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Michong Metaverse (China) Holdings Group Limited

(Formerly known as Nomad Technologies Holdings Limited)

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

Annual Report 2021/2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Decai *(Appointed on 21 July 2021)*
Mr. Hu Mingdai *(Appointed on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*

Independent Non-executive Directors

Mr. Chen Youchun *(Appointed on 5 July 2021)*
Mr. Ng Der Sian *(Appointed on 20 May 2022)*
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*
Mr. Yau Yeung On *(Resigned on 5 July 2021)*

AUDIT COMMITTEE

Mr. Ng Der Sian *(Chairman)* *(Appointed on 20 May 2022)*
Mr. Chen Youchun *(Appointed on 5 July 2021)*
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Chairman)* *(Resigned on 20 May 2022)*
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*
Mr. Yau Yeung On *(Resigned on 5 July 2021)*

NOMINATION COMMITTEE

Ms. Zheng Li Ping *(Chairman)* *(Appointed on 20 May 2022)*
Mr. Ng Der Sian *(Appointed on 20 May 2022)*
Mr. Yu Decai *(Appointed on 20 May 2022)*
Mr. Phua Cheng Sye Charles *(Chairman)* *(Resigned on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*

REMUNERATION COMMITTEE

Mr. Chen Youchun *(Chairman)* *(Appointed on 5 July 2021)*
Mr. Ng Der Sian *(Appointed on 20 May 2022)*
Mr. Yu Decai *(Appointed on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*
Mr. Yau Yeung On *(Chairman)* *(Resigned on 5 July 2021)*

COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)
Mr. Yu Decai *(Appointed on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*

COMPLIANCE OFFICER

Mr. Yu Decai *(Appointed on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*

COMPLIANCE ADVISER

Pulsar Capital Limited
Unit 1504, 15/F
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 13/F, Winsan Tower
98 Thomson Road, Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No.25, 25-1 & 25-3, Jalan MH 3
Taman Muzaffar Heights
75450 Ayer Keroh
Melaka, Malaysia

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 310-313, Building 7
WISCO High-tech Industrial Parks
No. 5 Maodian Shanzhong Road
East Lake High-tech Development Zone
Wuhan, the PRC

PRINCIPAL BANKERS

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

China Zheshang Bank Co., Ltd
Wuhan Branch
No. 296 Xinhua Road
Jianghan District
Wuhan, the People's Republic of China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
(Before 28 July 2021)

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
(On or after 28 July 2021)

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.metamichong.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of the directors (the **"Board"**) of Michong Metaverse (China) Holdings Group Limited *(formerly known as 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 2022 (**"FY2021/2022"**).

INTRODUCTION

Ever since the Company's 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 Listing is an important milestone for the Group as it has enhanced our capital strength and resources for future development and helps us to achieve the Group's long-term objective of strengthening our position as one of the major players in the information and communication technology (**"ICT"**) industry in Malaysia.

Since 2019, the outbreak of the Novel Coronavirus (**"COVID-19"**) pandemic and emergence of new variants has raged around the world, and it has continued to have a huge impact on global economies. Consumers' living style, including but not limited to, consumption, education, entertainment has shifted from offline to online. To enhance value of the shareholders of the Company (the **"Shareholders"**), we have been actively considering and exploring various opportunities to facilitate the Group's business growth according to the market conditions and the market changes.

In FY2021/2022, the new milestone has been kicked off which we have explored into the digital markets in the People's Republic of China (the **"PRC"**), starting from our online shopping market, Michong Mall. Following a special resolution approving the change of Company name by Shareholders, the Company's English name has been changed to Michong Metaverse (China) Holdings Group Limited *(formerly known as Nomad Technologies Holdings Limited)* and the dual foreign name of the Company「米虫元宇宙(中國)控股集團有限公司」has been adopted. We believe that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company and the Group's business development.

REVIEW

FY2021/2022 is a year with full of challenges but offering growth opportunities to the Group. The repeated outbreak of COVID-19 pandemic and emergence of new variants has brought certain impacts on the business operation and overall economy in the global business environment, as well as changing the living styles of consumers.

E-Commerce Business

In 2021, the Ministry of Commerce in China launched a Business Development Plan for the 14th Five-Year Plan Period, which provides stronger policy support and encouragement for the future development of electronic commerce (**"E-Commerce"**) in the PRC, including but not limited to, (i) further clarify the new mission of E-Commerce in the development of national economy and society in the new era; (ii) establish a brand-new E-Commerce development principle and policy orientation; and (iii) plan a strategic framework for E-Commerce services.

To keep pace with the China Government's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce especially the change of consumers' living style from offline to online, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC with the Michong Mall, which is available in "Michong App", Tencent's WeChat official account and WeChat applet. As at 30 June 2022, the number of registered members of "Michong App" was approximately 473,000, including approximately 170,000 paying members. The E-Commerce business in the PRC contributed approximately RM9.8 million or 16.1% of total revenue of the Group in FY2021/2022.

According to the statistics from the National Bureau of Statistics of China, in 2021, the total retail sales of consumer goods in the PRC has gradually returned to the level before the pandemic. However, the repeated outbreak of the pandemic in some cities and regions in the PRC and the series of pandemic prevention measures implemented by the China Government has a certain impact on the domestic economy and weaken the consumer's intention to spend. These brought a certain impact on our E-Commerce business, failing to achieve the expected result of rapidly expanding its market share.

Network Support Services Business and Network Connectivity Services Business

The prolonged COVID-19 pandemic is likely to continuously affect our results of operations of the network support services business and the network connectivity services business in Malaysia. To control the spread of the COVID-19 pandemic, the Malaysia Government had implemented and continues to implement countermeasures such as lockdowns, quarantines, travel restrictions and business shutdowns, resulting in occasional significant slow-downs of business activities and operations. The negative impact of the deteriorating COVID-19 pandemic on local economies and financial markets, coupled with political uncertainty in Malaysia, has led to a material adverse impact on economic activity in general and on consumer confidence and levels of household income in Malaysia.

Despite of experiencing the side effect of the pandemic, the Group has managed to steer the business in a steady growth by contributing an increase in the revenue with approximate RM10.0 million or 25.1% higher than previous financial year in the network support services and network connectivity services in Malaysia. The growth was mainly contributed from the Group's strategic business approach by leveraging our experiences, productivity, and efficiency in managing external and internal risk which includes adapting to multi-platforms in reaching the customers.

Effective 1 April 2022, Malaysian border has reopened with less restrictive measures in business operation; and effective from 1 May 2022, the Ministry of Health in Malaysia announced the easing of standard operating procedure (**"SOP"**) in Malaysia. The Group has continuously monitored conditions to ensure the sustainability of its operational and business performance.

PROSPECT

Entering into the new financial year, we are still facing challenges from the prevention and control of the pandemic and a weak consumption environment in the PRC. However, as we continue to strengthen the construction of various basic capabilities and the advantages of our membership-based shopping, we are confident that we will be able to successfully tackle the difficulties, overcome obstacles, and achieve a healthy growth of our E-Commerce business. Meanwhile, we will continue to increase investment in research and development of Internet retail technologies to enhance the shopping experience of online consumers.

In addition, with the growth of E-Commerce business of the Group, we will expand the Group's network of partnership to strengthen our competitive advantage, and continuously improve operational efficiency. Finally, we will continue to make use of technological innovation, and plan a certain technical force to invest in the research and development of the basic construction of the metaverse concept, especially the research and development of blockchain technology and non-fungible token (NFT) technology, to create the best interest to the Shareholders and contribute to the high-quality development of the digital economy in the PRC.

The easing of SOP in Malaysia starting from 1 May 2022 is an important road marker to resume economic activities in Malaysia. We will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies. In the coming years, the Group will align the go-to-market strategy in Malaysia. Our team in Malaysia will close more deals which make it easier to find and attract target customers, better manage customer relationships, and improve sales team performance.

Looking ahead, the Group will continue to devote considerable efforts and resources towards the development of E-Commerce business in the PRC and maintain our market shares of in the ICT industry in Malaysia, with the aims to facilitate our business growth and maximise the value for 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 2022/2023 onwards.

Yu Decai
Chairman and Chief Executive Officer
Hong Kong, 23 September 2022

BUSINESS REVIEW

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

The Shares were successfully listed on GEM of the Stock Exchange. The Listing has enhanced the Company's capital strength and reinforcing the resources for future development as in line with the Group's long-term objective in strengthening our position as one of the major players in the ICT in Malaysia has been an important milestone for the Group.

The Group has been actively considering and exploring various opportunities and flexibly change its business strategies to facilitate its business growth. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC.

For the year ended 30 June 2022, the Company's English name has been renamed to Michong Metaverse (China) Holdings Group Limited *(formerly known as Nomad Technologies Holdings Limited)* and adopted the dual foreign Chinese name as 米虫元宇宙(中國)控股集團有限公司. The Board believes that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company and the Group's business development of the E-Commerce business and future exploration into the digital market in the PRC.

Network support services and network connectivity services segment

COVID-19 The Reality of "The New Norm"

The prolonged COVID-19 pandemic is likely to continuously affect our results of operations. To control the spread of the COVID-19, the Malaysia Government has implemented and continues to implement countermeasures such as lockdowns, quarantines, travel restrictions and business shutdowns, resulting in occasional significant slow-downs of business activities and operations. The negative impact of the deteriorating COVID-19 pandemic on local economies and financial markets, coupled with political uncertainty in Malaysia, has led to a material adverse impact on economic activity in general and on consumer confidence and levels of household income in Malaysia.

The challenges are expected to persist in the near term due to the cascading effect of the COVID-19 pandemic on the wider economy. Nevertheless, it is hopeful that recovery will be forthcoming due to the uptick in vaccination rates and reopening of affected economic sectors, particularly for small and medium enterprises ("**SME**"). Notwithstanding, the Group will continue to monitor conditions to ensure the sustainability of its operational and business performance. The Group's top priority is to maintain network availability and stability alongside continued vigilance on the health and safety of employees and stakeholders. In addition, the Group will also continue to provide high quality, meaningful solutions across all segments in tandem with strengthening the Group's strategic position.

In addition, the Group is conscious of the importance of its network connectivity when movements are restricted and people are separated. COVID-19 presented a multitude of opportunities as it expedited the digitalisation agenda. The imposition of lockdowns, accompanied by the increased necessity for social distancing, work from home and online learning, resulted in a widespread adoption of digital communication platforms across all customer groups nationwide. This led to increased demand for Internet connectivity and higher bandwidth as businesses and customers transitioned to online and virtual channels to adapt to the new normal. Consumers and businesses, most notably SME, swiftly transitioned to online activities to supplement their conventional business models. This shift is expected to have a measure of permanence moving forward.

Nevertheless, the SOP requirements such as social distancing, reduced manpower, regular disinfection and staggered working hours initially caused disruption to operational productivity. Notably, works related to installations, upgrading and assurance have been adversely impacted.

However, the Group has adapted to the new requirements quickly to ensure that disruptions and negative impact to overall productivity were kept to a minimum. As the Group works towards safeguarding the health and well-being of its people and customers, it will continue to strengthen and improve its network infrastructure to ensure its customers are kept connected at all times. For the year ended 30 June 2022, the revenue from the network support services and network connectivity services segment in Malaysia reached approximately RM49.8 million, represented approximately RM10.0 million or 25.1% increment comparing with which in the prior year.

Effective 1 April 2022, Malaysian border has reopened with less restrictive measures in business operation; and effective from 1 May 2022, the Ministry of Health in Malaysia announced the easing of SOP in Malaysia. The Group will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies.

Exploration of Markets and Expansion of Current Business

During the year ended 30 June 2022, the Group has explored markets outside Malaysia and has started the exploration in Hong Kong and the PRC, approximately RM1.4 million of revenue from network connectivity services was generated from the exploration of new market in the PRC for the year ended 30 June 2022.

In July 2021, the Group acquired the entire equity interests in China Mebugs Technology Holding Limited ("**China Mebugs**") which together with its wholly-owned subsidiary, 米虫科技信息(深圳)有限公司 (Mebugs Technology Information (Shenzhen) Co., Limited*) ("**Mebugs Shenzhen**"), were incorporated in June 2021 with authorities to carry on the businesses of providing IT services, cloud security, cloud as a service, network security and internet security management (the "**Acquisition**"). The Group believes that such acquisition will be able to broaden its source of income, facilitate its business growth according to the market conditions with an aim to enhance its financial performance and returns to the Shareholders in the long run. Further information about the Acquisition can be referred to the voluntary announcement of the Company dated 26 July 2021.

