close as possible to, and in any event no later than three months after, the publication of the Company's annual report.

KEY RELATIONSHIPS WITH THE GROUP'S EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group believes that employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. The Group has developed a desirable working environment and provided a variety of benefits and career development to its employees. Share options may also be granted for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations.

The Group also recognizes that maintaining a good and stable relationship with its current and potential customers, suppliers and other stakeholders are the keys to the sustainable development of the Group. Accordingly, the management has kept good communication with its suppliers and customers in order to monitor the credit quality of the customers and to make timely adjustments to its operating strategies to conform to the market trends. In addition, the Group places much effort to build up and maintain good relationships with various commercial banks and financial institutions as the businesses of the Group are capital intensive in nature and require on-going funding to maintain continuous growth.

For the year ended 30 June 2020, there was no serious and material dispute between the Group and its employees, customers and suppliers.

RESULTS AND DIVIDENDS

The Group's results for the year ended 30 June 2020 and the Group's financial position at that date are set out in the consolidated financial statements on pages 56 to 127 of this annual report.

On 17 July 2019 and 18 September 2019, interim dividends of RM12,500 per share with total amount of RM500,000 and RM21,250 per ordinary share with total amount of RM850,000 were declared and paid by a subsidiary of the Group, respectively, to the equity holders of the Company prior to the Listing.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (for the year ended 30 June 2019: Nil).

Save as disclosed above, no other dividend has been declared nor paid by the Group for the years ended 30 June 2020 and 2019. During the year ended 30 June 2020, there was no arrangement under which any shareholder has waived or agreed to waive any dividends.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out in the "Financial Summary" on page 128 of this annual report. This summary does not form part of the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As the shares of the Company have been listed on the Stock Exchange on 9 December 2019 (the "**Listing Date**"), during the period from the Listing Date up to 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 30 June 2020 are set out in Note 14 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 30 June 2020 are set in Note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 30 June 2020 are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2020, the reserves of the Company available for distribution, as calculated in accordance with statutory provisions applicable in the Cayman Islands was approximately RM37.9 million (2019: approximately RM19.2 million).

Details of the movements in the reserves of the Group and the Company during the year ended 30 June 2020 are set out in the consolidated statement of changes in equity and Note 28(a) to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2020, sales to the Group's five largest customers accounted for approximately 65.7% (2019: 72.9%) of the total sales for the year and sales to the largest customer included therein amounted to approximately 24.0% (2019: 32.1%). Purchases from the Group's five largest suppliers accounted for approximately 82.2% (2019: 75.8%) of the total purchases for the year ended 30 June 2020 and purchases from the largest supplier included therein amounted to approximately 50.5% (2019: 53.7%).

None of the Directors of the Company or any of their close associates (as defined in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**GEM Listing Rules**")) or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section "Future Plans and Use of Proceeds" of the Prospectus and in the section "Management Discussion and Analysis" of this report, the Group does not have future plans for material investments and capital assets as at 30 June 2020.

DIRECTORS

The Directors during the year ended 30 June 2020 and up to the date of this report were:

Executive directors

Dato' Eric Tan Chwee Kuang *(Chairman and Chief Executive Officer)*
Mr. Saw Zhe Wei

Independent Non-executive Directors

Mr. Lim Peng Chuan Terence
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On

The biographical details of the Directors are set out in "Directors and Senior Management Profile" in this annual report.

Article 108 the Articles of Association of the Company provides that at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. Article 112 provides that all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Pursuant to articles 108 and 112, Dato' Eric Tan Chwee Kuang, Mr. Saw Zhe Wei, Mr. Lim Peng Chuan Terence, Mr. Phua Cheng Sye Charles and Mr. Yau Yeung On will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, they are considered to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a fixed term of three years which is subject to termination by either party giving not less than three months' written notice. Each of the Independent Non-executive Directors has entered into a service contract with the Company for a term of three years from 11 November 2019, terminated by either party giving not less than one month's written notice.

None of the Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the emoluments of the Directors and five highest paid individuals during the year ended 30 June 2020 are set out in Notes 8 and 9 to the consolidated financial statements in this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Directors or other officer of the Company shall be entitled to be indemnified out of the assets and profit of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto.

The Company has arranged for appropriate insurance covering the liabilities of its Directors and officers in respect of legal actions that may be brought against them. The Company has maintained appropriate insurance cover for the Directors and officers throughout the period from the Listing Date to 30 June 2020 and are currently in force.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, neither a Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries was a party during or at the end of the year ended 30 June 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2020.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

NON-COMPETITION UNDERTAKING

The controlling shareholders have confirmed to the Company of their compliance with the non competition undertakings provided to the Company under a deed of non-competition dated 11 November 2019. The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the controlling shareholders and duly enforced since the Listing Date and up to the date of this annual report.

INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

Saved as disclosed in Notes 8 and 30 to the consolidated financial statements in this annual report, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries during or at the end of the year ended 30 June 2020.

Saved as disclosed in this report, there was no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during or at the end of the year ended 30 June 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

(i) Long position in the ordinary Shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares held/ interested *(Note 1)*	Approximate percentage of shareholding
Dato' Tan *(Note 2) (Note 3)*	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%

Notes:

1. The letter "L" demonstrates long position.

2. Dato' Tan beneficially owns the entire issued shares of Advantage Sail Limited ("**Advantage Sail**"), a company incorporated in the British Virgin Islands, which in turn holds 303,750,000 Shares or approximately 50.625% of the issued share capital of the Company. Therefore, Dato' Tan is deemed, or taken to be, interested in all the Shares held by Advantage Sail for the purpose of the SFO.

3. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos Limited ("**Robust Cosmos**"), a company incorporated in the British Virgin Islands, which in turn holds 33,750,000 Shares or approximately 5.625% of the issued share capital of the Company. Therefore Ms. Kwong is deemed, or taken to be, interested in all the Shares held by Robust Cosmos for the purpose of the SFO. Dato' Tan is the spouse of Ms. Kwong. Accordingly, Dato' Tan is deemed, or taken to be, interested in the Shares in which Ms. Kwong is interested for the purpose of the SFO.

(ii) Long position in the ordinary shares of associated corporations

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held	Approximate percentage of interest
Dato' Tan	Advantage Sail	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2020, none of the Directors nor chief executive of the Company had registered an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the year ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the Chief Executive of the Company, as at 30 June 2020, the following persons (other than a Director or Chief Executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group.

Long Position in the ordinary Shares of the Company

Name	Nature of interest and Capacity	Number of Shares held/interested *(Note 1)*	Approximate percentage of Shareholding
Dato' Tan *(Note 2) (Note 3)*	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%
Ms. Kwong *(Note 4) (Note 5)*	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%
Advantage Sail *(Note 2)*	Beneficial owner	303,750,000 (L)	50.625%
Robust Cosmos *(Note 5)*	Beneficial owner	33,750,000 (L)	5.625%
Mr. Foo Moo Teng ("**Mr. Foo**") *(Note 6)*	Interest in a controlled corporation	112,500,000 (L)	18.75%
Alpha Vision Ventures Limited ("**Alpha Vision**") *(Note 6)*	Beneficial owner	112,500,000 (L)	18.75%

Notes:

1. The letter "L" demonstrates long position.
2. Dato' Tan beneficially owns the entire issued shares of Advantage Sail. Therefore, Dato' Tan is deemed, or taken to be, interested in all the Shares held by Advantage Sail for the purpose of the SFO.
3. Dato' Tan is the spouse of Ms. Kwong. Accordingly, Dato' Tan is deemed, or taken to be, interested in the Shares in which Ms. Kwong is interested for the purpose of the SFO.
4. Ms. Kwong is the spouse of Dato' Tan. Accordingly, Ms. Kwong is deemed, or taken to be, interested in the Shares in which Dato' Tan is interested for the purpose of the SFO.
5. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos. Therefore, Ms. Kwong is deemed, or taken to be, interested in all the Shares held by Robust Cosmos for the purpose of the SFO.
6. Mr. Foo beneficially owns the entire issued shares of Alpha Vision. Therefore, Mr. Foo is deemed, or taken to be, interested in all the Shares held by Alpha Vision for the purpose of the SFO.

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin (“**Ms. Zainal Ariffin**”)	30%

Note:

Ms. Zainal Ariffin is one of the members of the Group’s senior management.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the Shareholders by way of written resolutions passed on 11 November 2019. The terms of the share option scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The Share Option Scheme enables the Company to grant options to the Directors, the directors of the Group’s subsidiaries and employees of any member of the Group and any other persons (including consultants or advisers) (the “**Eligible Participant**”) as incentives or rewards for their contributions to the Group. The Board, at its absolution discretion and subject to the terms of the Scheme, shall be entitled, at any time within ten years commencing from the date the Share Option Scheme was adopted, to make an offer for the grant of an option to any Eligible Participant.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 60,000,000 shares, representing 10% of the enlarged issued share capital of the Company. The maximum number of shares that may be granted by the Company to any one Eligible Participant shall not exceed 1% of the issued share capital of the Company from time to time.

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the “**Option**”), the Eligible Participant shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Option, which must be a day on which trading of shares take place on the Stock Exchange (the “**Trading Day**”); (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share on the date of grant, provided that in the event that any Option is proposed to be granted within a period of less than five Trading Dates, the new issue price of the Shares shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme does not exceed 10% of the shares in issue from the date of listing of the Shares on the Stock Exchange. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time. An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Further details of the Share Option Scheme are set out in Appendix IV to the Prospectus. Since the adoption of the Share Option Scheme and during the year ended 30 June 2020, no Option has been granted, exercised, lapsed or cancelled, and as at 30 June 2020, no Options under the Share Option Scheme were outstanding.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Island which oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

EQUITY-LINKED AGREEMENTS

During the year ended 30 June 2020, save for the share option scheme as set out in the section headed "Share Option Scheme" in the "Report of the Directors" of this report, the Company did not enter into any equity-linked agreements in respect of shares of the Company.

DEBENTURE

No debenture was issued by the Company during the year ended 30 June 2020.

COMPETING INTERESTS

During the year ended 30 June 2020, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 June 2020, as notified by the Company's compliance adviser, Pulsar Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 November 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken by the Group during the year ended 30 June 2020 are set out in Note 30 to the consolidated financial statements in this Annual Report. None of the related party transactions constitutes a connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 30 June 2020, the Group has not conducted any "connected transaction" or "continuing connected transaction" (as defined under Chapter 20 of the GEM Listing Rules) which is subject to reporting and annual review requirements under the GEM Listing Rules. It is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no significant investments held by the Company during the year ended 30 June 2020, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 30 June 2020.