* *for identification purpose only*

In September 2021, Mebugs Shenzhen and 杭州超級科技有限公司 (Hangzhou Super Technologies Co., Limited*) entered into a strategic cooperation agreement, for a term from 1 October 2021 to 31 December 2024, to establish a comprehensive and in-depth strategic partnership in the field of providing internet solutions and products based on cloud computing and blockchain technology for companies which have higher demand for servers and information security. It is expected that the cooperation will bring significant business opportunities to the Group's business expansion in the field on other information technology related businesses, including but not limited to internet security protection business and high defense server leasing business. Further information about the strategic cooperation agreement can be referred to the voluntary announcement of the Company dated 15 September 2021.

E-Commerce Business

Online shopping market in the PRC has experienced rapid growth over the past few years. To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universe of E-Commerce especially the change of consumers' living style from offline to online, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC with the Michong Mall, which is available in "Michong App", Tencent's WeChat official account and WeChat applet. The E-Commerce business contributed approximately RM9.8 million or 16.1% of total revenue of the Group for the year ended 30 June 2022.

Michong Mall is an online product sales platform, covering fresh vegetables and fruits, food and beverages, home appliances, beauty accessories and other products. The Michong Mall adopts paying membership policy, our paying members can enjoy special discounts and promotion rebates upon their consumption in the Michong Mall. To expand the population of membership and to promote the Michong Mall, the Group offers referral fees for introduction of new members by the current members during the year ended 30 June 2022. Such referral fees have been recognised as marketing fee under selling expenses. As at 30 June 2022, the number of registered members of "Michong App" was approximately 473,000, including approximately 170,000 paying members. We will adjust the membership scheme and referral scheme in a timely manner according to market needs and the operation of the Michong Mall.

The Group mainly cooperates with domestic E-Commerce product suppliers with long-term industry experience in E-Commerce in the PRC. The competition of the domestic E-Commerce business in the PRC is coming to a head, the Group strives to guarantee and provide the satisfied online shopping experience to our member on the selection of E-Commerce commodities, quality assurance, logistics supply and after-sales service.

In order to safeguard the Company's intellectual property rights in the process of conducting E-Commerce business in the PRC, as at 30 June 2022, Mebugs Shenzhen has applied for registration of 94 trademarks with the State Intellectual Property Office of China, including "Michong", "Michong Daily", "Michong Technology", "Michong Planet", "Michong Metaverse", "Michong Blockchain", "Michong NFT", "Michong Chain", "Michong Store", and "Michong Convenience Store" and other international trademark classifications such as Internet technology, education, and advertisement, etc.

In coming year, the Group are still facing challenges from the prevention and control of the pandemic and a weak consumption environment in the PRC. Nevertheless, the penetration of E-Commerce is unlikely to be weakened by a shift of consumption habits, rapid development of logistics infrastructure, a better regulated online transaction environment and continuous marketing efforts of E-Commerce companies. We will continue to devote considerable efforts and resources towards the development of E-Commerce business.

* *for identification purpose only*

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is susceptible to material risks associated with the Group's business. 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 unauthorised 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;
- optimising the governance structure and authorisation hierarchy;
- guiding and defining the limits for specific risk management work; and
- authorising responsibilities to other departments.

Based on the risk assessments conducted during the year ended 30 June 2022, 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 consumers' 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 has developed new sources of income, including E-Commerce, Secure Cloud Service and Data Content Management Hub to diversify the concentration risk of the traditional network support services.
Economic	Impact on the Group's performance due to any downturn in economic conditions	A possible source of loss that might arise from less demand on the Group's products and services, and higher bad debts may also arise as a result of customers/ business partners' inability to repay debts.	The Group regularly reviews forward looking indicators to identify economic conditions and adjust its business strategies promptly.

Risk Categories	Risk Title	Risk Description	Risk Response
Operational	Impact on operation performance due to outbreak of COVID-19	A possible source of loss that might arise from shut down of office in accordance with governments anti-pandemic measures/ and employee quarantine if there is a suspended or confirmed case	The Group has closely monitored the guidelines and health advice issued by governments with regards to the pandemic. The Group has also mandatorily implemented anti-pandemic measures in offices, including but not limited to wear masks in offices, daily temperature checks, no access to offices is allowed to anyone with symptom of COVID-19 or who was a close contract of COVID-19 patient.
	Failures of information technology systems	A possible source of loss that might arise from the interruption of the operation of the Group and potential leakage of confidential information	All computer systems of the Group are secured with access controls, while maintenance and update are conducted regularly by information technology department of respective subsidiary of the Group or the information technology services providers. Staff handbook has also been distributed to every employee, all employees are required to follow the staff handbook strictly to avoid any employee misconduct or fraud.
	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 has conducted 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 has developed new services such as E-Commerce, Secure Cloud Service and Data Content Management Hub to attract more business from current and potential customers.

Risk Categories	Risk Title	Risk Description	Risk Response
	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 has broadened its product and services offerings, introduced various marketing activities, and provided customised solutions to the customers.
Liquidity	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 does 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.
Financial	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 of the Company dated 25 November 2019 (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 29 to the consolidated financial statements.

There were no material difference in the identified risks between those disclosed in the Prospectus and this 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 164 and pages 7 to 21 respectively of this report.

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, (ii) network connectivity services and (iii) E-Commerce.

Our revenue increased by approximately RM21.2 million or 53.3% from approximately RM39.8 million for the year ended 30 June 2021 to approximately RM61.0 million for the year ended 30 June 2022. Such increase was mainly attributable to (i) increase in revenue from network support services of approximately 42.0%; (ii) increase in revenue from network connectivity services of approximately 20.0%; and (iii) the newly introduction of E-Commerce during the year, which contributed approximately RM9.8 million or 16.1% of the total revenue for the year ended 30 June 2022.

Revenue generated from network connectivity services increased by approximately RM4.8 million or 20.0%, from approximately RM24.0 million for the year ended 30 June 2021 to approximately RM28.8 million for the year ended 30 June 2022. The increase was mainly attributable to new contracts with significant amounts from our current and new customers.

Cost of sales and services

Our cost of sales and services increased by approximately RM11.6 million or 42.2% from approximately RM27.5 million for the year ended 30 June 2021 to approximately RM39.1 million for the year ended 30 June 2022, which was mainly attributable to (i) the increase in the cost of telecommunication and network subscription by approximately RM2.5 million or 15.6% and (ii) increase in the cost of network equipment and hardware by approximately RM6.7 million or 123.2%, which are in line with the increase in revenue from the network connectivity services and sales of hardware.

Gross profit margin

Our gross profit margin increased from approximately 30.9% for the year ended 30 June 2021 to approximately 35.9% for the year ended 30 June 2022, which was mainly due to the net effect of (i) decrease in gross profit margin in network support services and network connectivity services from 30.9% for the year ended 30 June 2021 to 23.6% for the year ended 30 June 2022 due to the increase in the cost of network equipment and hardware; and (ii) introduction of the E-Commerce business, which contributed a relatively higher gross profit at approximately 99.0% for the year ended 30 June 2022.

Other income

Our other income mainly represented interest income from bank deposits, wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020, refund receipts from the Human Resources Development Fund ("**HRDF**") in Malaysia and vendor, and others.

Other income decreased by approximately RM0.06 million or 17.1% from approximately RM0.35 million for the year ended 30 June 2021 to approximately RM0.29 million for the year ended 30 June 2022. Such decrease was mainly attributable to (i) decrease in receipt of interest income from bank deposits by approximately RM0.01 million or 10.7% and (ii) decrease in receipt of wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020 by approximately RM0.03 million or 39.2%.

Other gain and losses

Our other gain, net was approximately RM0.7 million for the year ended 30 June 2022, as compared to other losses, net of approximately RM0.6 million for the year ended 30 June 2021. The increase of other gain, net was mainly attributable to (i) increase in gain on disposal of property, plant and equipment by approximately RM0.2 million or 7700%; (ii) recognition of reversal of impairment loss on trade receivables, net of approximately RM0.1 million *(2021: provision for impairment loss on trade receivables, net of approximately RM0.1 million)*; and (iii) recognition of foreign exchange gain, net of approximately RM0.4 million *(2021: foreign exchange loss, net of approximately RM0.4 million)*.

Selling expenses

Our selling expenses mainly represented (i) marketing fee incurred on E-Commerce; (ii) commission to our sales representatives for securing contracts with new and current customers; and (iii) other staff costs for the sales team of the Group.

Selling expenses increased by approximately RM22.9 million or 2290% from approximately RM1.0 million for the year ended 30 June 2021 to approximately RM23.9 million for the year ended 30 June 2022. Such increase was mainly attributable to the marketing fee of approximately RM22.3 million incurred on E-Commerce, which was newly introduced to the Group in 2022. Details of the E-Commerce business and said marketing fee are set out in the section headed "Business Review" in the "Management Discussion and Analysis" on page 9 of this report.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately RM7.5 million or 63.6% from approximately RM11.8 million for the year ended 30 June 2021 to approximately RM19.3 million for the year ended 30 June 2022. The increase was mainly due to (i) increase in staff cost for administrative and management personnel (including Directors) by approximately RM2.8 million or 73.7% from approximately RM3.8 million for the year ended 30 June 2021 to approximately RM6.6 million for the year ended 30 June 2022; (ii) increase in depreciation of property, plant and equipment by approximately RM1.7 million or 34.7% from approximately RM4.9 million for the year ended 30 June 2021 to approximately RM6.6 million for the year ended 30 June 2022; and (iii) increase in repairs and maintenance of property, plant and equipment by approximately RM1.2 million or 240.0% from approximately RM0.5 million for the year ended 30 June 2021 to approximately RM1.7 million for the year ended 30 June 2022.

Finance costs

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities.

Such costs increased by approximately RM0.05 million or 38.5% from approximately RM0.13 million for the year ended 30 June 2021 to approximately RM0.18 million for the year ended 30 June 2022. The increase was mainly due to the increase in average balance of bank overdrafts during the year ended 30 June 2022.

Income tax expenses

Our income tax expenses decreased by approximately RM1.1 million or 84.6% from approximately RM1.3 million for the year ended 30 June 2021 to approximately RM0.2 million for the year ended 30 June 2022. It was mainly attributable to the decrease in deferred tax expenses in relation to the unused tax losses and temporary differences arising from the capital allowances and accelerated accounting depreciation, and provision for contract costs and contract liabilities.

Loss for the year

Our loss for the year increased by approximately RM18.4 million or 800.0% from approximately RM2.3 million the year ended 30 June 2021 to approximately RM20.7 million for the year ended 30 June 2022. It was mainly due to the increase in selling expenses and increase in administrative and other operating expenses as analysed above.

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 2022, the Group had bank balances and cash of approximately RM27.7 million *(2021: approximately RM20.3 million)* and pledged bank deposits of approximately RM2.7 million *(2021: approximately RM2.6 million)*.

As at 30 June 2022, the Group recorded interest-bearing borrowings and bank overdrafts of approximately RM3.0 million *(2021: approximately RM0.6 million)* and lease liabilities of approximately RM2.7 million *(2021: approximately RM1.7 million)*.

As at 30 June 2022, the Group's current assets and current liabilities were approximately RM57.1 million *(2021: approximately RM43.5 million)* and approximately RM45.1 million *(2021: approximately RM12.3 million)*, respectively. As at 30 June 2022, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.3 times *(2021: approximately 3.5 times)*.

As at 30 June 2022, we had unutilised banking facilities for short term financing of approximately RM2.8 million *(2021: approximately RM5.2 million)*.

The gearing ratio is calculated based on the amount of total interest-bearing borrowings and bank overdrafts and lease liabilities divided by total equity. The gearing ratio of the Group as at 30 June 2022 is approximately 18.2% *(2021: approximately 4.4%)*. The increase in gearing ratio was mainly attributable to the decrease in total equity.

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 2022, the capital structure of the Group comprised mainly of issued share capital and reserves. As at 30 June 2022, equity attributable to equity holders of the Company amounted to approximately RM31.3 million *(2021: approximately RM51.9 million)*.

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 exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously 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 2022, the Group did not have any significant contingent liabilities *(2021: Nil)*.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 115 employees (including Exective Directors) *(2021: 59 employees)*. The staff costs (including Directors' emoluments) were approximately RM10.0 million for the year ended 30 June 2022 *(2021: approximately RM5.9 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" on pages 35 to 36 of this report.

The Group encourages and subsidises 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.

The Group contributed defined contribution scheme to employess. The Group has participated in the Employees Provident Fund Scheme (the "**EPF Scheme**") under the Employees Provident Fund Act 1991 for qualifying employees of the Group in Malaysia. The Group has contributed at 13% of relevant monthly salaries for the employees who render monthly salaries of RM5,000 or below; and 12% of relevant monthly salaries for the employees who render monthly salaries of more than RM5,000 to the EPF Scheme. The Group's contributions to the EPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions which arose upon employees leaving the scheme before their interests in the Group's contribution became fully vested and thus there were no such forfeited contributions which were available to reduce the Group's existing level of contributions to the EPF Scheme as at 30 June 2022 and 2021. For the year ended 30 June 2022, the total amount contributed by the Group to the EPF Scheme was approximately RM752,000 *(2021: approximately RM504,000)*.

The Group companies in the PRC have participated in defined contribution retirement plans and other employee social security plans including pension, medical, other welfare benefits (the "**Defined Contribution Plans in the PRC**"), which are organised and administered by the relevant governmental authorities for all qualifying employees in the PRC. The Group contributes to these plans based on certain percentages of relevant monthly salaries of its employees, subject to ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the Defined Contribution Plans in the PRC vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in the PRC as at 30 June 2022 *(2021: Not applicable)*. For the year ended 30 June 2022, the total amount contributed by the Group to the Defined Contribution Plans in the PRC was approximately RM214,000 *(2021: Nil).*

PLEDGE OF ASSETS

As at 30 June 2022, the Group's interest-bearing borrowings and bank overdrafts and lease liabilities are secured by charges over the following assets of the Group:

	2022 **RM'000**	2021 RM'000
Motor vehicles	**1,160**	1,244
Pledged bank deposits	**2,722**	2,634
	3,882	3,878

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2022 *(2021: Nil)*.

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

Save as the acquisition of the entire equity interests in China Mebugs which together with its wholly-owned subsidiary Mebugs Shenzhen disclosed under section headed "Management Discussion and Analysis" on page 8 of this report, there was no material acquisition or disposal of subsidiaries and affiliated companies and significant investments by the Group during the year ended 30 June 2022.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments contracted but not provided for in the consolidated financial statements of approximately RM9.8 million *(2021: approximately RM0.1 million)*. Details of the capital commitments are set out in Note 32 to the consolidated financial statements.

EVENTS AFTER REPORTING PERIOD

Change of Company Name, Stock Short Name, Company Website and Adoption of Company Logo

Change of Company Name

Following the passing of a special resolution approving the proposed change of Company name at the extraordinary general meeting of the Company held on 17 June 2022, (i) the Certificate of Incorporation on Change of Name was issued by the Registrar of the Companies in the Cayman Islands on 20 June 2022, certifying that the change of the English name of the Company to "Michong Metaverse (China) Holdings Group Limited" from "Nomad Technologies Holdings Limited" and the adoption of Chinese name of "米虫元宇宙(中國)控股集團有限公司" as the dual foreign name of the Company and (ii) the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 13 July 2022, confirming the registration of the new English and Chinese names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Change of Stock Short Names

The English stock short name of the Company for trading in the Shares on the GEM Board of the Stock Exchange has been changed from "NOMAD TECH" to "MICHONG META" and the Chinese stock short name of "米虫元宇宙" has been adopted with effect from 9:00 a.m. on 25 July 2022.

Change of Company Website

The website of the Company has been changed from "www.nomad-holdings.com" to "www.metamichong.com" with effect from 20 July 2022.

Adoption of Company logo

The new logo of the Company has been adopted and will be printed on the relevant corporate documents of the Company, including but not limited to financial reports, announcements, circulars, press releases, and used on its website with effect from 20 July 2022.

Details of the change of Company name, stock short name, Company website and the adoption of Company logo have been set out in the announcement of the Company dated 20 July 2022.

USE OF NET PROCEEDS FROM THE LISTING

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 by share offer at HK$0.40 per offer share was HK$60.0 million. As set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the net proceeds after deduction of underwriting fees and related listing expenses were approximately HK$28.0 million (the "**Net Proceeds**") and 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%	Implement cloud-based data content management solution
HK$11.0 million or 39.3%	Acquire additional hardware and software to provide cloud-based internet security services
HK$6.3 million or 22.5%	Establish a disaster recovery centre and becoming a holder of network service provider licence
HK$1.4 million or 5.0%	Establish a branch office and a backup data centre in Kuala Lumpur
HK$2.7 million or 9.6%	Expand and strengthening our manpower to cater for the anticipated expansion plans
HK$2.0 million or 7.2%	Promote our business to capture more market share in the industry

An analysis of the utilisation of the Net Proceeds up to 30 June 2022 is set out below:

Business Strategies	Planned use of the Net Proceeds up to 30 June 2022 HK$'000	Actual amount utilised up to 30 June 2022 HK$'000	Unutilised Net Proceeds up to 30 June 2022 HK$'000
Implement cloud-based data content management solution	4,615	4,250	365
Acquire additional hardware and software to provide cloud-based internet security services	11,012	11,012	–
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	6,267	4,678	1,589
Establish a branch office in Kuala Lumpur	1,413	569	844
Expand and strengthening our manpower to cater for the anticipated expansion plans	2,645	2,596	49
Promote our business to capture more market share in the industry	2,048	2,048	–
	28,000	25,153	2,847

The Directors will continue to 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 have not been fully utilised up to 30 June 2022 as previously disclosed in the Prospectus because of the reasons elaborated below:

1. As for the implementation of cloud-based data content management solution, the unutilised portion amounted to approximately HK$365,000 as at 30 June 2022 was due to lower-than-expected hardware and software maintenance cost, the Group plans to use the unutilised portion for maintenance cost during the year ending 30 June 2023;

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$1,589,000 as at 30 June 2022. Due to the outbreak of the COVID-19, the Group's plan to purchase data centre space facilities of a backup data centre has been delayed, the Group plans to use the unutilised portion to purchase and maintain data centre space facilities of a backup data centre during the year ending 30 June 2023;

3. As for the establishment of a branch office in Kuala Lumpur, the unutilised portion amounted to approximately HK$844,000 as at 30 June 2022 due to lower-than-expected office rent for the branch office in Kuala Lumpur, the Group plans to use the unutilised portion to rent the branch office in Kuala Lumpur during the year ending 30 June 2023; and

4. As for expanding and strengthening manpower to cater for the anticipated expansion plans, the unutilised portion amounted to approximately HK$49,000 as at 30 June 2022 due to lower-than-expected salary expenses and the Company is still recruiting a suitable candidate with the right skills and experience for the position of compliance manager, the Group plans to use the unutilise portion for salary expenses and recruiting a compliance manager during the year ending 30 June 2023.

As at 30 June 2022, the Net Proceeds of approximately HK$2.8 million had not yet been utilised as planned, but is expected to be utilised during the financial year ending 30 June 2023. 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 the 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 2022
Implement cloud-based data content management solution	Partly utilised for implementing the cloud-based data content management solution and the remaining will be utilised for hardware and software maintenance during the year ending 30 June 2023.
Acquire additional hardware and software to provide cloud-based internet security services	Utilised for implementing cloud-based internet security services and for hardware and software maintenance.
Establish a disaster recovery centre and becoming a holder of network service provider licence	Partly utilised for purchasing the hardware and software required for establishing a disaster recovery centre as a result of delay due to the outbreak of COVID-19. The remaining amount for purchasing and maintaining data centre space facilities and backup data centre will be utilised in the year ending 30 June 2023.
Establish a branch office and a backup data centre in Kuala Lumpur	Partly utilised for paying the rental of the new branch office since February 2020. The remaining amount will be utilised for paying the rental of the new branch office in the year ending 30 June 2023.
Expand and strengthening our manpower to cater for the anticipated expansion plans	Partly utilised for recruiting two IT specialist engineers, one service delivery manager and two senior sales executive during the year ending 30 June 2020. The remaining amount will be used for recruiting a compliance manager during the year ending 30 June 2023.
Promote our business to capture more market share in the industry	Utilised for expanding and exploring more effective online marketing strategies via Linkedin, Facebook and Google ad and by redesigning the Company's website. Partly utilised in promoting the E-Commerce business in the PRC.

EXECUTIVE DIRECTORS

Mr. Yu Decai (余德才) ("Mr. Yu"), aged 48, has been appointed as an Executive Director of the Company on 21 July 2021, and has been subsequently appointed as (i) the chairman of the Board (the "**Chairman**"); (ii) the chief executive officer of the Company (the "**Chief Executive Officer**"); (iii) a member of nomination committee of the Company (the "**Nomination Committee**"); (iv) a member of the remuneration committee of the Company (the "**Remuneration Committee**"); (v) the compliance officer of the Company (the "**Compliance Officer**"); and (vi) one of the authorised representatives of the Company (the "**Authorised Representative**") on 20 May 2022. Mr. Yu is responsible for the overall business strategy and major business decision of the Group.

Mr. Yu graduated from the Shanghai Institute of International Economic and Technical Education with a Bachelor's Degree in Management and holds the qualification as a qualified funds practitioner which was granted by the Asset Management Association of China. He has more than 10 years of experience in technologies, media and telecommunications sector investment, corporate strategic management, project management, investment business and funds management.

Mr. Yu is a director of Hong Kong Worldtone Riches Fund Management Limited and has been appointed as the chairman of board of supervisors of Shenzhen Sunrise New Energy Co., Ltd.* (a company listed on the Shenzhen Stock Exchange, stock code: 002256) ("**Shenzhen Sunrise**").

Mr. Hu Mingdai (胡命岱) ("Mr. Hu"), aged 41, has been appointed as an Executive Director of the Company on 20 May 2022. Mr. Hu is responsible for the overall business strategy and major business decision of the Group.

Mr. Hu graduated from Private Hualian College in Guangzhou, the PRC with major in Business English in June 2002. He obtained a securities practice qualification certificate from the Securities Association of China in April 2016 and the qualification as a qualified funds practitioner which was granted by the Asset Management Association of China in December 2016. Mr. Hu has more than 10 years of experience in fund investment and capital operation business in the PRC.

From October 2011, Mr. Hu has been appointed as a director of Shenzhen Worldtone Riches Fund Management Limited* ("**Shenzhen Worldtone**"). From June 2021, Mr. Hu has been further appointed general manager of Shenzhen Worldtone. From July 2021, Mr. Hu has been appointed as an authorised representative of Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)*.

* *for identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Youchun (陳友春) ("Mr. Chen"), aged 46, has been appointed as an Independent Non-executive Director on 5 July 2021. He is the chairman of the Remuneration Committee and a member of the audit committee of the Company (the "**Audit Committee**").

Mr. Chen graduated from the Southwest University of Political Science & Law in 2000 with a Bachelor's Degree in Laws and another Bachelor's Degree in Laws from the University of Northumbria in 2011. He also obtained a Master's Degree in Civil and Commercial Law from the Wuhan University in 2007 and a Doctor of Philosophy in International Law from the Southwest University of Political Science & Law in 2018. Mr. Chen has more than 15 years of experience in corporate finance, private equity, venture capitals, initial public offer listings, and mergers and acquisitions in China and Hong Kong.

Mr. Chen is a foreign lawyer registered with the Law Society of Hong Kong and is a partner in the Shenzhen office of Junzejun Law Offices.

Mr. Chen has served as an independent non-executive director of Central Wealth Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 139) from October 2014 to October 2019, and Elegance Optical International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 907) from October 2017 to April 2019. Mr. Chen has been appointed as an independent non-executive director of China Tangshang Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 674) since December 2016 and an independent director of Nuode Investment Group Co. Ltd (a company listed on the Shanghai Stock Exchange, stock code: 600110) since February 2018.

Mr. Ng Der Sian (黃德祥) ("Mr. Ng"), aged 50, has been appointed as an Independent Non-executive Director on 20 May 2022. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Ng graduated from Nanyang Technological University in 1996 with a Bachelor's Degree in Accountancy. Mr. Ng has involved in the finance and capital market industry for more than 25 years, having started his career at Arthur Andersen with his last position as audit assistant manager in November 2000. From October 1997 to March 1999, Mr. Ng was appointed as credit analyst & marketing senior officer in OCBC Bank Singapore. From November 2000 to June 2003 and from July 2003 to November 2004, he served as a project controller & risk manager in Cap Gemini Ernst & Young and financial planning & analysis manager in GE Consumer Finance, a unit of General Electric Company. Mr. Ng is one of the founding partners of EV Capital Limited, a capital market consultancy company which incorporated in BVI, and worked as the director from December 2004 to December 2016. Mr. Ng is also the founder of One Investments & Consultancy Limited, a capital market consultancy company which incorporated in BVI, and has served as director since March 2011.