DONATION

No charitable donation has been made by the Group during the year ended 30 June 2020 (30 June 2019: nil).

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 30 June 2020 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 30 June 2020 comply with applicable reporting standards, the GEM Listing Rules, and that adequate disclosures have been made.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considered all of the INEDs are independent.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 36 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there has been a sufficient public float of the Shares as required under the GEM Listing Rules (i.e. at 25% of the issued shares in public hands throughout the year ended 30 June 2020 and up to the date of this report).

AUDITORS

Deloitte Touche Tohmatsu ("**DTT**") had been the Auditor of the Company since the Listing until 5 June 2020. On 5 June 2020, DTT resigned as the Auditor of the Company as the Company could not reach a consensus with them on the audit fee for the year ending 30 June 2020. On the same date, the Board appointed Mazars CPA Limited ("**Mazars**") to fill the casual vacancy as the new Auditor of the Company until the conclusion of the forthcoming annual general meeting.

These financial statements have been audited by Mazars who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting on 9 December 2020, the register of members of the Company will be closed from Thursday, 3 December 2020 to Wednesday, 9 December 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Wednesday, 2 December 2020.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our Shareholders, clients and suppliers for their continuous and valuable support.

On behalf of the Board

Dato' Eric Tan Chwee Kuang
Chairman and Chief Executive Officer

23 September 2020

Pursuant to Rule 18.44 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**GEM Listing Rules**"), the board (the "**Board**") of directors (the "**Directors**") of Nomad Technologies Holdings Limited (the "**Company**") is pleased to present this corporate governance report for the period from the listing date on 9 December 2019 (the "Listing Date") to 30 June 2020 (the "**Review Period**"). This report highlights the key corporate governance practice of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "**Board**") is committed to ensuring the Company adhere to a good standard of corporate governance.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted and applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**") as the basis of the Company's corporate governance practices.

During the Review Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision A.1.1 described in the paragraph headed "Attendance Records of Directors" and A.2.1 described in the paragraph headed "Board of Directors – Chairman and Chief Executive Officer".

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the "**Required Standard of Dealings**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors and all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the Review Period.

The Company has also adopted the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its written guidelines (the "**Employees Written Guidelines**") in respect of securities dealings by relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five Directors, consisting of two Executive Directors and three Independent Non-executive Directors.

The composition of the Board is as follows:

Executive directors

Dato' Eric Tan Chwee Kuang *(Chairman and Chief Executive Officer)*
Mr. Saw Zhe Wei

Independent Non-executive Directors

Mr. Lim Peng Chuan Terence
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On

To the best knowledge of the Board, there are no other relationship (including financial, business, family, and other material/relevant relationships) among the members of the Board as of the date of this annual report.

The biographical information of the Directors are set out in the section headed "Directors and Senior Management Profile" in this annual report.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

Under the current management structure of the Company, Dato' Tan is the chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**Chief Executive Officer**"). As Dato' Tan has been leading the Group as the Chief Executive Officer and actively involved in the core business of the Group since 2007, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Dato' Tan acting as both the Chief Executive Officer and the Chairman for effective and efficient planning and implementation of business decisions and strategies. Further, the Company has put in place an appropriate checks and balances mechanism through the Board and three Independent Non-executive Directors. The management of the Company will consult the Board for any major decisions. Therefore, the Board considers that the current structure of vesting rights of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances.

Independent Non-executive Directors

During the Review Period, the Board at all times met Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors representing more than one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of their independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

Appointment and Re-election of Directors

The Independent Non-executive Directors of the Company are appointed for a specific term of three years commencing from the Listing Date, subject to retirement by rotation and re-election at the Annual General Meeting.

Article 112 of the Articles of Association of the Company provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to re-election by shareholders at the first general meeting of the Company after appointment.

Under Article 108 of the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Board Meetings

The Board meets regularly at least 4 times each year at quarterly intervals and discusses the Group's business development, operations and financial performance. Notice of at least 14 days is given to all Directors for a regular Board meeting so as to give all Directors an opportunity to attend. For all other board meetings, reasonable notice is generally given. Agenda and meeting materials for each meeting are normally circulated to all Directors at least 3 days before each Board meeting in order to allow the Directors to include any other matters in the agenda that are required for discussion and resolution in the meeting.

All Directors have full and timely access to all information and to the advice and services of the company secretary and senior management who are responsible for ensuring the compliance of the Company with the GEM Listing Rules and advising the Board on compliance matters. The Directors may, where appropriate, be provided with access to external professional advice in carrying out their obligations as Directors of the Company. Each Director of the Company is required to make disclosure of his/her interests or potential conflict of interest, if any, in any proposed transactions or issued discussed by the Directors at the Board and Board committees' meetings. Any Director shall not vote on any resolution of the Board and Board committees approving any contract or arrangement or any other proposal in which he/she (or his/her associate) is materially interested nor shall he/she be counted in the quorum present at the meeting.

The Directors use their best endeavor to ensure that minutes of all Board meetings and committees meeting are properly kept by the company secretary. All draft minutes of meetings of the Board and the respective Board committees are circulated to all Directors and Board committee members for comments within a reasonable time before submission to the chairmen of the meetings for approval and the final versions are open for inspection by the Directors.

Continuous Professional Development of Directors

All Directors, including Executive Directors and Independent Non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. Every newly appointed Director has received a formal, customized and comprehensive induction training on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Group provided briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance code. In addition, the Group also provided detailed director's responsibilities and obligations statement pursuant to the GEM Listing Rules for the Directors to review and study.

The Directors are committed to complying with the code provision A.6.5 on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received for the year ended 30 June 2020 to the Company. Participation of continuous training of the Directors is as follows:

Name	**Reading materials** *(Note 1)*	**Attending seminars/ conferences** *(Note 2)*
Executive directors		
Dato' Eric Tan Chwee Kuang	✓	✓
Mr. Saw Zhe Wei	✓	✓
Independent Non-executive Directors		
Mr. Lim Peng Chuan Terence	✓	✓
Mr. Phua Cheng Sye Charles	✓	✓
Mr. Yau Yeung On	✓	✓

Notes:

1. materials relating to directors' duties and functions.

2. courses/seminars relating to directors' duties and functions, industry development, business ethics, regulatory updates and tax compliance.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Lim Peng Chuan Terence, Mr. Phua Cheng Sye Charles and Mr. Yau Yeung On. Mr. Lim Peng Chuan Terence is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the existing external auditor of the Company, Mazars CPA Limited.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the code provision C.3.3 and C.3.7 of CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the financial reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control, or other matters of the Group.

During the Review Period, the Audit Committee held three meetings to review the interim, quarterly financial results and reports for the six months and nine months ended 31 December 2019 and 31 March 2020 respectively, appointment of auditors and significant issues on the financial reporting, operational and compliance controls. On 23 September 2020, the Audit Committee has also reviewed and discussed with management the annual results of the Group for the year ended 30 June 2020.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Yau Yeung On, Independent Non-executive Director, Dato' Tan, Executive Director and Mr. Lim Peng Chuan Terence, Independent Non-executive Director. Mr. Yau Yeung On is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the code provision B.1.2 of the CG Code. The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

As the Company's shares were listed only on 9 December 2019, no meeting of the Remuneration Committee was held during the Review Period and the Remuneration Committee met once on 23 September 2020. Details of the remuneration of the senior management by band are set out in Note 9 to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Phua Cheng Sye Charles, Independent Non-executive Director, Dato' Tan, Executive Director and Mr. Lim Peng Chuan Terence, Independent Non-executive Director. Mr. Phua Cheng Sye Charles is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the code provision A.5.2 of the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the Company's shares were listed only on 9 December 2019, no meeting of the Nomination Committee was held during the Review Period. On 23 September 2020, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and considers increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, experience, expertise, qualifications, skills and knowledge as well as length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

In determining the independence of Directors, the Board follows the requirements as set out in the GEM Listing Rules.

The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its effectiveness.

During the year ended 30 June 2020 and as at the date of this Annual Report, the Board comprises five Directors. The following tables illustrate the diversity of the Board Members as of the date of this Annual Report:

	Age Group		
Name of Directors	**Below 40**	**40 to 45**	**46 and above**
Dato' Eric Tan Chwee Kuang		✓	
Mr. Saw Zhe Wei	✓		
Mr. Lim Peng Chuan Terence			✓
Mr. Phua Cheng Sye Charles			✓
Mr. Yau Yeung On			✓

	Professional Experience		
Name of Directors	**Information Technology and Telecommunication**	**Accounting and Finance**	**Law**
Dato' Eric Tan Chwee Kuang	✓		
Mr. Saw Zhe Wei	✓		
Mr. Lim Peng Chuan Terence		✓	
Mr. Phua Cheng Sye Charles			✓
Mr. Yau Yeung On	✓		

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy ("**Director Nomination Policy**") which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- accomplishment and experience in the business in which the Group is engaged in;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the GEM Listing Rules;
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company;
- Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- number of existing directorships and other commitments that may demand the attention of the candidate; and
- such other perspectives appropriate to the Company's business.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. Where vacancies exist at the Board, candidates are proposed and their biographical background are put forward to the nomination committee for consideration. The recommendations of the nomination committee will then be tendered to the Board for approval based on the selection criteria set out above.

Dividend Policy

The Company has adopted a dividend policy ("**Dividend Policy**") which sets out the approach to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company does not have any pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of the Board. Any declaration of final dividend by the Company shall also be subject to the approval of the shareholders in a shareholders' meeting.

The Directors may recommend a payment of dividends in the future after taking into account the Group's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to the Articles of Association of the Company, any applicable laws and regulations, including the Cayman Companies Law. Historical dividend distributions are not indicative of the future dividend distribution. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group's operations.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code, which includes (i) to develop and review the policies and practice on corporate governance of the Group and make recommendations; (ii) to review and monitor the training and continuous professional development of the directors and senior management; (iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to the directors and employees; and (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

During the Review Period, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Required Standard of Dealings and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings held during the Review Period is set out in the table below:

	Number of Meetings Attended/ Number of Meetings held for the Review Period			
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**
Executive Directors				
Dato' Tan	3/3	N/A	0/0	0/0
Mr. Saw Zhe Wei	3/3	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Lim Peng Chuan Terence	3/3	3/3	0/0	0/0
Mr. Phua Cheng Sye Charles	3/3	3/3	N/A	0/0
Mr. Yau Yeung On	3/3	3/3	0/0	N/A

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Review Period of approximately 7 months, three regular board meetings were held to review and discuss the interim and quarterly results and the appointment of auditors. The Company is obliged to comply with the CG Code and will take appropriate arrangements for holding at least four Board meetings, at approximately quarterly intervals, two Audit Committee meetings as well as a meeting between the Chairman and the independent non-executive Directors without the presence of other Directors in the forthcoming financial year. No general meeting was held during the Review Period.

Apart from the above regular Board meetings of the year, the Board will meet on other occasions when a Board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision in advance of each Board meeting. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials, and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The Board notes that the Chairman of the Board and the chairmen or, in their absence, other members of the Audit Committee, Nomination Committee and Remuneration Committee of the Company should attend the annual general meeting to answer questions and collect views of shareholders.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company's risk management and internal control systems have been developed with the following features and processes:

(a) The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification: Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment: Assesses the risks identified by using the assessment criteria developed by the management; and considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response: Prioritises the risks by comparing the results of the risk assessment; and determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting: Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; revises the risk management strategies and internal control processes in case of any significant change of situation; and reports the results of risk monitoring to the management and the Board regularly.

(b) The main features of the risk management and internal control systems are summarised as follows:

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; ensure that unauthorized access and use of inside information are strictly prohibited; and to provide reasonable assurance against material misstatement, loss or fraud.

The Group has an internal audit function which conducts review on adequacy and effectiveness of the risk management and internal control systems of the Group. Such review is conducted annually and cycles reviewed are under rotation basis. During the year ended 30 June 2020, the Company engaged an external independent internal audit consultant to conduct a review of the effectiveness of the risk management and internal control systems of the Group. Management has reported findings and areas for improvement to the Audit Committee and the Board. The Board and the Audit Committee are of the view that there are no material internal control defects noted. All recommendations suggested are properly followed up to ensure that they are implemented within a reasonable period of time. The Board and the Audit Committee therefore considered that the Group's risk management and internal control systems are effective and adequate. The Board also satisfied that there are adequate resources with appropriate qualifications and experience in its accounting and financial reporting team and that sufficient training and budget have been provided.

The Company has developed its Information Disclosure Policy which provides guidelines and procedures to the Company's Directors, senior management and employees in evaluating and handling confidential information, monitoring information disclosure, handling market rumors, leakage of information and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Group has in place a restriction-to-access mechanism to ensure that inside information is restricted to authorised persons on a need-to-know basis in accordance with the nature of transactions.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 30 June 2020 which reflect a true and fair view of the state of affairs of the Group and in presenting the quarterly, interim and annual financial statements, and announcements to the shareholders.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report on pages 49 to 55.

AUDITOR'S STATEMENT AND REMUNERATION

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 30 June 2020 is set out in the "Independent Auditor's Report" section of this annual report.

Deloitte Touche Tohmatsu ("**DTT**") had been the Auditor of the Company since the Listing until 5 June 2020. On 5 June 2020, DTT resigned as the Auditor of the Company as the Company could not reach a consensus with them on the audit fee for the year ending 30 June 2020. On the same date, the Board appointed Mazars CPA Limited ("**Mazars**") to fill the casual vacancy as the new Auditor of the Company until the conclusion of the forthcoming annual general meeting. DTT and Mazars did not provide any non-audit services to the Group during the year ended 30 June 2020 and therefore, no non-audit services fees were paid.

For the year ended 30 June 2020, the amount of fees in respect of audit services paid or payable to the DTT and Mazars, respectively, was set out below:

	FY2020 RM
Audit services	
– Annual audit - Mazars	475,000
– Listing - DTT	1,512,000
	1,987,000

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and has appointed Mr. Tam Chun Wai Edwin as its Company Secretary. The biographical details of Mr. Tam are set out under the section headed "Directors and Senior Management Profile" in this Annual Report. Mr. Tam is not an employee of our Group and he is responsible for advisory to the Group on corporate governance matters. Dato' Tan, Executive Director, is the person who Mr. Tam can contact for the purpose of code provision F.1.1 of the Code.

Mr. Tam confirmed that he has complied with Rule 5.15 of the GEM Listing Rules by taking no less than 15 hours of relevant professional training during the year ended 30 June 2020.

EMOLUMENTS TO DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code Provision B.1.5, the emoluments paid to the Directors and senior management (exclude commission paid) whose details are disclosed in the section headed "Directors and Senior Management Profile" for the year ended 30 June 2020 by band are as follows:

Remuneration Band	**Number of individuals**
Nil to HK$1,000,000	7
HK$1,500,001 to HK$2,000,000	1

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Company's Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or a Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at Annual General Meetings

There is no provision allowing shareholders to move new resolutions at general meeting under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

Shareholders may send written enquiries and concerns to the Directors and management of the Company by mail to the Company's principal place of business in Hong Kong at 13/F, Wah Yuen Building, 149 Queen's Road Central, Hong Kong.

INVESTOR RELATIONS

In order to ensure timely, transparent and accurate communications between the Shareholders and the Company, in general, information is communicated to the Shareholders mainly through the Company's quarterly reports, interim reports and annual reports, general meetings, as well as the corporate communications and publications published on the website of the Stock Exchange (www.hkexnews.hk) and on the Company's website (www.nomad-holdings.com).

The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings in person or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

Board members, in particular, the chairman of the Board Committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to its Memorandum and Articles of Association since the Listing Date. An up to date version of the Company's Memorandum and Articles of Association is available on the Company's website at www.nomad-holdings.com and the Stock Exchange's website.

MAZARS

MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel電話: (852) 2909 5555
Fax傳真: (852) 2810 0032
Email電郵:info@mazars.hk
Website網址:www.mazars.hk

To the members of
Nomad Technologies Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Nomad Technologies Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 56 to 127, which comprise the consolidated statement of financial position at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recognition of expenses for the initial listing of the Group *Refer to the critical accounting estimate and judgement in Note 2 to the consolidated financial statements*	
Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses, and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (a) costs for the Company to obtain the listing status, or (b) incremental costs for the Company to raise additional funds from the issue of new shares. Such allocation of the costs involved significant judgement of the management. During the year ended 30 June 2020, costs incurred for the initial listing of approximately RM4,286,000 and RM6,901,000 *(2019: approximately RM3,813,000 and Nil)* were charged to profit or loss and recognised in equity as a reduction of share premium, respectively. We have identified the above matter as a key audit matter because the amounts involved are significant and the classification and allocation of relevant costs incurred involves a significant degree of management judgement.	Our procedures, among others, included: a) obtaining an understanding of and enquiring of the management on the bases of classification and allocation of the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and b) checking samples of expenses items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the nature of the items and checking whether these items have been correctly classified and allocated accordingly to the bases determined by the management of the Group.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recoverability assessment of trade receivables	
Refer to significant accounting policy and critical accounting estimate and judgement in Note 2, the disclosures of trade receivables in Note 18 and the disclosures of the financial risk management – credit risk in Note 32 to the consolidated financial statements, respectively	
At 30 June 2020, the carrying amount (net of loss allowances) of trade receivables amounted to approximately RM10,717,000 *(2019: approximately RM12,313,000).* Management performed credit evaluations for the Group's debtors and assessed expected credit losses ("**ECL**") of trade receivables. These assessments were focused on the debtors' settlement record and historical actual credit loss experience, their current repayment ability and forward-looking information, and also took into account information specific to respective debtor as well as pertaining to the economic environment in which the debtor operates. We have identified the above matter as a key audit matter because the balances are material to the Group and significant degree of judgements were made by the management in assessing the credit standing of the Group's debtors, and therefore the estimation of ECL of trade receivables.	Our procedures, among others, included: a) obtaining an understanding of management's assessment of ECL of trade receivables and assessing the reasonableness of impairment recognised by examining the key underlying information referenced by the management, such as checking the accuracy of the ageing analysis of trade receivables to the relevant sales invoices, on a sample basis; b) checking and assessing whether the loss allowance was properly supported by considering available forward-looking information, debtors' ageing analysis, settlement record and history of default; and c) in respect of receivables of individual debtor which had not been identified by management as potentially impaired, corroborating management's assessment with the external evidence obtained (e.g. public information available to us), our examination of the debtors' payment records during the current year and subsequent to the end of the reporting period, as well as the historical collection records.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition	
Refer to significant accounting policy in Note 2 and the disclosure of revenue in Note 5 to the consolidated financial statements	
The Group's revenue is principally generated through (i) sales of hardware; (ii) on-site installation of hardware; (iii) network management and security services; (iv) network connectivity services; and (v) lease of hardware. In respect of on-site installation of hardware, network management and security services and network connectivity services, the Group recognises revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The total revenue from contracts with customers recognised over time for the year ended 30 June 2020 amounted to approximately RM27,490,000 *(2019: approximately RM33,822,000)*. We identified the above matter as a key audit matter because the amount involved is significant and significant management judgements and estimations is required on the allocation of the transaction prices among various performance obligations and to determine the progress towards complete satisfaction of the performance obligation at the reporting date.	Our procedures, among others, included: a) obtaining an understanding of and evaluating the design, and implementation of the Group's key internal controls over the contract revenue recognition including the control over recording work done, invoicing and cash receipts; b) examining the allocation of transaction prices among various performance obligations and testing the accuracy of revenue recognition on a sample basis; c) comparing the value of the transferred goods or services rendered to date relative to the remaining goods or services promised under the contract, on a sample basis, to assess the reasonableness of management's estimation; and d) performing substantive testing on the accuracy and occurrence of revenue on a sample basis by examining key terms in contracts (including contract sum, deliverables timetable and milestones), signed user acceptance, billings records, financial records and other relevant supporting documents.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group'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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 internal control.