Mr. Ng has also been appointed as a director in AMD Holding Pte Ltd, a private company in Singapore since 2012; a director in One Group Consultancy Pte Ltd, a private company in Singapore since 2016; and One Group Capital Limited, a private company in BVI since 2017.

Ms. Zheng Li Ping ("Ms. Zheng"), aged 46, has been appointed as an Independent Non-executive Director on 20 May 2022. She is the chairman of the Nomination Committee and a member of the Audit Committee.

Ms. Zheng graduated from Heriot-Watt University, Edinburgh, United Kingdom with a Bachelor's Degree in Estate Management in 2002. She also obtained a Master's Degree in Accounting from St. John's University, New York in 2006.

Ms. Zheng has involved in the finance industry for more than approximate 15 years, having started her career at Deloitte & Touche LLP (New York) from September 2006 to August 2008 with her last position as senior auditor. From October 2008 to January 2010, Ms. Zheng was appointed as senior accountant in Medidata Solutions Inc, an American technology company. From March 2010 to March 2011, Ms. Zheng worked in Deloitte & Touche LLP (Singapore) with her last position as senior auditor. From April 2011 to May 2013 and from January 2014 to December 2015, she served as account manager in MOL Techno-Trade Asia Pte Ltd and finance manager in Abacus Capital (S) Pte Ltd. From June 2016 to November 2019, Ms. Zheng joined Chen Li Kindergarten in Singapore and worked as treasurer. Since December 2019, Ms. Zheng has been appointed as chief financial officer in Whampoa Group, a private company in Singapore.

SENIOR MANAGEMENT

Dato' Eric Tan Chwee Kuang ("Dato' Tan"), aged 43, 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. On 20 May 2022, Dato' Tan has resigned as an Executive Director, the Chairman and the Chief Executive Officer.

Dato' Tan is the co-founder of the Group and a director of each of IP Core and Metro Direct Carrier (M) Sdn Bhd.. Dato' Tan is primarily responsible for the business strategy, preparing annual budget proposals, and major business decisions of the Group's business in Malaysia.

He has more than 20 years of experience in the ICT industry. 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.

Ms. Fathim Nur Zaida Binti Zainal Ariffin ("Ms. Fathim"), aged 39, 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 approximately 15 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..

Ms. Fathim 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..

Mr. Zhou Shuyang (周舒揚) ("Mr. Zhou"), aged 38, is the head of administrative and human resources department of the Group, and primarily responsible for managing the administrative and human resources related planning, operations and issues of the Group. Mr. Zhou has joined the Group and has been appointed in current position in July 2022. He graduated from the Open University of China with a Bachelor of Accounting (Honours) Degree in July 2020.

Mr. Zhou has over ten years of experience in the accounting, finance and administration industry. From August 2011, Mr. Zhou has been appointed as a manager of investment department of Shenzhen Worldtone; from March 2017, he has been appointed as a director of Dongguan Better Electronic Technology Co., Ltd*; and from April 2022, he has been appointed as a director of capital market department of Shenzhen Sunrise.

Ms. See Hui Ting ("Ms. See"), aged 34, is the finance manager of the Group and is responsible for managing the finance and procurement department of the Company. 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 the 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 a Bachelor of Accounting (Honours) Degree in July 2011. She was admitted as a member of the Association of Chartered Certified Accountants 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.

* *for identification purpose only*

COMPANY SECRETARY

Ms. Wong Po Lam (黃寶琳) ("Ms. Wong"), aged 32, has been appointed as a company secretary of the Company (the **"Company Secretary"**) and the Authorised Representative on 1 January 2021. Ms. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, she obtained a Bachelor Degree in Accounting from the City University of Hong Kong in November 2012. Ms. Wong has approximately 10 years of experience in financial reporting, auditing, financial management, corporate secretarial and regulatory compliance in listed companies in Hong Kong. She has also been serving as a company secretary and an authorised representative of Nexion Technologies Limited (a company listed on the Stock Exchange, stock code: 8420) and Ritamix Global Limited (a company listed on the Stock Exchange, stock code: 1936).

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 30 June 2022.

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; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services and (iii) E-Commerce. During the year ended 30 June 2022, the Group has developed the new business, E-Commerce in the PRC.

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 section headed "Management Discussion and Analysis" on pages 7 to 9 of this report. This discussion forms part of this Report of the Directors.

USE OF NET PROCEEDS FROM THE LISTING

Details of use of the Net Proceeds from the Listing are set out in the section headed "Management Discussion and Analysis" on pages 19 to 21 of this 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 pays attention to the Group's policies and practices on compliance with all significant legal and regulatory requirements essential to is business operations. The Group will 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 2022, 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.

Details of environmental, social and governance policies and performance of the Group are set out in the section headed "Environmental, Social and Governance Report" on pages 59 to 88 of this 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 recognises 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 2022, 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 2022 and the Group's financial position at that date are set out in the consolidated financial statements on pages 95 to 163 of this report.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2022 *(2021: Nil)*.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" on page 164 of this report. This summary does not form part of the audited consolidated financial statements.

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

For the year ended 30 June 2022, neither the Company nor any of its subsidiaries has 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 2022 are set out in Note 15 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 30 June 2022 are set in Note 21 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 30 June 2022 are set out in Note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 30 June 2022, the reserves of the Company available for distribution, as calculated in accordance with statutory provisions applicable in the Cayman Islands was approximately RM27.3 million *(2021: approximately RM36.6 million)*.

Details of the movements in the reserves of the Group and the Company during the year ended 30 June 2022 are set out in the consolidated statement of changes in equity and Note 25 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2022, sales to the Group's five largest customers accounted for approximately 49.0% *(2021: 50.6%)* of the total sales for the year and sales to the largest customer included therein amounted to approximately 15.6% *(2021: 19.3%)*. Purchases from the Group's five largest suppliers accounted for approximately 78.5% *(2021: 79.6%)* of the total purchases for the year ended 30 June 2022 and purchases from the largest supplier included therein amounted to approximately 36.9% *(2021: 37.7%)*.

None of the Directors or any of their close associates (as defined in the 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 headed "Management Discussion and Analysis" on pages 19 to 21 of this report, the Group does not have future plans for material investments and capital assets as at 30 June 2022.

DIRECTORS

The Directors during the year ended 30 June 2022 and up to the date of this report were:

Executive Directors

Mr. Yu Decai *(Appointed on 21 July 2021)*
Mr. Hu Mingdai *(Appointed on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*

Independent Non-executive Directors

Mr. Chen Youchun *(Appointed on 5 July 2021)*
Mr. Ng Der Sian *(Appointed on 20 May 2022)*
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*
Mr. Yau Yeung On *(Resigned on 5 July 2021)*

The biographical details of the Directors are set out in section headed "Directors and Senior Management Profile" on pages 22 to 24 of this report.

Pursuant to Article 108(a) of the amended and restated articles of association of the Company (the "**Articles of Association**"), at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then 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 an annual general meeting at least once every three years. Accordingly, Mr. Yu Decai and Mr. Chen Youchun shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Pursuant to Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at such annual general meeting. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting. Accordingly, Mr. Hu Mingdai, Mr. Ng Der Sian and Ms. Zheng Li Ping shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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 report, they are considered to be independent.

CHANGE IN DIRECTORS AND CHIEF EXECUTIVES

On 5 July 2021, Mr. Yau Yeung On resigned and Mr. Chen Youchun has been appointed as an Independent Non-executive Director, a member of the Audit-Committee and the chairman of the Remuneration Committee.

On 21 July 2021, Mr. Saw Zhe Wai resigned and Mr. Yu Decai has been appointed as an Executive Director.

On 20 May 2022, Dato' Eric Tan Chwee Kuang resigned as an Executive Director. On the same day, Dato' Tan resigned, and Mr. Yu Decai has been appointed as the Chairman, the Chief Executive Officer, a member of the Nomination Committee and the Remuneration Committee, the Compliance Officer and one of the Authorised Representatives.

On 20 May 2022, Mr. Lim Peng Chuan Terence resigned, and Mr. Ng Der Sian has been appointed as an Independent Non-executive Director, the chairman of the Audit Committee, the member of the Nomination Committee and the Remuneration Committee; Mr. Phua Cheng Sye Charles resigned, and Ms. Zheng Li Ping has been appointed as an Independent Non-executive Director, a member of the Audit Committee and the chairman of the Nomination Committee.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Executive Directors has entered into a letter of appointment with the Company for a fixed term of three years from the date of appointment, 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 letter of appointment with the Company for a term of one year from the date of appointment and renewable automatically for successive term of one year each commencing from the day following the expiry of the then current term, terminated by either party giving not less than three 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 2022 are set out in Notes 9 and 10 to the consolidated financial statements in this 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 during the year ended 30 June 2022.

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 2022.

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 2022.

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 previous 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 previous controlling shareholders and duly enforced since 9 December 2019, the date of Listing and up to 24 December 2021, being the Completion Date of the Sale and Purchase Agreement as set out in the section headed "Mandatory Unconditional Cash Offer" on page 38 of this report.

INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

Saved as disclosed in Notes 9 and 27 to the consolidated financial statements in this 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 2022.

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 2022.

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

As at 30 June 2022, 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
Mr. Yu *(Note 2)*	Interests in controlled corporations	416,364,000 (L)	69.39%

Notes:

1. The letter "L" demonstrates long position.

2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest Limited ("**Thrive Harvest**") and Worldtone Riches Investment Limited ("**Worldtone Riches**"). Thrive Harvest is a company incorporated in the British Virgin Islands (the "**BVI**"), which in turn holds 303,864,000 Shares or approximately 50.64% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 18.75% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

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

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at 30 June 2022, 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 2022 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 2022, 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**
Mr. Yu *(Note 2)*	Interest in a controlled corporation	416,364,000(L)	69.39%
Thrive Harvest *(Note 2)*	Beneficial owner	303,864,000(L)	50.64%
Worldtone Riches *(Note 2)*	Beneficial owner	112,500,000(L)	18.75%
Wuhan Jiayou *(Note 3)*	Interest in a controlled corporation	33,750,000(L)	5.625%
Shenzhen Huitong *(Note 3)*	Interest in a controlled corporation	33,750,000(L)	5.625%
Garden Wealth *(Note 3)*	Beneficial owner	33,750,000(L)	5.625%

Notes:

1. The letter "L" demonstrates long position.

2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

3. 100% equity interest of Garden Wealth Limited ("**Garden Wealth**") is owned by Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)* ("**Shenzhen Huitong**") and 97% equity interest of Shenzhen Huitong is owned by Wuhan Jiayou Information Technology Co., Ltd.* ("**Wuhan Jiayou**"). Therefore, Wuhan Jiayou and Shenzhen Huitong are deemed, or taken to be, interested in the Shares held by Garden Wealth for the purpose of the SFO.

* *for identification purpose only*

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	30%

Note:

Ms. Fathim is one of the members of the Group's senior management.

Save as disclosed above, as at 30 June 2022, 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 2022, no Option has been granted, exercised, lapsed or cancelled, and as at 30 June 2022, 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 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 2022, save for the share option scheme as set out in the section headed "Share Option Scheme" in the "Report of the Directors" on pages 35 to 36 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 2022 and 2021.

COMPETING INTERESTS

During the year ended 30 June 2022, 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

In accordance with Rules 6A.19 of the GEM Listing Rules, the Group has appointed Pulsar Capital Limited (the "**Compliance Adviser**") as our compliance adviser. As at 30 June 2022, 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 2022 are set out in Note 27 to the consolidated financial statements in this 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 2022, 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.

On 23 June 2022, China Mebugs and Thrive Harvest entered into a Shareholder's loan agreement, pursuant to which Thrive Harvest agreed to make available to China Mebugs an unsecured and interest-free loan with principal amount of HK$9,000,000 (equivalent to approximately RM5,055,000) which is repayable on 31 December 2024 (the "**Shareholder's Loan**") for the purposes of financing China Mebugs' business operations.