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

- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 23 September 2020

The engagement director on the audit resulting in this independent auditor's report is:
Fong Chin Lung
Practising Certificate number: P07321

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	Notes	2020 RM'000	2019 RM'000
Revenue	5	**37,124**	41,353
Cost of sales and services		**(24,175)**	(24,257)
Gross profit		**12,949**	17,096
Other income	6	**782**	422
Reversal of (Provision for) impairment loss on trade receivables, net	32	**18**	(366)
Selling expenses		**(910)**	(899)
Administrative and other operating expenses		**(7,719)**	(5,393)
Listing expenses		**(4,286)**	(3,813)
Finance costs	7	**(358)**	(431)
Profit before tax	7	**476**	6,616
Income tax (expenses) credit	10	**(1,124)**	1,925
(Loss) Profit for the year		**(648)**	8,541
Other comprehensive income		**–**	–
Total comprehensive (expenses) income for the year		**(648)**	8,541
(Loss) Profit for the year and total comprehensive (expenses) income for the year attributable to:			
Equity holders of the Company		**(517)**	8,618
Non-controlling interests		**(131)**	(77)
		(648)	8,541
(Loss) Earnings per share attributable to equity holders of the Company			
Basic and diluted (RM cents)	11	**(0.10)**	1.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment	14	**29,776**	8,235
Deposits paid for property, plant and equipment	15	**–**	12,576
Deferred tax assets	26	**1,229**	1,904
		31,005	22,715
Current assets			
Inventories	16	**3,201**	509
Contract costs	17	**1,107**	1,311
Trade and other receivables	18	**11,508**	14,864
Tax recoverable		**865**	174
Restricted bank balance	19	**–**	50
Pledged bank deposits	20	**2,622**	1,687
Bank balances and cash	20	**20,305**	9,307
		39,608	27,902
Current liabilities			
Amounts due to a director and related parties	21	**–**	7
Trade and other payables	22	**9,995**	12,885
Interest-bearing borrowings and bank overdrafts	23	**850**	1,968
Lease liabilities	24	**599**	–
Obligations under finance leases	25	**–**	770
		11,444	15,630
Net current assets		**28,164**	12,272
Total assets less current liabilities		**59,169**	34,987
Non-current liabilities			
Trade and other payables	22	**3,842**	724
Interest-bearing borrowings and bank overdrafts	23	**255**	1,369
Lease liabilities	24	**621**	–
Obligations under finance leases	25	**–**	1,452
		4,718	3,545
NET ASSETS		**54,451**	31,442

	Notes	2020 RM'000	2019 RM'000
Capital and reserves			
Share capital	27	**3,191**	–*
Reserves		**51,318**	31,369
Equity attributable to equity holders of the Company		**54,509**	31,369
Non-controlling interests	13	**(58)**	73
TOTAL EQUITY		**54,451**	31,442

* *Represent amount less than RM1,000*

These consolidated financial statements on pages 56 to 127 were approved and authorised for issue by the Board of Directors on 23 September 2020 and signed on its behalf by

Dato' Eric Tan Chwee Kuang
Director

Mr. Saw Zhe Wei
Director

	Attributable to owners of the Company						
		Reserves					
	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 29(a))	Merger reserve RM'000 (Note 29(b))	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2018	–*	17,014	(16,314)	14,311	15,011	–	15,011
Profit (Loss) for the year and total comprehensive income (expenses) for the year	–	–	–	8,618	8,618	(77)	8,541
Transactions with owners:							
Contributions and distributions							
Issue of shares capital (*Notes 27(b) and 27(c)*)	–*	7,740	–	–	7,740	–	7,740
Changes in ownership interests							
Contribution from non-controlling interests	–	–	–	–	–	150	150
Total transactions with owners	–*	7,740	–	–	7,740	150	7,890
At 30 June 2019	–*	24,754	(16,314)	22,929	31,369	73	31,442

* *Represent amount less than RM1,000*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2020

	Attributable to owners of the Company						
		Reserves					
	Share capital RM'000 *(Note 27)*	Share premium RM'000 *(Note 29(a))*	Merger reserve RM'000 *(Note 29(b))*	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2019	-*	24,754	(16,314)	22,929	31,369	73	31,442
Loss for the year and total comprehensive expenses for the year	-	-	-	(517)	(517)	(131)	(648)
Transactions with owners:							
Contributions and distributions							
Capitalisation Issue *(Note 27(d))*	2,393	(2,393)	-	-	-	-	-
Issue of share capital *(Note 27(e))*	798	31,110	-	-	31,908	-	31,908
Transaction costs attributable to issue of new shares	-	(6,901)	-	-	(6,901)	-	(6,901)
Dividends to owner *(Note 12)*	-	-	-	(1,350)	(1,350)	-	(1,350)
Total transactions with owners	3,191	21,816	-	(1,350)	23,657	-	23,657
At 30 June 2020	3,191	46,570	(16,314)	21,062	54,509	(58)	54,451

* *Represent amount less than RM1,000*

	Notes	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES			
Profit before tax		**476**	6,616
Adjustments for:			
Amortisation of contract costs		**910**	899
Depreciation of property, plant and equipment		**4,363**	3,220
Finance costs		**358**	431
(Reversal of) Provision for impairment loss on trade receivables, net		**(18)**	366
Interest income from bank deposits		**(306)**	(61)
Write-off of property, plant and equipment		**215**	90
Operating cash inflows before movements in working capital		**5,998**	11,561
Changes in working capital:			
Trade and other receivables		**1,552**	2,221
Inventories		**(2,240)**	(114)
Contract costs		**(706)**	(967)
Trade and other payables		**228**	4,203
Amounts due to a director and related parties		**–**	(46)
Cash generated from operations		**4,832**	16,858
Income tax paid		**(1,140)**	(382)
Income tax refunded		**–**	29
Net cash from operating activities		**3,692**	16,505
INVESTING ACTIVITIES			
Interest received		**306**	61
Deposits paid for property, plant and equipment		**–**	(11,580)
Purchase of property, plant and equipment		**(13,414)**	(4,361)
Advance to a director and related parties		**–**	(160)
Repayments from a director and related parties		**–**	213
Decrease in restricted bank balance		**50**	–
Placement of pledged bank deposits		**(935)**	(51)
Net cash used in investing activities		**(13,993)**	(15,878)

	Notes	2020 RM'000	2019 RM'000
FINANCING ACTIVITIES			
Interest paid		**(358)**	(431)
Dividends paid		**(1,350)**	–
Proceeds from issuance of shares	27	**31,908**	7,740
Contribution from non-controlling interests		**–**	150
Share issue costs paid		**(5,079)**	(962)
Advance from a director and related parties		**–**	7
Repayment to a director and related parties		**(7)**	(1,434)
New interests-bearing borrowings raised		**300**	–
Repayment of interests-bearing borrowings		**(1,581)**	(177)
Repayment of lease liabilities		**(1,583)**	–
Repayment of obligations under finance leases		**–**	(728)
Net cash from financing activities	31(a)	**22,250**	4,165
Net increase in cash and cash equivalents		**11,949**	4,792
Cash and cash equivalents at the beginning of the reporting period		**7,528**	2,735
Effect on exchange rate changes		**–**	1
Cash and cash equivalents at the end of the reporting period		**19,477**	7,528
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	20	**20,305**	9,307
Bank overdrafts	23(a)	**(828)**	(1,779)
		19,477	7,528

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Nomad Technologies Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018. The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2019 (the "**Listing**"). The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business is No.25, 25-1 & 25-3, Jalan MH 3, Taman Muzaffar Heights, 75450 Ayer Keroh, Melaka, Malaysia.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in rendering of (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services.

Pursuant to a group reorganisation (the "**Reorganisation**") carried out by the Group in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 28 June 2018. Details of the Reorganisation are as set out in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" to the prospectus issued by the Company dated 25 November 2019 (the "**Prospectus**").

In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Advantage Sail Limited, which was incorporated in the British Virgin Islands (the "**BVI**") with limited liability.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

The consolidated financial statements are presented in Malaysian Ringgit ("**RM**") and all amounts have been rounded to the nearest thousand ("**RM'000**"), unless otherwise indicated.

The Group has consistently applied all IFRSs which are effective for the Group's financial year beginning on 1 July 2018 for the consolidated financial statements except for the adoption of the new/revised IFRSs that are relevant to the Group and effective from the current year as set out below.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group.

Annual Improvements to IFRSs – 2015-2017 Cycle

IAS 12: Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that (a) the income tax consequences of dividends are recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated the distributable profits were originally recognised and (b) these requirements apply to all income tax consequences of dividends as defined in IFRS 9.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

IAS 23: Borrowing costs eligible for capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

IFRIC-23: Uncertainty over Income Tax Treatments

IFRIC-23 supports the requirements in IAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of IFRIC-23 does not have any significant impact on the consolidated financial statements.

Amendments to IAS 19: Employee Benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss ("**FVPL**") if specified conditions are met.

The adoption of the amendments does not have any significant impact to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised IFRSs (continued)

IFRS 16: Leases

IFRS 16 replaces IAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under IAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied IFRS 16 for the first time at 1 July 2019 (i.e. the date of initial application, the "**DIA**") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied IFRS 16 only to contracts that were previously identified as leases applying IAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying IFRS 16.

As lessee

Before the adoption of IFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of IFRS 16, the Group accounted for the leases in accordance with the transition provisions of IFRS 16 and the Group's accounting policies applicable from the DIA.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised IFRSs (continued)

IFRS 16: Leases (continued)

As lessee – leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Adjusted the right-of-use assets at the DIA by the provision for onerous leases recognised immediately before the DIA by applying IAS 37, as an alternative to performing an impairment review at the DIA.

(c) Did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.

(d) Excluded initial direct costs from the measurement of the right-of-use assets at the DIA.

(e) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at either,

(a) their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or

(b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA are 3.3%.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised IFRSs (continued)

IFRS 16: Leases (continued)

As lessee – leases previously classified as operating leases (continued)

Reconciliation of operating lease commitments disclosed applying IAS 17 at 30 June 2019 and lease liabilities recognised at the DIA is as follows:

	RM'000
Operating lease commitment at 30 June 2019	8
Less: Future finance charges	(1)
Add: Liabilities for extension option previously not reflected in operating lease commitments	36
Liabilities for leases previously classified as finance leases	2,222
Lease liabilities at 1 July 2019	2,265

As lessee – leases previously classified as finance leases

The Group measures the carrying amount of the right-of-use assets and lease liabilities at the DIA at the carrying amount of the lease assets and lease liabilities immediately before that date measured applying IAS 17. The Group accounts for those leases applying IFRS 16 from the DIA.

As lessee

At the DIA, all right-of-use assets were presented within the line item "property, plant and equipment" on the consolidated statement of financial position. Besides, lease liabilities including those previously presented under "obligations under finance leases" were shown separately as "leases liabilities" on the consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new/revised IFRSs (continued)

IFRS 16: Leases (continued)

As lessee (continued)

As a result, adjustments were made at the DIA to reflect the changes in presentation:

	Carrying amount under IAS 17 on 30 June 2019 RM'000	**Adjustments RM'000**	**Carrying amount under IFRS 16 on 1 July 2019 RM'000**
Non-current assets			
Right-of-use assets (included in property, plant and equipment)	1,973	43	2,016
Current liabilities			
Lease liabilities	–	(790)	(790)
Obligations under finance leases	(770)	770	–
Non-current liabilities			
Lease liabilities	–	(1,475)	(1,475)
Obligations under finance leases	(1,452)	1,452	–

As lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and those leases are accounted for by applying IFRS 16 from the DIA.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in ownership interest (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, 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 reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, which is presented in Note 28 to the consolidated financial statements, an investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives at the annual rate as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land and buildings	Over remaining lease period
Staff quarters	2%
Furniture and fittings	10%
Office equipment	10%
Renovation and signboards	10%
Computers	20% – 40%
Motor vehicles	20%
Internet services equipment	33% – 50%
Before 1 July 2019:	
Leasehold land and buildings	Over remaining lease period

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, restricted bank balance, pledged bank deposits and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities (continued)

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include amounts due to a director and related parties, trade and other payables, interest-bearing borrowings and bank overdrafts, lease liabilities and obligations under finance leases. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Measurement of ECL (continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 32 to the consolidated financial statements, restricted bank balance, pledged bank balances and bank balances and cash are determined to have low credit risk.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;

(ii) a breach of contract, such as a default or past due event;

(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties;

(vi) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Before 1 July 2019, contingent rents are recognised as income in the period in which they are earned. From 1 July 2019, variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

(i) Sales of hardware;

(ii) On-site installation of hardware;

(iii) Network management and security services; and

(iv) Network connectivity services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Identification of performance obligations (continued)

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sales of hardware are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

On-site installation of hardware, network management and security services and network connectivity services are recognised over time by reference to the progress towards complete satisfaction of the performance obligation.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities (continued)

For network management and security services and network connectivity services, it is common for the Group to receive from the customers the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Contract costs

Contract costs are either incremental costs of obtaining or costs (other than those that are accounted for as inventories, property, plant and equipment, or intangible assets) to fulfil contracts with customers. Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses.

The costs to obtain contracts are capitalised if they are incremental and recoverable. The capitalised costs are amortised on a straight–line basis over the term of the specific existing and anticipated contracts to which the costs relate.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is RM and the consolidated financial statements are presented in RM because the Group's transactions are mainly conducted in RM, which is the functional currency of the major subsidiaries of the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- on all other partial disposals, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's property, plant and equipment, and the Company's investment in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Applicable from 1 July 2019

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Applicable from 1 July 2019 (continued)

As lessee (continued)

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leasehold land and buildings	Over remaining lease period
Motor vehicles	5 years
Internet service equipment	1-3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Applicable from 1 July 2019 (continued)

As lessee (continued)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Applicable from 1 July 2019 (continued)

As lessee (continued)

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Applicable from 1 July 2019 (continued)

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

As lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

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

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follows:

(i) *Useful lives of property, plant and equipment*

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) *Impairment of property, plant and equipment*

The management of the Group determines whether the Group's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty are as follows: (continued)

(iii) Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowance at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) Loss allowance for ECL

The management of the Group estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

(v) Identification of lease

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the requirements of IFRS 16 and all the relevant facts and circumstances. In particular, the Group assesses whether the contract involves the use of an identified asset by applying the concept of substantive substitution right. Also, the Group assesses whether the Group or the customer has the right to direct the use of the identified asset with reference to determination of which party has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where such decisions are predetermined, the right to operate the asset or the incorporation of such decisions by means of designing the asset are considered.

(vi) Revenue recognition

The Group recognised revenue from on-site installation of hardware, network management and security services and network connectivity services over a period of time by reference to the progress towards complete satisfaction of the performance obligations of each project at the reporting date. The management has to assess the relevancy of performance obligations for each project and the allocate the transaction prices among various performance obligations in order to determine the recognition point(s) of revenue. The recognition of revenue is therefore owning to the inherent risk associated with the management's judgement.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty are as follows: (continued)

(vii) Recognition of expenses for the initial listing

The management of the Group determines the allocation and classification of relevant costs incurred for the Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (a) costs for the Company to obtain the listing status or (b) incremental costs for the Company to raise additional funds from the issue of new shares.

During the year ended 30 June 2020, costs incurred for the initial listing of approximately RM4,286,000 and RM6,901,000 *(2019: approximately RM3,813,000 and Nil)* were charged to profit or loss and recognised in equity as a reduction of share premium, respectively.

3. FUTURE CHANGES IN IFRSS

At the date of approving the consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted:

Amendments to IASs 1 and IAS 8	Definition of material [1]
Amendments to IAS 39 and IFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1 [1]
Amendments to IFRS 3	Definition of Business [2]
Amendments to IFRS 16	Covid-19-Related Rent Concessions [3]
Amendments to IAS 39 and IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 [4]
Amendments to IAS 16	Proceeds before Intended Use [5]
Amendments to IAS 37	Cost of Fulfilling a Contract [5]
Amendments to IFRS 3	Reference to the Conceptual Framework [5]
Annual Improvements to IFRSs	2018-2020 Cycle [5]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current [6]
IFRS 17	Insurance Contracts [6]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [7]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after 1 June 2020

[4] Effective for annual periods beginning on or after 1 January 2021

[5] Effective for annual periods beginning on or after 1 January 2022

[6] Effective for annual periods beginning on or after 1 January 2023

[7] The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on network management and security services and network connectivity services in Malaysia during the years ended 30 June 2020 and 2019. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the executive directors of the Company, being identified as the chief operating decision maker. They review the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment and no further analysis of this single segment is presented.

Geographical information

The Group's operation is mainly located in Malaysia.

The following sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment (the "**Specified Non-current Assets**"). The geographical location of the Specified Non-current Assets is based on the physical location of the assets.

(a) Revenue from external customers

All the Group's revenue from external customers is derived from Malaysia for the years ended 30 June 2020 and 2019.

(b) Specified Non-current Assets

At 30 June 2020 and 2019, all the Specified Non-current Assets of the Group are located in Malaysia.

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group for the years ended 30 June 2020 and 2019 is as follows:

	2020 **RM'000**	2019 RM'000
Customer A	**8,926**	13,266
Customer B	**5,228**	6,805
Customer C	**6,561**	7,371

5. REVENUE

	2020 RM'000	2019 RM'000
Revenue from contracts with customers within IFRS 15		
Sales of hardware	**3,582**	2,322
Rendering of services		
– On-site installation of hardware	**1,540**	5,059
– Network management and security services	**4,228**	8,209
– Network connectivity services	**21,722**	20,554
	31,072	36,144
Revenue from other sources		
Revenue from lease of hardware under operating lease with fixed lease payments	**6,052**	5,209
	37,124	41,353
Timing of revenue recognition		
At a point in time	**3,582**	2,322
Over time	**27,490**	33,822
	31,072	36,144

Unsatisfied or partially unsatisfied performance obligations

The amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2020 is approximately RM31,772,000 *(2019: approximately RM37,390,000)*, of which approximately RM18,221,000 and RM13,551,000 are expected to be recognised as revenue within 12 months and over 1 year up to 5 years, respectively *(2019: approximately RM37,390,000 are expected to be recognised as revenue within 24 months).*

6. OTHER INCOME

	2020 RM'000	2019 RM'000
Interest income from bank deposits	**306**	61
Foreign exchange gain, net	**386**	354
Others	**90**	7
	782	422

7. PROFIT BEFORE TAX

This is stated after charging:

	2020 RM'000	2019 RM'000
Finance costs		
Interest on bank borrowings and bank overdrafts	**246**	252
Interest on lease liabilities	**112**	–
Interest on obligations under finance leases	**–**	179
	358	431
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	**4,702**	4,143
Contributions to defined contribution plans	**540**	348
	5,242	4,491
Other items		
Auditors' remuneration	**475**	93
Amortisation of contract costs	**910**	899
Cost of inventories	**2,605**	2,123
Depreciation of property, plant and equipment	**4,363**	3,220
Write-off of property, plant and equipment	**215**	90
Operating rental expenses	**–**	77
Lease payment of premises under short-term leases	**8**	–

8. INFORMATION ABOUT THE BENEFITS OF THE DIRECTORS

(a) Directors' remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

The Company was incorporated on 5 June 2018. At the same date, Dato' Eric Tan Chwee Kuang and Mr. Saw Zhe Wei were appointed as directors of the Company and were re-designated as executive directors of the Company on 27 August 2018, and Dato' Eric Tan Chwee Kuang was appointed as the chairman and chief executive officer of the Company. Mr. Lim Peng Chuan Terence, Mr. Phua Cheng Sye Charles and Mr. Yau Yeung On were appointed as independent non-executive directors of the Company on 11 November 2019.

Certain directors of the Company received remuneration from the Group during the years ended 30 June 2020 and 2019 for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the years ended 30 June 2020 and 2019 are set out below.

8. INFORMATION ABOUT THE BENEFITS OF THE DIRECTORS (CONTINUED)

(a) *Directors' remuneration (continued)*

Year ended 30 June 2020

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors					
Dato' Eric Tan Chwee Kuang	104	776	50	89	1,019
Mr. Saw Zhe Wei	21	190	52	27	290
Independent non–executive directors					
Mr. Lim Peng Chuan Terence	57	–	–	–	57
Mr. Phua Cheng Sye Charles	57	–	–	–	57
Ms. Yau Yeung On	57	–	–	–	57
	296	966	102	116	1,480

Year ended 30 June 2019

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors					
Dato' Eric Tan Chwee Kuang	–	600	225	99	924
Mr. Saw Zhe Wei	–	164	50	26	240
	–	764	275	125	1,164

During the years ended 30 June 2020 and 2019, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 June 2020 and 2019.

8. INFORMATION ABOUT THE BENEFITS OF THE DIRECTORS (CONTINUED)

(b) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors that were entered into or subsisted during the years ended 30 June 2020 and 2019.

(c) Directors' material interests in transactions, arrangements or contracts

After consideration, other than those disclosed in Note 21 to the consolidated financial statements, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or an entity connected with the directors, had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 30 June 2020 and 2019.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 30 June 2020 and 2019 is as follows:

	Number of individuals	
	2020	2019
Director	**2**	2
Non-director	**3**	3
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2020	2019
	RM'000	RM'000
Salaries, allowances and other benefits in kind	**479**	387
Discretionary bonus	**56**	56
Contributions to defined contribution plans	**99**	77
	634	520

9. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals 2020	2019
Nil to HK$1,000,000	**3**	3

During the years ended 30 June 2020 and 2019, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 30 June 2020 and 2019.