The Shareholder's Loan is exempted from reporting, announcement and Shareholders' approval requirements under GEM Rule 20.88 as it is provided by Thrive Harvest on normal commercial terms or better and no security is granted over the assets of the Group in respect of the Shareholder's Loan.

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

Expect for the Acquisition mentioned in section headed "Management Discussion and Analysis" on page 8 of this report, there were no significant investments held by the Company during the year ended 30 June 2022, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 30 June 2022.

DONATION

During the year ended 30 June 2022, the Group made donation of approximately RM86,000 *(2021: Nil)*.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 30 June 2022 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 2022 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 Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considered all of the Independent Non-Executive Directors are independent.

MANDATORY UNCONDITIONAL CASH OFFER

References are made to (i) the announcement jointly issued by Thrive Harvest Limited ("**Offeror**") and the Company dated 4 January 2022; and (ii) the composite offer and response document ("**Composite Document**") jointly despatched by the Offeror and the Company dated 28 March 2022 in relation to the mandatory unconditional cash offer ("**Offer**"); and (iii) the announcement jointly issued by the Company and the Offeror dated 19 April 2022. Unless otherwise the context requires, capitalised terms used in this section shall have the same meanings as those defined in the Composite Document.

On 24 December 2021 (after trading hours), Advantage Sail Limited and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 303,750,000 Shares, representing approximately 50.63% of the total issued share capital of the Company as at the Latest Practicable Date, for the Consideration of HK$60,750,000 (equivalent to HK$0.20 per Sale Share). Completion took place immediately upon the signing of the Sale and Purchase Agreement on the Completion Date, being 24 December 2021.

Upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Yu and parties acting in concert with any of them). As set out in the Composite Document, the price per Offer Share at which the Offer will be made in cash, being HK$0.20 per Offer Share.

As at 4:00 p.m. on 19 April 2022, being the latest time and date for acceptance of the Offer as set out in the Composite Document, the Offeror had received 2 valid acceptances in respect of a total of 114,000 Offer Shares under the Offer, representing approximately 0.01% of the total issued share capital of the Company as at 19 April 2022.

Immediately after the close of the Offer, taking into account the valid acceptances in respect of 114,000 Offer Shares under the Offer, the Offeror Mr. Yu and the parties acting in concert with any of them are interested in 416,364,000 Shares, representing approximately 69.39% of the total issued share capital of the Company as at 19 April 2022.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in the section headed "Management Discussion and Analysis" on page 18 of this report.

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 2022 and up to the date of this report).

AUDITORS

Deloitte Touche Tohmatsu ("**DTT**") had been the independent auditor of the Company since the Listing until 5 June 2020. On 5 June 2020, DTT resigned as the independent auditor of the Company as the Company could not reach a consensus with them on the audit fee for the year ended 30 June 2020. On the same date, Mazars CPA Limited was then appointed as the new independent auditor of the Company.

The consolidated financial statements of the Company for the years ended 30 June 2022 and 2021 have been audited by independent auditor, Mazars CPA Limited, who will retire, and being eligible, offer themselves for re-appointment. A resolution for Mazars CPA Limited's re-appointment as the independent auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting on Friday, 16 December 2022, the register of members of the Company will be closed from Tuesday, 13 December 2022 to Friday, 16 December 2022, 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, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Monday, 12 December 2022.

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

Yu Decai
Chairman and Chief Executive Officer

Hong Kong, 23 September 2022

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Pursuant to Rule 18.44 of the GEM Listing Rules, the Directors are pleased to present this corporate governance report for the year ended 30 June 2022. This report highlights the key corporate governance practice of the Company.

CORPORATE GOVERNANCE PRACTICES

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 of the GEM Listing Rules as the basis of the Company's corporate governance practices.

During the year ended 30 June 2022, 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 C.2.1 described in the paragraph headed "Board of Directors – Chairman and Chief Executive Officer" on page 42 of this report.

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 year ended 30 June 2022.

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 during the year ended 30 June 2022 and up to the date of this report is set out as follows.

Executive Directors

Mr. Yu Decai *(Appointed on 21 July 2021)*
Mr. Hu Mingdai *(Appointed on 20 May 2022)*
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*

Independent Non-executive Directors

Mr. Chen Youchun *(Appointed on 5 July 2021)*
Mr. Ng Der Sian *(Appointed on 20 May 2022)*
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*
Mr. Yau Yeung On *(Resigned on 5 July 2021)*

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 report.

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

Chairman and Chief Executive Officer

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

Under the current management structure of the Company, Mr. Yu is the Chairman and Chief Executive Officer. As Mr. Yu has more than 10 years of experience in technologies, media and telecommunications sector, corporate strategic management, project management, investment business and fund management, 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 Mr. Yu acting as both the Chairman and the Chief Executive Officer 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 C.2.1 of the CG Code is appropriate in such circumstances.

Independent Non-executive Directors

During the year ended 30 June 2022, 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 are appointed for a specific term of one year commencing from date of appointment and renewable automatically for successive term of one year each commencing form the day following the expiry of the then current term, subject to retirement by rotation and re-election at the forthcoming annual general meeting.

Article 112 of the Articles of Association provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at such annual general meeting.

Under Article 108 of the Articles of Association, 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. Additional meeting will be convened when considered necessary by the Board. 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.

11 Board meetings were held throughout the year ended 30 June 2022. Details of the Directors' attendance record of the Board meetings are set out as follow:

Name of Directors	Attendance/ Number of meetings held
Executive Directors	
Mr. Yu Decai *(Chairman and Chief Executive Officer) (Appointed on 21 July 2021)*	8/8
Mr. Hu Mingdai *(Appointed on 20 May 2022)*	3/3
Dato' Eric Tan Chwee Kuang *(Chairman and Chief Executive Officer) (Resigned on 20 May 2022)*	8/8
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*	3/3
Independent Non-executive Directors	
Mr. Chen Youchun *(Appointed on 5 July 2021)*	9/9
Mr. Ng Der Sian *(Appointed on 20 May 2022)*	3/3
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*	3/3
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*	8/8
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*	8/8
Mr. Yau Yeung On *(Resigned on 5 July 2021)*	2/2

The Board is responsible for maintaining an ongoing 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 and the chairmen or, in their absence, other members of the Audit Committee, the Nomination Committee and the Remuneration Committee should attend the annual general meeting to answer questions and collect views of Shareholders.

Two general meeting was held throughout the year ended 30 June 2022. Details of the Directors' attendance record of the general meetings are set out below:

Name of Directors	Attendance/ Number of meetings held
Executive Directors	
Mr. Yu Decai *(Chairman and Chief Executive Officer) (Appointed on 21 July 2021)*	2/2
Mr. Hu Mingdai *(Appointed on 20 May 2022)*	1/1
Dato' Eric Tan Chwee Kuang *(Chairman and Chief Executive Officer) (Resigned on 20 May 2022)*	1/1
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*	N/A
Independent Non-executive Directors	
Mr. Chen Youchun *(Appointed on 5 July 2021)*	2/2
Mr. Ng Der Sian *(Appointed on 20 May 2022)*	1/1
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*	0/1
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*	1/1
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*	1/1
Mr. Yau Yeung On *(Resigned on 5 July 2021)*	N/A

Continuous Professional Development of Directors

All Directors, including Executive Directors and Independent Non-executive Directors, have been reminded to keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. Every newly appointed Director will receive a formal, customized and comprehensive induction training on the first occasion of his/her 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 provides 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 provides 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 C.1.4 on the Directors' training. All Directors have participated in continuous professional development and provided a record of training they received for the year ended 30 June 2022 to the Company. Participation of continuous training of the Directors is as follows:

Name of Directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive Directors	
Mr. Yu Decai *(Chairman and Chief Executive Officer) (Appointed on 21 July 2021)*	✓
Mr. Hu Mingdai *(Appointed on 20 May 2022)*	✓
Dato' Eric Tan Chwee Kuang *(Chairman and Chief Executive Officer) (Resigned on 20 May 2022)*	✓
Mr. Saw Zhe Wei *(Resigned on 21 July 2021)*	✓
Independent Non-executive Directors	
Mr. Chen Youchun *(Appointed on 5 July 2021)*	✓
Mr. Ng Der Sian *(Appointed on 20 May 2022)*	✓
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*	✓
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*	✓
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*	✓
Mr. Yau Yeung On *(Resigned on 5 July 2021)*	✓

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 section headed "Corporate Information" on page 2 of this 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.

As at the date of this report, the Audit Committee consists of three Independent Non-executive Directors, namely Mr. Chen Youchun, Mr. Ng Der Sian and Ms. Zheng Li Ping, Mr. Ng Der Sian 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 D.3.3 and D.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.

Four Audit Committee meetings were held throughout the year ended 30 June 2022. Details of changes of the members and members' attendance record of the Audit Committee meetings are set out as follow:

Name of members	**Attendance/ Number of meetings held**
Mr. Ng Der Sian *(Chairman) (Appointed on 20 May 2022)*	N/A
Mr. Chen Youchun *(Appointed on 5 July 2021)*	4/4
Ms. Zheng Li Ping *(Appointed on 20 May 2022)*	N/A
Mr. Lim Peng Chuan Terence *(Chairman) (Resigned on 20 May 2022)*	4/4
Mr. Phua Cheng Sye Charles *(Resigned on 20 May 2022)*	4/4
Mr. Yau Yeung On *(Resigned on 5 July 2021)*	N/A

The summary of the work of the Audit Committee is as follows:

(i) reviewed the final results and annual report of the Group for the year ended 30 June 2021, the interim results and report for the six months ended 31 December 2021, the quarterly results and reports for the periods ended 30 September 2021 and 31 March 2022 with a recommendation to the Board for approval and monitored the integrity of such consolidated financial statements;

(ii) reviewed the Group's financing and accounting policies; and

(iii) reviewed and recommended appointment of external auditor, improvements on the Group's internal and compliance control system and risk management functions.

On 23 September 2022, the Group's results for the year ended 30 June 2022 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee has written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. As at the date of this report, the Remuneration Committee consists of three members, namely Mr. Chen Youchun, Mr. Ng Der Sian and Mr. Yu Decai. Mr. Chen Youchun 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 E.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.

Four Remuneration Committee meeting was held throughout the year ended 30 June 2022. Details of changes of the members and members' attendance record of the Remuneration Committee meetings are set out as follow:

Name of members	**Attendance/ Number of meetings held**
Mr. Chen Youchun *(Chairman) (Appointed on 5 July 2021)*	3/3
Mr. Ng Der Sian *(Appointed on 20 May 2022)*	N/A
Mr. Yu Decai *(Appointed on 20 May 2022)*	N/A
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*	4/4
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*	4/4
Mr. Yau Yeung On *(Chairman) (Resigned on 5 July 2021)*	N/A

The summary of the work of the Remuneration Committee is as follows:

(i) made recommendations to the Board on the Company's remuneration policy of Directors and senior management;

(ii) reviewed the remuneration packages of Directors and senior management in relation to the performance and financial position of the Company; and

(iii) made recommendations to the Board on the remuneration of Independent Non-executive Directors.

Remuneration of Directors and senior management

Particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Rule 18.30 of the GEM Listing Rules are set out in Notes 9 and 10 to the consolidated financial statements. Pursuant to code provision E.1.5 of the CG Code, the remuneration of Directors and the members of senior management by band for the year ended 30 June 2022 is set out below:

Remuneration Band	Number of Directors and the members of senior management
Nil to HK$1,000,000	12
HK$2,000,001 to HK$2,500,000	1

Nomination Committee

The Nomination Committee, has written terms of reference in compliance with the CG Code. As at the date of this report, the Nomination Committee consists of three members, namely Mr. Ng Der Sian, Mr. Yu Decai and Ms. Zheng Li Ping, Ms. Zheng Li Ping 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 B.3.1 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 will 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 will 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 will 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.

Four Nomination Committee meeting was held throughout the year ended 30 June 2022. Details of members' attendance record of the Nomination Committee meetings are set out as follow:

Name of members	Attendance/ Number of meetings held
Ms. Zheng Li Ping *(Chairman) (Appointed on 20 May 2022)*	N/A
Mr. Ng Der Sian *(Appointed on 20 May 2022)*	N/A
Mr. Yu Decai *(Appointed on 20 May 2022)*	N/A
Mr. Phua Cheng Sye Charles *(Chairman) (Resigned on 20 May 2022)*	4/4
Mr. Lim Peng Chuan Terence *(Resigned on 20 May 2022)*	4/4
Dato' Eric Tan Chwee Kuang *(Resigned on 20 May 2022)*	4/4

The summary of the work of the Nomination Committee is as follows:

(i) reviewed the structure, size and composition of the Board;

(ii) assessed the independence of the Independent Non-executive Directors;

(iii) made recommendations on the retiring Directors at the annual general meeting of the Company; and

(iv) considered the candidate's integrity, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve the Board diversity on selection of candidates for directorship of the Company.