10. INCOME TAX EXPENSES (CREDIT)

	2020 RM'000	2019 RM'000
Current tax		
Malaysia Corporate Income tax ("**CIT**")		
Current	**448**	79
Under provision in prior years	**1**	39
	449	118
Deferred tax		
Changes in temporary differences *(Note 26)*	**675**	(2,043)
Total income tax expenses (credit) for the year	**1,124**	(1,925)

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong.

Malaysia CIT is calculated at the rate of 24% *(2019: 24%)* of the Group's estimated assessable profits arising from Malaysia during the year ended 30 June 2020. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the year ended 30 June 2019. No such tax incentive was enjoyed by the Group for the year ended 30 June 2020.

10. INCOME TAX EXPENSES (CREDIT) (CONTINUED)

Tax incentive was provided to a subsidiary of the Company by the Malaysian Investment Development Authority ("**MIDA**") for 5 plus 5 years in respect of entities providing or engaged in connectivity and multimedia services. The subsidiary used the value added income method for pioneer status tax incentive, in which the income tax expense is derived from inflation adjusted statutory income for the preceding year multiplied by one plus the rate of inflation for the basis year. On 3 April 2019, the tax pioneer status of the subsidiary expired as MIDA had ceased to renew existing pioneer status and the subsidiary is subject to Malaysia CIT in the absence of pioneer status thereon.

Reconciliation of income tax expense

	2020 RM'000	2019 RM'000
Profit before tax	**476**	6,616
Income tax at statutory tax rates applicable in respective tax jurisdiction	**178**	1,588
Tax saving on first RM500,000 chargeable income	**–**	(28)
Tax incentive on pioneer status	**–**	(4,146)
Tax effect on non-taxable income	**(59)**	(9)
Tax effect on non-deductible expenses	**1,004**	1,190
Utilisation of previously unrecognised tax losses	**–**	(559)
Under provision in prior years	**1**	39
Income tax expenses (credit) for the year	**1,124**	(1,925)

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries in which the Group operates.

11. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to equity holders of the Company is based on the following information:

	2020 **RM'000**	2019 RM'000
(Loss) Profit for the year attributable to equity holders of the Company, used in basic and diluted (loss) earnings per share calculation	**(517)**	8,618

	Number of shares	
	2020	2019
Weighted average number of ordinary shares for basic and diluted (loss) earnings per share calculation	**534,016,000**	441,986,301

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in Note 27(d)) had been effective on 1 July 2018.

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 30 June 2020 and 2019.

12. DIVIDENDS

On 17 July 2019 and 18 September 2019, interim dividends of RM12,500 per share with total amount of RM500,000 and RM21,250 per ordinary share with total amount of RM850,000 were declared and paid by a subsidiary of the Group, respectively, to the equity holders of the Company.

No other dividend has been declared nor paid by the Group for the years ended 30 June 2020 and 2019.

13. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Paid up/ registered capital	Attributable equity interest held by the Company 2020	2019	Principal activities/ place of operation
Directly held					
Top Quantum Limited	The BVI, 16 April 2018	United States Dollar ("**USD**") 3	**100%**	100%	Investment holding, The BVI
Indirectly held					
Nomad (HK) Limited	Hong Kong, 8 May 2018	Hong Kong Dollar ("**HK$**") 1	**100%**	100%	Inactive, Hong Kong
IP Core Sdn. Bhd	Malaysia, 13 June 2007	RM500,000	**100%**	100%	Information, communication and technology, Malaysia
Metro Direct Carrier (M) Sdn. Bhd	Malaysia, 19 June 2013	RM200,000	**100%**	100%	Information, communication and technology, Malaysia
IP Core Network Sdn. Bhd. ("**IPCN**")	Malaysia, 16 July 2018	RM500,000	**70%**	70%	Information, communication and technology, Malaysia

13. SUBSIDIARIES (CONTINUED)

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating to the non-wholly owned subsidiary, IPCN, that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	2020	2019
Proportion of NCI's ownership interests	**30%**	30%

	At 30 June 2020 RM'000	At 30 June 2019 RM'000
Current assets	**2,880**	284
Non-current assets	**128**	–
Current liabilities	**(3,202)**	(42)
Net (liabilities) assets	**(194)**	242
Carrying amount of NCI	**(58)**	73

	2020 RM'000	2019 RM'000
Revenue for the year	**1,692**	–
Expenses for the year	**(2,128)**	(258)
Loss for the year and total comprehensive expenses for the year	**(436)**	(258)
Loss for the year and total comprehensive expenses for the year attributable to NCI	**(131)**	(77)
Net cash flows from (used in):		
Operating activities	**731**	(360)
Investing activities	**–**	(150)
Financing activities	**677**	538
	1,408	28

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RM'000	Staff quarters RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation and signboards RM'000	Computers RM'000	Motor vehicles RM'000	Internet services equipment RM'000	Construction in progress RM'000	Total RM'000
Reconciliation of carrying amounts – year ended 30 June 2019										
At 1 July 2018	803	–	79	37	202	29	1,899	4,135	–	7,184
Additions	–	1,556	10	4	65	19	–	2,707	–	4,361
Write-off	–	–	–	–	–	–	–	(90)	–	(90)
Depreciation	(9)	(13)	(12)	(5)	(33)	(26)	(604)	(2,518)	–	(3,220)
At 30 June 2019	794	1,543	77	36	234	22	1,295	4,234	–	8,235
Reconciliation of carrying amounts – year ended 30 June 2020										
At 1 July 2019	**794**	**1,543**	**77**	**36**	**234**	**22**	**1,295**	**4,234**	**-**	**8,235**
Adoption of IFRS 16	**43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**43**
Additions	**179**	**-**	**-**	**10**	**68**	**19,785**	**359**	**3,127**	**3,000**	**26,528**
Transfer to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(452)**	**-**	**(452)**
Write-off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(215)**	**-**	**(215)**
Depreciation	**(81)**	**(31)**	**(12)**	**(6)**	**(39)**	**(453)**	**(663)**	**(3,078)**	**-**	**(4,363)**
At 30 June 2020	**935**	**1,512**	**65**	**40**	**263**	**19,354**	**991**	**3,616**	**3,000**	**29,776**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings RM'000	Staff quarters RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation and signboards RM'000	Computers RM'000	Motor vehicles RM'000	Internet services equipment RM'000	Construction in progress RM'000	Total RM'000
At 30 June 2019										
Cost	838	1,556	120	53	374	118	3,115	9,061	-	15,235
Accumulated depreciation	(44)	(13)	(43)	(17)	(140)	(96)	(1,820)	(4,827)	-	(7,000)
Net carrying amounts	794	1,543	77	36	234	22	1,295	4,234	-	8,235
At 30 June 2020										
Cost	**1,060**	**1,556**	**120**	**63**	**442**	**19,903**	**3,474**	**9,713**	**3,000**	**39,331**
Accumulated depreciation	**(125)**	**(44)**	**(55)**	**(23)**	**(179)**	**(549)**	**(2,483)**	**(6,097)**	**-**	**(9,555)**
Net carrying amounts	**935**	**1,512**	**65**	**40**	**263**	**19,354**	**991**	**3,616**	**3,000**	**29,776**

At 30 June 2020, the carrying amount of the Group's hardware held by the Group for leasing to customers under operating lease arrangement amounted to approximately RM3,616,000 *(2019: approximately RM3,782,000)*.

At 30 June 2019, the carrying amounts of the Group's internet services equipment and motor vehicles held under finance leases amounted to approximately RM732,000 and approximately RM1,241,000, respectively.

At 30 June 2020, the Group has not pledged leasehold land and buildings *(2019: pledged leasehold land and buildings with carrying amounts of approximately RM794,000)* to secure interest-bearing borrowings of the Group *(Note 23)*.

At 30 June 2020, the Group has motor vehicles with carrying amount of approximately RM495,000 *(2019: approximately RM813,000)* held in trust under the name of a director.

15. DEPOSITS PAID FOR PROPERTY, PLANT AND EQUIPMENT

Deposits paid for property, plant and equipment at 30 June 2019 comprise deposit paid for the purchase of computer equipment to build the cloud-based network data content management infrastructure.

16. INVENTORIES

	2020 RM'000	2019 RM'000
Finished goods	**3,201**	509

17. CONTRACT COSTS

	2020 RM'000	2019 RM'000
Costs to obtain contracts	**1,107**	1,311

Costs to obtain contracts relate to incremental commission fees paid to sales representatives as a result of obtaining contracts. The costs are amortised on a straight-line basis over the contract period. During the year ended 30 June 2020, approximately RM910,000 *(2019: approximately RM899,000)* has been recognised in profit or loss as selling expenses.

At 30 June 2020, the contract costs that are expected to be recognised in profit or loss as selling expenses after more than 12 months are approximately RM546,000 *(2019: approximately RM634,000)*.

18. TRADE AND OTHER RECEIVABLES

	Notes	2020 RM'000	2019 RM'000
Billed trade receivables			
– Goods and services		**4,078**	5,199
– Operating lease receivables		**1,430**	2,617
Less: Loss allowances	32	**(348)**	(366)
		5,160	7,450
Unbilled trade receivables *(Note)*			
– Goods and services		**3,196**	3,063
– Operating lease receivables		**2,361**	1,800
		5,557	4,863
Total trade receivables	18(a)	**10,717**	12,313
Other receivables		**208**	300
Refundable deposits		**89**	68
Prepayments		**494**	261
Deferred issue costs and prepaid listing expenses		**–**	1,822
Goods and services tax receivable		**–**	100
		11,508	14,864

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed at the end of the reporting period.

Information about the Group's exposure to credit risks and loss allowances for trade and other receivables is included in Note 32 to the consolidated financial statements.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) *Trade receivables from third parties*

The Group normally grants credit period of 30 days, from the date of issuance of invoices, to its customers.

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	2020 **RM'000**	2019 RM'000
Within 30 days	**2,133**	3,536
31 to 60 days	**1,516**	1,041
61 to 90 days	**622**	1,174
Over 90 days	**889**	1,699
	5,160	7,450
Not yet billed	**5,557**	4,863
	10,717	12,313

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2020 **RM'000**	2019 RM'000
Not yet due	**7,690**	8,399
Past due:		
Within 30 days	**1,516**	1,041
31 to 60 days	**622**	1,174
61 to 90 days	**802**	1,204
Over 90 days	**87**	495
	3,027	3,914
	10,717	12,313

19. RESTRICTED BANK BALANCE

At 30 June 2019, restricted bank balance represents a deposit maintained in a bank in Malaysia in relation to the security for settlement of vendors. No restricted bank balance maintained at 30 June 2020.