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 recognises 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.

Measurable objectives include (i) at least one third of the Board shall be Independent Non-executive Directors; (ii) at least one Director is female and (iii) at least one Director shall have obtained accounting or other professional qualifications. For the year ended 30 June 2022, all measurable objectives have been fulfilled. As at 30 June 2022, the Group had 115 employees *(2021: 59)* (including Executive Directors) in total comprising of 38 females and 77 males *(2021: 14 females and 45 males)*, that is, a female-to-male ratio of approximately 0.5:1 *(2021: approximately 0.3:1)*, reflecting an improvement on gender equality principle generally adhered by the Group.

The Board and the Nomination Committee review the measurable objectives to ensure their appropriateness and continued effectiveness on a regular basis.

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

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

As at the date of this report, the Board comprises four male Directors and one female Director. The following tables illustrate the diversity other than gender diversity of the Directors:

	Age Group	
Name of Directors	**41 to 45**	**46 to 50**
Mr. Yu Decai		✓
Mr. Hu Mingdai	✓	
Mr. Chen Youchun		✓
Mr. Ng Der Sian		✓
Ms. Zheng Li Ping		✓

	Professional Experience			
Name of Directors	**Information Technology and Telecommunication**	**Accounting and Finance**	**Law**	**Investment and Fund Management**
Mr. Yu Decai	✓			✓
Mr. Hu Mingdai				✓
Mr. Chen Youchun			✓	
Mr. Ng Der Sian		✓		✓
Ms. Zheng Li Ping		✓		

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 (the "**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 which include 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;

- The Board Diversity Policy 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 will be proposed and their biographical background will be 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 (the "**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, any applicable laws and regulations, including the Cayman Companies Act. 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 A.2.1 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 year ended 30 June 2022, the Board has 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.

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: Identify risks that may potentially affect the Group's business and operations.

Risk Assessment: Assess 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: Prioritise the risks by comparing the results of the risk assessment; and determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting: Perform ongoing and periodic monitoring of the risk and ensure that appropriate internal control processes are in place; revise the risk management strategies and internal control processes in case of any significant change of situation; and report 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 2022, 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 is 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 2022 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 Auditor's Report on pages 89 to 94 of this report.

AUDITOR'S STATEMENT AND REMUNERATION

A statement by the Group's auditor on their reporting obligations in respect of the Group's financial statements for the year ended 30 June 2022 is set out in section headed "Independent Auditor's Report" on pages 89 to 94 of this report.

For the year ended 30 June 2022 and 2021, the remuneration paid or payable to Mazars CPA Limited is set out below:

	2022 **RM'000**	2021 RM'000
Categories of Services		
Audit services	**526**	468
Non-audit services	**53**	–
	579	468

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during the year ended 30 June 2022.

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services. Ms. Wong Po Lam has been appointed by the Board as the Company Secretary with effect from 1 January 2021. The biographical details of Ms. Wong are set out under the section headed "Directors and Senior Management Profile" on page 26 of this report. Ms. Wong is not an employee of the Group and she is responsible for advisory to the Group on corporate governance matters. Mr. Yu, Executive Director, is the person who Ms. Wong can contact for the purpose of code provision C.6.1 of the Code.

Ms. Wong confirmed that she 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 2022.

COMPLIANCE OFFICER

Pursuant to the code provision 5.19 of the GEM Listing Rules, the Company must ensure that, at all times, one of its Executive Directors assumes responsibility for acting as the Company's Compliance Officer. Dato' Eric Tan Chwee Kuang, an Executive Director, was ceased to act as the Compliance Officer, and Mr. Yu, an Executive Director, has been appointed as the Compliance Officer with effect from 20 May 2022. Mr. Yu's biographical details are disclosed in the section headed "Directors and Senior Management Profile" on page 22 of this report.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels.

To safeguard the Shareholder's 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 Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. An extraordinary general meeting shall also be convened on the requisition of one or more Shareholder(s) holding, at the date of deposit of the requisition, a minority stake in the total number of issued Shares, and the minimum stake required to do this shall not be higher than 10% of the voting rights (on a one vote per Share basis) in the issued share capital of the Company. Such Shareholder(s) shall also be entitled to add resolutions to the agenda for the extraordinary general meeting concerned. Any requisition referred to in the second sentence of this article must be made in writing to the Board or the 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. 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 Unit B, 13/F, Winsan Tower, 98 Thomson Road, Wanchai, 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.metamichong.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.

During the year ended 30 June 2022, the Board was satisfied with the effectiveness of communication with Shareholders. The Board will continuously to review the communication policies with Shareholders to ensure their appropriateness and continued effectiveness on a regular basis.

CONSTITUTIONAL DOCUMENTS

On 17 June 2022, the amendments of the Articles of Association have been approved in the extraordinary general meeting of the Company. Details of the amendments of the Articles of Association have been set out in the announcements of the Company dated 27 May 2022 and the circular of the Company dated 1 June 2022. The amended Articles of Association dated 17 June 2022 is available on the Company's website at www.metamichong.com and the Stock Exchange's website.

On behalf of the Board

Yu Decai
Chairman and Chief Executive Officer

Hong Kong, 23 September 2022

ABOUT THE ESG REPORT

This Environmental, Social and Governance Report (the "**ESG Report**") covers the sustainability policies and performance of Michong Metaverse (China) Holdings Group Limited *(formerly known as Nomad Technologies Holdings Limited)* from 1 July 2021 to 30 June 2022 (the "**Reporting Period**"). It focuses on the environmental, social and governance ("**ESG**") performance and practice across our offices and server rooms in Malaysia and the PRC, covering (i) network support services, (ii) network connectivity services; and (iii) E-Commerce. This ESG Report follows the disclosure framework stated in the Appendix 20 of the GEM Listing Rules of The Stock Exchange of Hong Kong Limited, the *Environmental, Social and Governance Reporting Guide* (the "**HKEx ESG Reporting Guide**").

All the data and information cited in this ESG Report are from internal archived documents and records. For a more precise disclosure relevant to the environmental performance, a carbon emission assessment was conducted by an external professional party, which at the same time can help to enhance the ESG Report's credibility and objectivity.

The Board is well noted with the ESG Report's contents and understand its responsibility towards the publication of the ESG Report. If you have any feedback towards this ESG Report or the Company's overall sustainability performance, please email to contact@metamichong.com directly, or via the ways stated below. Your opinions are important for our sustainable improvement and contemporary advancement.

Address: Unit B, 13/F, Winsan Tower, 98 Thomson Road, Wanchai, Hong Kong
Mailbox: contact@metamichong.com

MESSAGE FROM THE BOARD

The Company is pleased to present this ESG report to provide an overview of the Group's management of ESG performances. The Board takes responsibility to ensure that the Company's operation and development meet the expectations and interests of both internal and external stakeholders, such as our employees, Shareholders, customers and suppliers. We believe that the feedback from stakeholders are the foundation of improvements and driver to the Company's future development. To be responsive, the Board is committed to generate and realise long-term values for the stakeholders by improving the Company's sustainability performances.

Although we have not yet established a sustainability committee to oversee the Company's sustainability development, the Board is responsible for all the decisions made on any significant issues relevant to environment, society and corporate governance, which are always premised on the compliance with the legal and regulatory requirements. Through the process of publishing this ESG Report, it helps the Board to identify the risks relevant to sustainability, and thus enhances the determination of appropriate and practical sustainability policies for implementation.

To ensure the effectiveness of the implementation of ESG policies within the Group, the Board takes the lead and assumes the overall responsibility of the Group's ESG issues, including policy formulation, practice monitoring, target tracking and ESG reporting. With the application of the ESG management approach and strategy, the Board has garnered an in-depth understanding of the latest ESG development in the Group while allowing all employees to maintain sound communication with the management in the execution of business policies. Together with the outcome of the annual materiality assessment through ongoing stakeholder engagement, the Board can identify the serious challenges raised by its key stakeholders on the sustainable development of the Group and make appropriate decisions and plans for business development by putting more efforts on the topics that are believed to be relevant, urgent and important to the Group's long-term competitiveness in the industry.

In this ESG Report, the Company's ESG performances are disclosed to demonstrate how we balance the needs of business development and sustainable development in the past financial year. Besides, relevant policies, risks management mechanism and internal monitoring system are also disclosed to show how we implement the concept of sustainability into our daily operation. We sincerely hope that our efforts devoted in the Company's sustainability development can satisfy the stakeholders' expectations and benefit them in the long run.

We, the Board of Directors, have approved the content of this ESG Report on 23 September 2022. We are committed to keep improving our ESG performance and disclosure and look forward to hearing your comments for future improvement.

The Board of Directors

23 September 2022

COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF MATERIAL ISSUES

Stakeholder engagement is the process through which we stay connected with all stakeholders. During the Reporting Period, the Company has close communication with different stakeholders via various channels. We believe that the effective engagement of all stakeholders is integral to the development of our sustainability strategy and is also a prerequisite for our long-term sustainable growth.

Through the communication process, the most influential and material issues of concern can be identified, which gives the Company the best references to continuously improve ESG performance. The identification of issues of concern allows the Company to understand more on the impacts of its daily operation in different aspects.

The table below sets out our main communication channels with the Group's major stakeholders and their probable issues of concern on the Group's operation:

Major Stakeholders	Communication channel	Issues of concern
Community	– Community activities – Volunteering	– Community environment employment – Community development – Social responsibilities
Customers	– Advertisement – Marketing events – Company website – Regular meetings – Email – Phone communications	– Safe and high-quality product/service – Business ethics – Information transparency – Intelligent protection
Employees	– Daily communication – Performance appraisal – Training – Staff handbook	– Safe and healthy working environment – Rights and benefits – Training and development – Career development opportunities
Government/Market Regulators	– On-site inspections and checks – Industry collaboration	– Compliance with laws and regulations – Proper tax payment – Social responsibility
Peers	– Industry conference – Site visits	– Experience sharing and cooperation – Fair competition
Shareholders/Investors	– Annual general meeting and other shareholder meeting – Information disclosure on the Stock Exchange and the Company's website – Mail and phone communications	– Return on the investment – Information disclosure and transparency – Business strategies and performance – Corporate governance system

Major Stakeholders	Communication channel	Issues of concern
Suppliers	– Supplier procurement procedure – Annual evaluation – Regular meeting	– Long-term partnership – Payment schedule – Stable demand

REPORTING PRINCIPLES

During the preparation process, the Group adheres to the fundamental reporting principles, namely materiality, quantitative, balance and consistency, outlined in the Hong Kong Exchanges and Clearing Limited ("**HKEx**") ESG Reporting Guide.

Materiality	Quantitative
We performed a materiality review based on peer review and stakeholder engagement process that determined the material ESG aspects to us and guided the focus of this ESG Report.	All of the disclosed information, statistics of environmental and social key performance indicators ("**KPIs**") in particular, are organised and calculated according to a series of standardised methodologies.

Balance	Consistency
The Board had reviewed the ESG Report and confirmed that the ESG Report had not omitted any information related to material ESG topics. This ESG Report had been prepared without bias.	We adopted consistent environmental and social data treatment approach to allow a fair comparison of our environmental and social performance over time.

OVERALL PERFORMANCE

New challenges in environmental protection, corporate management, social relations, and other aspects arose in various industries from time to time. To be a responsible enterprise showing care to the environment and society, we need to continuously improve our existing policies and encourage creativeness from our employees to explore more solutions for new challenges. During the Reporting Period, the Company has implemented various measures and policies in the ESG aspects.

- *Environmental Protection Measures*

A1. Emissions

The Group adheres to good environmental management, striving to protect the environment to fulfil its corporate social responsibility. The Group's environmental policy encompasses our general approach towards controlling environmental impacts of our business operation. The Group's operations have no direct significant adverse impact on the environment and natural resources. The main business of the Group does not involve production process and has no known significant adverse impact on the environment and natural resources.

With concerns over the negative impact of business operations on the environment, the Group strives to reduce the adverse environmental impact by raising the employees' environmental awareness and implementing energy-saving and emission reduction measures. With respect to compliance, the Group's operating locations in Malaysia and the PRC have fully complied with the relevant environmental laws and regulations in its respective country in its daily operations, which primarily include:

- Laws of Malaysia Energy Commission Act 2001;
- Laws of Environmental Quality Act 1974;
- Environmental Protection Law of the PRC;
- Air Pollution Prevention and Control Law of the PRC;
- Prevention and Control of Environmental Pollution by Solid Wastes of the PRC; and
- Water Pollution Prevention and Control Law of the PRC.

During the Reporting Period, the Group is not aware of any material non-compliance of environmental laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant negative impact on the Group.

As the Group does not involve in business activities with heavy use of fossil fuel, the Directors consider that air emissions including nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and other pollutants are not material to our operations and therefore this aspect is not sufficiently material to be reported. The principal emissions from the Group are greenhouse gas ("**GHG**") emissions, details are summarised in the table below.

Activity	2022 tCO_2e	2022 %	2021 tCO_2e	2021 %
Scope 1 Direct Emissions				
Mobile Combustion	**114.65**	**34.2%**	90.90	28.8%
Fugitive Emissions	**180.90**	**54.0%**	180.90	57.4%
	295.55	**88.2%**	271.80	86.2%
Scope 2 Energy Indirect Emissions				
Electricity Purchased*	**39.74**	**11.8%**	43.50	13.8%
	39.74	**11.8%**	43.50	13.8%
Total GHG Emissions	**335.29**	**100%**	315.30	100%
Intensity (tCo_2e per floor area (sqft))				
Malaysia	**0.04**	**–**	0.02	–
The PRC	**0.001**	**–**	–	–

* *Decrease in tCO_2e was due to decrease in average electricity source missions of tCO_2e per kwh.*

According to the result of a carbon assessment, emissions from scope 1, which are the emissions from direct combustions, contributed the most to the overall GHG emissions. This was mainly caused by the emissions generated from vehicles used by (i) our technicians travelling to the customers' premises; (ii) business travelling by our employees; and (iii) and the fire extinguishing systems FM200 used in our offices and server rooms.

In addition, we have also implemented several energy-saving measures based on actual situations to further reduce the negative environmental impact of our operations. Measures adopted by the Group to mitigate the direct GHG emissions in our operations include (i) maintaining vehicles and equipment to prevent inefficient fuel consumption or abnormal operations; and (ii) encouraging staff to switch off electrical appliances when not in use to save electricity. As the Directors consider that our emissions are not material to our business operations, the Group has not yet set any emission targets.

The Group does not involve in production of hazardous wastes and the amount of non-hazardous wastes is insignificant during the Reporting Period. The Group encourages employees to participate in waste reduction management to achieve the objectives in mitigating wastes by the use of electronic communication such as e-mail and to encourage our staff to adopt green practices such as use of recycled paper. The Group will continue to strive for reducing our waste and hence further reduce the negative impact on the environment.

As our business does not involve a significant usage of water and production of hazardous or non-hazardous wastes, the water consumption and waste management policies and data will not be further disclosed in this section.

A2. *Use of Resources*

We preserve the resource and strive to minimize our footprint in consuming resources in our business operations. The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the use of resources in all of our business operations. During our operations, the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of resources. The resources consumed by the Group comprise mainly electricity, gasoline, water and paper. Given the nature of its business, the Group did not consume any packaging material during the Reporting Period. The Group's major resource consumption during the Reporting Period is summarised in the table below.

Resource Consumption

	2022		2021	
	Amount	**Intensity**	Amount	Intensity
Electricity Consumption				
Malaysia	**84,291 kWh**	**9.42 kWh per floor area (sq ft)**	72,497 kWh	8.10 kWh per floor area (sq ft)
The PRC	**22,816 kWh**	**1.70 kWh per floor area (sq ft)**	–	–
Diesel Consumption	**–**	**–**	–	–
Gasoline Consumption				
Malaysia	**46,572L**	**5.20L per floor area (sq ft)**	38,729L	4.33L per floor area (sq ft)
The PRC	**–**	**–**	–	–
LPG/Natural Gas Consumption	**–**	**–**	–	–

Note: No data of water consumption is disclosed as water consumption is not material to our operation and collection of relevant data is not available. Beside, no data of paper consumption is disclosed as collection of relevant data is not available.

Electricity
The Group purchases electricity from the local public utilities for its daily operations in the offices. To further mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has promoted the slogan of 'Saving Electricity' in its daily operations, and in particular implemented the following practices:

- switch off all idle lights and air conditioners;
- maintain the electrical equipment in the offices (including air conditioners and paper shredders) on a regular basis to keep their high efficiency;
- adjust the set temperature of air conditioners at offices appropriately;
- consider the energy-efficiency of electrical appliances during procurement, such as the purchase of equipment with Grade 1 energy label;
- use LED bulbs for office lighting instead of energy-intensive lamps in the offices; and
- encourage all employees to keep the curtains open and utilise natural sunlight in the offices when possible.

Gasoline
Gasoline is mainly consumed for business transportation and the Group has laid great emphasis on the control of gasoline consumption during daily operations. Specifically, the Group has always been committed to optimising its management of business trips by setting up and implementing strict internal policies in the fleet control, and believes that ensuring its access to more eco-friendly energy sources is the key to the mitigation of the Group's negative environmental impact and the long-term stability of the Group's business.

In addition to the promotion of energy conservation through education among its employees, the Group has particularly focused its efforts on the selection of environmentally-friendly vehicles for transportation, keeps encouraging all its employees to choose public transport instead of private cars for business trips and endeavours to reduce the non-essential business trips by utilising advanced technologies such as online conference, in order to move toward 'low carbon and low consumption' business models.

Water
Since the Group's business activities do not consume a significant amount of water, the Directors consider that water consumption is not material to our operation and is not sufficiently material to be reported. During the Reporting Period, the Group did not face any problem in sourcing water. The Group continues to delve into more advanced and effective ways of water conservation in the offices, and strongly advocates the importance of saving water to the global sustainable development. To improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- fix dripping taps immediately once leakage is found;
- remind staff to turn off water taps after use through emails and notices; and
- place "saving water resources" posters in prominent places at the offices to encourage water conservation.

Paper
The Group is dedicated to saving paper in its offices by promoting the concept of 'paperless office' and has encouraged our staff to adopt green practices such as use of recycled paper. Other measures taken by the Group to save paper are highlighted below:

- promote the concept of 'paperless office', and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- set double-sided printing as the default mode for most network printers when printouts are needed;
- promote the idea of "Think before print" by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- place boxes and trays as containers beside photocopiers to collect single-sided paper for reuse;
- reuse the paper-made office stationery such as envelopes and folders; and
- use the back of old single-sided documents for printing or as draft paper.

Through the above policies and measures on mitigating use of resources, the Group has reduced the usage of resources in our business operation to a large extent.

The Group always aims to build a better society by creating long-term values to all the stakeholders and reducing our negative impacts to the environment. We adhere to our social responsibilities as a technology company, actively engage in public welfare undertakings, and fulfil our corporate social responsibilities with practical actions to contribute to the development of the industry.

A3. The Environment and Natural Resources

Regarding the business operations of the Group, the adverse environmental impact of business operations of the Group is minimal. The Group is not aware of any significant negative impacts of our activities on the environment and nature resources. As a responsible enterprise, it has been part of the management's policy of the Group to show exemplary environmental responsibilities by operating businesses in a manner consistent with best eco-friendly practices. The Group aims to save natural resources by enhancing the awareness among employees and reviewing the efficiency of our business operations regularly. With the integration of policy and measures mentioned in the section headed "Use of Resources", the Group strives to minimise the adverse impacts of our business operations on the environment and natural resources.

A4. Climate Change

Global warming has been one of the utmost concerned issues in recent years. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences.

To minimise life, property and financial losses, precautionary measures on flexible working arrangement have been taken by the Group under different extreme weather scenarios of typhoon and flooding. To reduce emissions and energy consumption, the Group has implemented various environmental protection measures. Please refer to sections of "A1. Emissions" on pages 63 to 64 and "A2. Use of Resources" on pages 65 to 67 of this ESG Report.

Though climate change and abovesaid extreme weather conditions do not directly impose significant threat to the Group's business operations, the effects of global climate change harm the wellbeing and stability of countries and people on earth. However, we will continue to monitor the climate-related risks and implement relevant measures to minimise the potential impact of climate change.

- ## *Employment and Labour Practices*

B1. Employment

We always believe that employees are the foundation of the Group's sustainable development. Only happy and loyal employees will bring us the growth momentum to our development and create more long-term values. Therefore, we have established comprehensive and delicate employment policies and employee benefits to maintain both the quality and loyalty of our team.

The Group's employment policies have been updated and adjusted to cater for social changes and to abide by the applicable laws, regulations and standards in Malaysia and the PRC. For the Reporting Period, the Group has complied with all the relevant laws and regulations, which primarily include:

- Employment Act 1955 (Malaysia);
- Employees Provident Fund Act 1991 (Malaysia);

- Employees Social Security Act 1969 (Malaysia);
- Employment Insurance System Act 2017 (Malaysia);
- Labour Law of the PRC; and
- Labour Contract Law of the PRC.

For the Reporting Period, the Group has complied with the relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

As at 30 June 2022, the Group had 115 employees (including Executive Directors) (*2021: 59*). Below is the detailed breakdown of the number of employees by gender, age group, employment type, and geographical region.

		2022	2021
Total number of employees of the Group		**115**	59
Gender	Male	**77**	45
	Female	**38**	14
Age	<18	**0**	0
	18-24	**8**	3
	25-40	**89**	47
	41-59	**16**	7
	60 or above	**2**	2
Employment Type	Full-time	**110**	55
	Part-time	**5**	4
Geographical Region	Malaysia	**71**	59
	The PRC	**44**	0

The employee turnover rate during the Reporting Period by gender, age group, employment type and geographical region are as follows:

Employee turnover rate		2022	2021
Overall		**33%**	24%
Gender	Male	**22%**	19%
	Female	**11%**	5%
Age	<18	**0%**	0%
	18-24	**3%**	2%
	25-40	**28%**	19%
	41-59	**2%**	3%
	60 or above	**0%**	0%
Employment type	Full-time	**33%**	24%
	Part-time	**0%**	0%
Geographical region	Malaysia	**14%**	24%
	The PRC	**19%**	0%

Recruitment and promotion

The Group has adopted a set of transparent policies and procedures to conduct its annual recruitment plans. The Group considers talent acquisition is essential in maintaining our energy and competitiveness in the market. According to its recruitment policy and procedures, the Group offers fair and competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. The Group also refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion and development for eligible employees who have shown outstanding performance and potential in their positions. Any promotion within the Group is based on clear and legitimate procedures.

The recruitment, employment, training, promotion and benefit policies of the Group do not take into account personal factors of the individual, such as race, nationality, religious beliefs, gender, age or marital status, unless the applicant or employee is not allowed to be employed under the laws of the country, such as under 18 years old. Otherwise, accommodating the business needs of the Group is the utmost criteria in recruitment.

The Group's human resources department (the "**HR Department**") in respective region is responsible for all the recruiting and talent development issues. After posting the job vacancies to the public, all the candidates would be shortlisted and interviewed by the managers of the relevant departments. The managers should perform background searches of the candidates, including the verification of academic and professional qualifications, proof of residency and employment history, to ensure the quality of the candidates, while the HR Department should assist to verify all the relevant information. For all the suitable candidates, an employment contract would be provided to each of them with all the rights and responsibility specified.

Compensation and dismissal

The Group periodically reviews its remuneration packages and performs the probationary and regular evaluations on the capability and performance of its employees, to ensure that all employees can be recognised and rewarded by the Group appropriately with respect to their efforts and contributions. Adjustment of compensation and termination of employment are determined by a number of factors, such as the performance appraisal of employees against well-defined KPIs and the internal policies of the Group. Since the Group strictly prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for employee management. In particular, for employees who have violated the Group's employment policies, the Group will warn them verbally before issuing a warning letter. For employees who repeat the same mistakes repeatedly notwithstanding any prior warnings, the Group will terminate their employment contracts immediately in accordance with the applicable laws and regulations in Malaysia and the PRC.