20. CASH AND CASH EQUIVALENTS

	Note	**2020** **RM'000**	2019 RM'000
Pledged bank deposits	20(a)	**2,622**	1,687
Bank balances and cash		**20,305**	9,307
		22,927	10,994

(a) Pledged bank deposits

Pledged bank deposits are used for securing the interest-bearing borrowings of the Group. At 30 June 2020, pledged bank deposits of approximately RM76,000 *(2019: approximately RM71,000)* are held in trust under the name of a director.

The fixed deposits with licensed banks bearing annual interest rates ranging from 2.1% to 3.1% *(2019: 3.0% to 3.4%)* during the year ended 30 June 2020.

21. AMOUNTS DUE TO A DIRECTOR AND RELATED PARTIES

	2020 **RM'000**	2019 RM'000
Amount due to a director		
Dato' Tan Chwee Kuang	–	4
Amounts due to related parties	–	3
	–	7

The amounts due were non-trade in nature, unsecured, interest-free and repayable on demand.

22. TRADE AND OTHER PAYABLES

	Notes	**2020** **RM'000**	2019 RM'000
Trade payables to third parties	22(a)	**4,185**	2,852
Contract liabilities	22(b)	**7,787**	6,988
Other payables			
Other payable		**688**	934
Accrued expenses		**1,081**	921
Accrued listing expenses and issue costs		**–**	1,705
Sales and services tax payable		**96**	209
		1,865	3,769
		13,837	13,609
Current		**9,995**	12,885
Non-current		**3,842**	724
		13,837	13,609

22. TRADE AND OTHER PAYABLES (CONTINUED)

(a) *Trade payables to third parties*

The trade payables are interest-free and with normal credit terms ranging from 30 to 60 days.

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020 **RM'000**	2019 RM'000
Within 30 days	**4,078**	1,425
31 to 60 days	**88**	1,202
61 to 90 days	**–**	161
Over 90 days	**19**	64
	4,185	2,852

(b) *Contract liabilities*

Contract liabilities related to rendering of network management and security services and network connectivity services represents the receipts from customers based on contract terms and exceed the revenue recognised up to the end of the reporting period.

The Group typically receives six months to two years of service fee in advance from customers on acceptance of contracts. The advance payment schemes result in contract liabilities being recognised throughout contracted service period.

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the years ended 30 June 2020 and 2019 are as follows:

	2020 **RM'000**	2019 RM'000
At the beginning of the reporting period	**6,988**	5,622
Receipt of advanced payments	**6,747**	5,618
Recognised as revenue	**(5,948)**	(4,252)
At the end of the reporting period	**7,787**	6,988

At 30 June 2020, the contract liabilities that are expected to be settled after more than 12 months are approximately RM3,842,000 *(2019: approximately RM724,000)*.

23. INTEREST-BEARING BORROWINGS AND BANK OVERDRAFTS

At the end of the reporting period, the details of interest-bearing borrowings and bank overdrafts of the Group are as follows:

	Notes	2020 RM'000	2019 RM'000
Bank overdrafts – secured	23(a)	**828**	1,779
Interest-bearing borrowings – secured	23(b)	**277**	1,558
		1,105	3,337
Current		**850**	1,968
Non-current		**255**	1,369
		1,105	3,337

(a) Bank overdrafts – secured

At 30 June 2020, bank overdrafts bear interest at Malaysia Base Lending Rate ("**BLR**") plus 1% per annum *(2019: BLR plus 1% to 2.3% per annum)* and are expected to be settled within 12 months.

(b) Interest-bearing borrowings

	2020 RM'000	2019 RM'000
Carrying amounts of the above borrowings are repayable:		
Within one year	**22**	189
More than one year, but not exceeding two years	**24**	207
More than two years, but not exceeding five years	**83**	610
Over five years	**148**	552
	277	1,558
Less: amounts shown under current liabilities	**(22)**	(189)
Amounts shown under non-current liabilities	**255**	1,369

23. INTEREST-BEARING BORROWINGS AND BANK OVERDRAFTS (CONTINUED)

(b) Interest-bearing borrowings (continued)

The interest-bearing borrowings represent amounts due to various banks in Malaysia which are repayable over five years *(2019: within one year to over five years)* since its inception. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

At 30 June 2019, the Group has obtained waivers from the banks concerned with respect to compliance of the stipulated financial covenants for the total loans of approximately RM1,056,000. At 30 June 2020, none of the covenants relating to drawn down facilities had been breached.

At 30 June 2020, interest-bearing borrowings bear interest at BLR plus 1.0% to 1.3% per annum *(2019: BLR plus 1.3% to 4.0% per annum*). The effective interest rate on interest-bearing borrowings at 30 June 2020 is 5.5% *(2019: 7.4%)* per annum.

At 30 June 2020, the interest-bearing borrowings and bank overdrafts are secured by:

(i) no pledged leasehold land and buildings *(2019: pledged leasehold land and buildings with carrying amounts of approximately RM794,000)*, as set out in Note 14 in the consolidated financial statements;

(ii) fixed bank deposits of approximately RM2,622,000 *(2019: approximately RM1,687,000)*, as set out in Note 20 in the consolidated financial statements; and

(iii) corporate guarantee by the Company and a subsidiary of the Group *(2019: personal guarantee by Dato' Eric Tan Chwee Kuang, directors of the Group and Ms. Kwong Shir Ling, spouse of Dato' Eric Tan Chwee Kuang)*.

24. LEASES

The Group as lessor

Operating lease

The Group leases certain of its hardware to third parties under operating leases, which mainly had an initial non-cancellable lease term ranged from 1 to 3 years. The leases do not include purchase or termination options.

Below is a maturity analysis of undiscounted lease payments to be received from the hardware subject to an operating lease.

At 30 June 2020	**RM'000**
Year 1	**4,708**
Year 2	**2,708**
Year 3	**1,219**
Year 4	**499**
Year 5	**387**
	9,521

At 30 June 2019, the future aggregate minimum rental receivables under non-cancellable operating leases were as follows:

	RM'000
Within one year	4,992
In the second to fifth years inclusive	5,450
	10,442

The Group purchased hardware with warranty included to protect it against any loss that may arise from accidents or physical damages.

24. LEASES (CONTINUED)

The Group as lessee

	Leasehold land and buildings RM'000	Motor vehicles RM'000	Internet services equipment RM'000	Total RM'000
Right-of-use assets				
Year ended 30 June 2020				
Additions	179	359	–	538
Depreciation	(72)	(522)	(425)	(1,019)
At 30 June 2020				
Carrying amount	150	607	307	1,064

	2020 RM'000
Lease liabilities	
Current	**599**
Non-current	**621**
	1,220

At 1 July 2019 and 30 June 2020, the Group leases various buildings, motor vehicles and internet services equipment for its operation. Lease contracts are entered into for fixed term of 1 to 7 years. Certain leases of motor vehicles and internet services equipment were accounted for as finance leases during the year ended 30 June 2019 and the effective interest rate on the obligations under finance leases was 2.3% and 4.3%, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

24. LEASES (CONTINUED)

The Group as lessee (continued)

The Group has recognised the following amounts relating to leases during the years ended 30 June 2020 and 2019:

	2020	2019
	RM'000	RM'000
Lease payment of premises under short-term lease	**8**	–
Operating rental expenses	**–**	77
Interest expenses on obligations under finance leases	**–**	179
Interest expenses on lease liabilities	**112**	–
Depreciation of right-of-use assets	**1,019**	–

The total cash outflow for leases was approximately RM1,591,000 for the year ended 30 June 2020.

Commitments under leases

At 30 June 2019, the Company had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	RM'000
Within one year	8

25. OBLIGATIONS UNDER FINANCE LEASES

At 30 June 2019, the Group had obligations under finance leases repayable as follows:

	Minimum lease payments RM'000	Present value of minimum lease payments RM'000
Amount payable:		
Within one year	885	770
One to two years	695	638
Two to five years	850	797
Over five years	17	17
	2,447	2,222
Future finance charges	(225)	–
Present value of lease obligations	2,222	2,222
Less: Amounts due for settlement within 12 months		(770)
Amounts due for settlement after 12 months		1,452

The Group leased certain of its motor vehicles and internet services equipment under finance leases with average lease term of 2 to 7 years with the effective interest rate for the obligations under finance leases 2.3% to 4.3% per annum.

26. DEFERRED TAXATION

The movements in the Group's deferred tax assets (liabilities) for the reporting period were as follows:

	2020 RM'000	2019 RM'000
At the beginning of the reporting period	**1,904**	(139)
(Charged) Credited to profit or loss	**(675)**	2,043
At the end of the reporting period	**1,229**	1,904

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Contract costs RM'000	**Contract liabilities** RM'000	**Capital allowances** RM'000	**Accelerated accounting depreciation** RM'000	**Tax losses** RM'000	**Total** RM'000
At 1 July 2018	143	78	–	(360)	–	(139)
(Charged) Credited to profit or loss	(338)	1,598	–	598	185	2,043
At 30 June 2019	(195)	1,676	–	238	185	1,904
Credited (Charged) to profit or loss	133	192	735	(1,707)	(28)	(675)
At 30 June 2020	**(62)**	**1,868**	**735**	**(1,469)**	**157**	**1,229**

At 30 June 2020, the Group had unused tax losses of approximately RM654,000 *(2019: approximately RM769,000)* and deductible temporary differences arising from contract liabilities of approximately RM7,788,000 *(2019: approximately RM6,988,000)* that are available for offsetting against future taxable profits of the companies in which the losses arose. At 30 June 2020, the unused tax losses arising in Malaysia of approximately RM654,000 *(2019: approximately RM769,000)* can be carried for another 7 consecutive years of assessment (i.e. from year of assessment 2021 to 2027 *(2019: from year of assessment 2020 to 2026)*).

27. SHARE CAPITAL

	Notes	Number of shares	HK$	Equivalent to RM'000
Ordinary share of HK$0.01 each				
Authorised:				
At 30 June 2019 and 1 July 2019		38,000,000	380,000	210
Increase	(a)	9,962,000,000	99,620,000	55,010
At 30 June 2020		**10,000,000,000**	**100,000,000**	**55,220**
Issued and fully paid:				
At 1 July 2018		20	-*	-*
Issue of shares during the year	(b), (c)	20	-*	-*
At 30 June 2019 and 1 July 2019		40	-*	-*
Capitalisation Issue	(d)	449,999,960	4,499,999	2,393
Issuance of shares by share offer	(e)	150,000,000	1,500,000	798
At 30 June 2020		**600,000,000**	**6,000,000**	**3,191**

* *Represent amount less than HK$1 or RM1,000*

(a) On 11 November 2019, the authorised share capital of the Company was increased to HK$100,000,000 by the creation of additional 9,962,000,000 shares of HK$0.01 each.

(b) On 25 July 2018, 10 shares were issued with a par value of HK$0.01 to the existing shareholder in consideration of HK$0.01 each in cash.

(c) On 27 July 2018, 10 shares were issued with a par value of HK$0.01 to a new shareholder in consideration of HK$15,000,000 (equivalent to approximately RM7,740,000).

(d) On 9 December 2019, 449,999,960 shares of HK$0.01 each were issued and allotted to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$4,499,999 (equivalent to approximately RM2,393,000) standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**").

(e) On 9 December 2019, the shares of the Company were listed on GEM of the Stock Exchange and 150,000,000 shares of HK$0.01 each were issued and allotted at HK$0.40 each by way of share offer.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movements in its reserves is set out below:

	Notes	**2020 RM'000**	2019 RM'000
Non-current asset			
Investments in subsidiaries		**17,014**	17,014
Current assets			
Deferred issue costs and prepaid listing expenses		**–**	1,822
Amount due from subsidiaries		**31,879**	7,956
Bank balances and cash		**613**	–
		32,492	9,778
Current liabilities			
Accrued listing expenses and issue costs		**–**	1,705
Amount due to subsidiaries		**8,439**	5,860
		8,439	7,565
Net current assets		**24,053**	2,213
NET ASSETS		**41,067**	19,227
Capital and reserves			
Share capital	27	**3,191**	–*
Reserves	28(a)	**37,876**	19,227
TOTAL EQUITY		**41,067**	19,227

* *Represent amount less than RM1,000*

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 23 September 2020 and signed on its behalf by

Dato' Eric Tan Chwee Kuang
Director

Mr. Saw Zhe Wei
Director

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) *Movement of the reserves*

	Notes	**Share premium** RM'000 *(Note 29(a))*	**Accumulated losses** RM'000	**Total** RM'000
At 1 July 2018		17,014	(2,003)	15,011
Loss for the year and total comprehensive expenses for the year		–	(3,524)	(3,524)
Transaction with owners:				
Contributions and distributions				
Issue of share capital	27(c)	7,740	–	7,740
At 30 June 2019 and 1 July 2019		24,754	(5,527)	19,227
Loss for the year and total comprehensive expenses for the year		**–**	**(3,167)**	**(3,167)**
Transactions with owners:				
Contributions and distributions				
Capitalisation Issue	27(d)	**(2,393)**	**–**	**(2,393)**
Issue of share capital	27(e)	**31,110**	**–**	**31,110**
Transaction costs attributable to issue of new shares		**(6,901)**	**–**	**(6,901)**
Total transactions with owners		**21,816**	**–**	**21,816**
At 30 June 2020		**46,570**	**(8,694)**	**37,876**

29. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

(b) Merger reserve

For the consolidated statement of financial position of the Group and the statement of financial position of the Company, merger reserve represents the aggregate amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the Reorganisation and the Company, respectively, less consideration paid to acquire the relevant interests (if any) upon completion of the Reorganisation.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the years ended 30 June 2020 and 2019, the Group had the following transactions with related parties:

Remuneration for key management personnel (including directors) of the Group:

	2020 **RM'000**	2019 RM'000
Salaries, discretionary bonus, allowances and other benefits in kind	**1,477**	1,235
Contributions to defined contribution plans	**145**	148
	1,622	1,383

Further details of the directors' remuneration are set out in Note 8 to the consolidated financial statements.

31. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities arising from financing activities are as follows:

			Non-cash changes		
	At 1 July 2019 RM'000	Net cash flows RM'000	Adjustment on transition to IFRS 16 RM'000	Addition RM'000	At 30 June 2020 RM'000
Year ended 30 June 2020					
Interest-bearing borrowings	1,558	(1,281)	–	–	277
Leases liabilities	–	(1,583)	2,265	538	1,220
Obligations under finance leases	2,222	–	(2,222)	–	–
Amounts due to a director and related parties	7	(7)	–	–	–
Total liabilities from financing activities	3,787	(2,871)	43	538	1,497

	At 1 July 2018 RM'000	Net cash flows RM'000	At 30 June 2019 RM'000
Year ended 30 June 2019			
Interest-bearing borrowings	1,735	(177)	1,558
Obligations under finance leases	2,950	(728)	2,222
Amounts due to a director and related parties	1,434	(1,427)	7
Total liabilities from financing activities	6,119	(2,332)	3,787

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise restricted bank balance, pledged bank deposits, bank balances and cash, interest-bearing borrowings and bank overdrafts, lease liabilities and obligations under finance leases. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings and bank overdrafts with floating interest rates of approximately RM1,105,000 *(2019: approximately RM3,337,000)* at 30 June 2020. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of the reporting period.

At the end of the reporting period, if interest rates had been 50 basic point higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM5,500 *(2019: approximately RM17,000)* for the year ended 30 June 2020.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the year and had been applied to the exposure to interest rate risk for the closing balance of interest-bearing borrowings and bank overdrafts in existence at the end of the reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the reporting period.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group's transactions are mainly denominated in RM.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
HK$	**13,838**	3,077	**578**	904

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of RM had changed against the above foreign currencies of the respective group entities by 5% and all other variables were held constant at the end of the reporting period.

	2020		2019	
	Increase (decrease) in foreign exchange rates	**Effect on profit before tax RM'000**	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000
HK$	**5%**	**663**	5%	109
	(5%)	**(663)**	(5%)	(109)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, restricted bank balance, pledged bank deposits and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2020 RM'000	2019 RM'000
Trade and other receivables	**11,014**	12,781
Restricted bank balance	**–**	50
Pledged bank deposits	**2,622**	1,687
Bank balances and cash	**20,305**	9,307
	33,941	23,825

Trade receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 30 June 2020, the Group had a concentration of credit risk as approximately 36% *(2019: 33%)* of the total trade receivables was due from the Group's largest customers, and approximately 76% *(2019: 78%)* of the total trade receivables was due from the Group's five largest customers.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables (continued)

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and specifically estimated the ECL for each debtor by reference to its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There was no change in the estimation techniques or significant assumptions made during the years ended 30 June 2020 and 2019.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 30 June 2020 and 2019 are summarised below.

At 30 June 2020

	Expected loss rate %	**Gross carrying amount RM'000**	**Loss allowances RM'000**	**Net carrying amount RM'000**	**Credit-impaired**
Trade receivables					
Not past due	**0%**	**7,690**	**–**	**7,690**	**No**
1 – 30 days past due	**0%**	**1,516**	**–**	**1,516**	**No**
31 – 60 days past due	**0%**	**622**	**–**	**622**	**No**
61 – 90 days past due	**0.3%**	**804**	**(2)**	**802**	**No**
Over 90 days due	**79.9%**	**433**	**(346)**	**87**	**No**
		11,065	**(348)**	**10,717**	

At 30 June 2019

	Expected loss rate %	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000	Credit-impaired
Trade receivables					
Not past due	0%	8,399	–	8,399	No
1 – 30 days past due	0%	1,041	–	1,041	No
31 – 60 days past due	0%	1,174	–	1,174	No
61 – 90 days past due	0%	1,204	–	1,204	No
Over 90 days due	42.5%	861	(366)	495	No
		12,679	(366)	12,313	

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables (continued)

The Group does not hold any collateral over trade receivables at 30 June 2020 *(2019: Nil)*.

At 30 June 2020, the Group recognised the loss allowance of approximately RM348,000 *(2019: approximately RM366,000)* on the trade receivables. The movement in the loss allowance for trade receivables during the years ended 30 June 2020 and 2019 is summarised below.

	2020 **RM'000**	2019 RM'000
Balance at the beginning of the reporting period	**366**	13
(Decrease) Increase in allowance	**(18)**	366
Write off	**–**	(13)
Balance at the end of the reporting period	**348**	366

Other receivables

The Group considers that the other receivables have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Group has taken into account the historical actual credit loss experience and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

Restricted bank balance, pledged bank deposits and bank balances and cash

The management of the Group considers the credit risk in respect of restricted bank balance, pledged bank deposits and bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RM'000	Total contractual undiscounted cash flow RM'000	On demand or less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
At 30 June 2020						
Trade and other payables	**5,954**	**5,954**	**5,954**	**–**	**–**	**–**
Interest-bearing borrowings and bank overdrafts	**1,105**	**1,215**	**870**	**43**	**129**	**173**
Lease liabilities	**1,220**	**1,304**	**645**	**253**	**406**	**–**
	8,279	**8,473**	**7,469**	**296**	**535**	**173**
At 30 June 2019						
Trade and other payables	6,412	6,412	6,412	–	–	–
Amounts due to a director and related parties	7	7	7	–	–	–
Interest-bearing borrowings and bank overdrafts	3,337	3,934	2,078	298	770	788
Obligations under finance leases	2,222	2,448	885	696	850	17
	11,978	12,801	9,382	994	1,620	805

33. FAIR VALUE MEASUREMENTS

The carrying amount of the financial assets and liabilities carried at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period due to the relative short-term maturity of these financial instruments.

34. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners of the Company. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners of the Company or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 2020.

35. CAPITAL EXPENDITURE COMMITMENTS

	2020 **RM'000**	2019 RM'000
Contracted but not provided for acquisition of property, plant and equipment	**165**	1,456

36. EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of COVID-19 has brought certain impacts on the business operation and overall economy on the business environment. The federal government of Malaysia officially promulgated the "Movement Control Order". To a certain extent, the order may affect the negotiation of new projects with existing customers and the seeking out of new customers due to operation suspension.

Despite the challenges, governments have implemented a series of measures to contain the epidemic. The Group will stay alert to the development and situation of the COVID-19, continue to assess its impacts on the financial position and operating results of the Group, and take necessary action to maintain stability of the businesses. Up to the date of approving the consolidated financial statement, the assessment of financial impact on COVID-19 is still in progress.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below.

RESULTS

	For the year ended 30 June			
	2020	2019	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	**37,124**	41,353	36,632	21,444
Profit before tax	**476**	6,616	9,862	5,882
Income tax (expenses) credit	**(1,124)**	1,925	(195)	151
(Loss) Profit for the year	**(648)**	8,541	9,667	6,033

ASSETS AND LIABILITIES

	As at 30 June			
	2020	2019	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total assets	**70,613**	50,617	32,055	20,605
Total liabilities	**(16,162)**	(19,175)	(17,044)	(12,561)
Total equity	**54,451**	31,442	15,011	8,044