When either the Group or employees want to terminate the employment contract, both need to give the other party a reasonable notice period or payment in lieu of notice. A handover checklist will be prepared by the HR Department for the employees as reference to ensure the return of the company's properties and the termination of all user accounts.

Working hours and rest periods

Maintaining a proper balance between work and leisure can effectively help employees to relax while, in return, enhancing the productivity of the Group. As such, the Group has formulated relevant policies and systems in compliance with the applicable employment laws to determine the working hours and rest periods for its employees. In addition to basic annual leave and statutory holidays, all the employees are entitled to apply for paid leaves when they need to. They are eligible for 5 to 21 days of annual leaves according to their servicing periods with the Group. They are also eligible for paid sick leaves with certificates issued by recognised medial practitioners. Medical allowance has been provided to all the employees who will be reimbursed medical expenses on presentation of medical proof. Besides, marital leave, maternity and paternity leaves are provided to encourage the employees to fulfil their other roles in life.

Paid Leaves	Days Allowed
Marital leave	3-5 days
Maternity leave	60-173 days commencing from the day of birth
Medical leave	12-22 days
Paternity leave	3-5 days commencing from the day of birth
Bereavement leave	2-3 days

Employee Welfares and Benefits

The purpose of the Group's remuneration policy is to attract, retain and motivate outstanding employees. Through annual appraisals, employees with excellent performance are encouraged to keep up with their good work, while employees who fail to meet performance standards are advised to improve themselves to maintain a high quality and efficient corporate culture.

As required by the relevant law, the Group ensures that all the staff are covered by different public schemes to protect and help the employees who are in urgent needs:

- Mandatory Employee Provident Fund: a saving plan for staff retirement; not only functions as a retirement fund, but also a multi-purpose savings fund that allows withdrawals for house financing, education, and medical expenses

- Social Security Organisation: provides aids to employees who suffer from work-related injury

- Employment Insurance Scheme: helps employees who become unemployed

Equal opportunity, diversity and anti-discrimination
As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. Specifically, hiring, training, promotion opportunities, dismissal and retirement policies are all based on factors irrespective of the applicants' or the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related factors. Meanwhile, in accordance with the applicable local laws and regulations, the Group's equal opportunity policy allows zero tolerance to any workplace discrimination, harassment or vilification. Employees are vigorously encouraged to report any incidents involving discrimination to the HR Department, which takes the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to the substantiated cases.

B2. Health and safety
Health and safety at work involves both the prevention of harm and the promotion of employees' well-being at the workplace. To provide and maintain a safe, clean and environmentally friendly working condition for its employees, the Group has established strict safety and health policies in line with the relevant laws and regulations in Malaysia and the PRC, which primarily include the Occupational Safety and Health Act 1994 (OSHA) (Malaysia) and the Law of the PRC on Prevention and treatment of Occupational Diseases.

In addition, the Group has established internal policies that regulate the daily practice to prevent occupational hazards and risks in the workplace. During the Reporting Period, the Group has complied with the relevant laws and regulations in relation to the provision of a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

The Group is not aware of any cases of work-related injuries or deaths fatalities among employees in the Group during the past three financial years (including the Reporting Period). The Group pledges to maintain a safe and healthy workplace for all employees. In addition to complying with the local safety regulations of its places of operation, the Group will also remove known safety hazards in a reasonable manner. In order to maintain a good working environment and ensure safety in the office area, smoking is strictly prohibited in all office areas.

During the Reporting Period, the Group mandatorily implemented anti-pandemic measures in offices, suspended all non-essential business activities and arranged employees to work from their places of residence so as to prevent the spreading of COVID-19 pandemic at workplace in accordance with anti-pandemic measures in Malaysia and the PRC.

During the Reporting Period, staff who work in the office have to follow the following precautions:

1. Access control and daily temperature checks – no access to the office will be granted to anyone exhibiting symptoms of COVID-19;
2. Mandatory to wear mask in the office;
3. Maintain social distance with everyone in the office; and
4. Prohibit face-to-face meetings at the office.

B3. Development and Training

As a responsible employer, the Group has the responsibility to provide employees with various training and development opportunities to ensure that they can excel in their appointed positions. Thus, the Group systematically assists employees to improve their business capabilities and strengthen their knowledge in management theories, so that they can obtain comprehensive training and practical experience with a view to improving their working abilities.

The head of administrative & human resources ("**HOHR**") is responsible for organising and monitoring the ongoing trainings of all Directors and new employees. For new employees, induction training will be provided by their head of department; while for all other employees, on-the-job training will be given on an ongoing basis. The trainings provided cover a variety of aspects including but not limited to business operation, such as intellectual property, media law and the job function of different position. For other professional training related to the job function of the employee, it will be taken on a voluntary basis via the human resources development fund of the Group.

With all the training provided, we look forward to the personal development of the employees and will further enable their talent development by providing them with more opportunities at work. Employees with outstanding performance will be nominated by the respective head of department for promotions. To evaluate the employees' performance, performance appraisals are conducted annually to assist the management and employees in a communication process to focus on the objectives and achievements of the employees.

Below is the detailed breakdown of the training data of employees by gender and employment category during the Reporting Period.

Percentage of employees trained		**81%**
Gender	Male	53%
	Female	28%
Employment category	Senior management	2%
	Middle management	22%
	General staff	57%

Total number of training hours		**660**
Gender	Male	440
	Female	220
Employment category	Senior management	72
	Middle management	235
	General staff	353

Average number of training hours		**6**
Gender	Male	6
	Female	6
Employment category	Senior management	24
	Middle management	8
	General staff	4

B4. Labour Standards

The Group abided by the Employment Act 1955 (Malaysia), the Law of the PRC on the Protection of Minors and Provisions on the Prohibition of Using Child Labor in respective country and other applicable labour laws and regulations in Malaysia and the PRC in relation to the prevention of child and forced labour employment. To avoid the employment of child labour, the Group checks and verifies the identity cards or other identification documents of the candidates in the course of recruitment. The Group fully carries out the labour contracts and relevant well-established internal labour policies, under which a transparent system and corresponding reporting channels are in place to ensure no unfair labour practice is adopted. Once the Group finds any case against labour standards, the employment will be immediately terminated, while the responsible personnel will be disciplined accordingly.

During the Reporting Period, the Group has strictly complied with the relevant laws and regulations in relation to the prevention of child or forced labour that have a significant impact on the Group.

- *Operating Practices*

B5. Supply Chain Management

		2022	2021
Total number of suppliers		**96**	179
Geographical regions	Malaysia	**81**	173
	Singapore	**3**	4
	the PRC	**7**	–
	Others	**5**	2
Supplier nature	Services	**56**	102
	Hardware	**40**	77

The Group relies on a variety of suppliers to provide good services and products to customers. Therefore, it is important for us to monitor and manage the suppliers' performances, which directly affects our servicing quality. We have established a complete set of policies for the staff's reference to standardise the selection and management of suppliers in the ESG aspects.

According to our internal policies, when we need to engage a supplier for hardware or services procurements, we should get quotations from at least three different suppliers except for items from limited seller, competitive reseller, or any urgent order. All the suppliers must provide the exact items and services mentioned in the quotation, or we would have follow-up actions to ensure our rights, including terminating the contract.

Procurement Procedures

Get quotations from at least three suppliers on each item/service needed → Review all the quotations and documents provided by suppliers for further actions → Issue purchase orders to suppliers to complete the orders → Receive updates of orders from suppliers and written declarations when orders are completed

To minimise the potential risks along the supply chain, the Group has set criteria in different aspects to manage and standardise the suppliers' performance, such as the price, servicing quality, strategic sourcing and supply certification and other relevant certifications.

We expect our suppliers to be environmentally and socially responsible. Therefore, we encourage our suppliers to be certified by different management systems or frameworks to standardise their performances, such as the ISO 9001 Quality Management System, ISO 18295 Customer Contact Centres, ISO 45001 Occupational Health and Safety Management System, ISO 27001 Information Security Management System, ISO 27701 Privacy Information Management System etc. To ensure the operation standard of suppliers are up to our expectation and requirement, annual evaluation is conducted by our staff. If a supplier is found violating the regulations, we will terminate our cooperation.

B6. Services Responsibility

The quality of services is always the key focus in our operations. The Group has established a comprehensive and stringent quality assurance system through various internal policies to ensure the quality, reliability and timeliness of our managed internet services. The Group works with suppliers and subcontractors that act in an environmentally, socially and ethically responsible manner. The Group's engineering team is responsible for the quality control of its managed internet services, such as network infrastructure design projects, network connectivity services and conducting user acceptance testing for its customers. The Group adheres to the quality control system developed by its engineering team.

The Group is dedicated to delivering top-notch services to its clients and has complied with the relevant rules, regulations and standards in Malaysia and the PRC that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress for the Reporting Period, which primarily include:

- Personal Data Protection Act 2010 (Malaysia);
- Consumer Protection Act 1999 (Malaysia);
- Intellectual Property Corporation of Malaysia Act 2002;
- Copyright Act 1987 (Malaysia);
- Regulations of the PRC for Safety Protection of Computer Information Systems;
- Cybersecurity Law of the PRC;
- Provisions on the Technical Measures for the Protection of the Security of the Internet (the PRC); and
- Administrative Measures on Internet Information Services and Measures for Security Protection Administration of the International Networking of Computer Information Networks (the PRC).

During the Reporting Period, the Group did not recall any product sold due to safety and health reasons.

Customer Privacy Protection

It is unavoidable for the Group to collect and use certain information about individuals or companies with which the Group has a relationship. Our ability to prevent the leakage of customer privacy contributes a large part of our reputation and the trust from the market. Therefore, the Group established a complete Customer Data Protection Policy (the "**Policy**") to give all employees the guidance on how the data should be handled to reduce the risks of improper disclosure.

The Purposes:

1. Comply with data protection law and follow good practice
2. Protect the rights of employees, customers, and partners
3. Increase the transparency of how the data being stored and processed
4. Protect the Group from the risks of data breaches

This Policy has clearly stated the scope of application and the responsibility of different roles, which give the basic framework for effective implementation. The Board is ultimately responsible to ensure the Group complies with all legal obligations. Under the leadership of the Board, this Policy is implemented and monitored mainly by the data protection officer, the IT manager and the group sales manager.

Managing Structure:

The Board of Directors

Data Protection Officer

1. Report directly to the Board
2. Review all relevant policies and procedures
3. Arrange trainings to all parties included in the policy scope
4. Deal with all relevant enquiries from different parties

IT Manager

1. Ensure the security standard of data storage meeting acceptable standard
2. Perform regular check-ups to ensure the normal functioning of both software and hardware
3. Evaluate all potential cooperation partners

Group Sales Manager

1. Ensure all the marketing materials or external communications coping with the policy
2. Approve any data protection statements attached to communications
3. Ensure marketing initiatives abide by the data protection principles

Data Storage

To ensure the security of data storage, strict rules are set on how and where to store both paper and electronic data. Apart from keeping all physical data storage vehicles, such as paper, compact disc (CD) or universal serial bus (USB), locked securely when not being used, all other servers and online storage systems are protected by approved security software and firewalls. Besides, no data can be saved to any unauthorised cloud computing services, laptops, mobiles, or other electrical devices. All servers containing personal data are sited in secure locations, where is away from general office space. When employees need to dispose or delete the data no longer required, guidelines are set for them to avoid improper disposal or data breach.

Data Usage

We understand that the access to customers' personal data brings us the greatest potential risk of data breach. To minimise the risks and protect our most valuable assets, no personal data of the customers are allowed to be shared informally, and employees can only access the data from the central system instead of their personal computers. Unnecessary additional data sets should not be created. Furthermore, all data must be encrypted before any electronic transferring, which should never be sent via email as this form of communication is not secure.

Data Accuracy and Update

It is the Group's responsibility to ensure our employees take reasonable steps to keep all data as accurate and up to date as possible. The database should be checked regularly to avoid any wrong records and outdated contact. The marketing manager has the responsibility to ensure the marketing databases are checked against industry suppression files every six months.

Customer Requests

All individuals who are the subject of the personal data held by the Group are entitled to

1. Ask what information the Group has held and what the collection purposes are
2. Ask how to access to it
3. Be informed how the data are handled
4. Be informed how the Group protects the data

Other than the above situations and certain circumstances stated in the Personal Data Protection Act 2010 in Malaysia ("**PDPA**") and the China Personal Information Protection Law ("**PIPL**"), such as formal requests from the law enforcement agencies, no data will be disclosed by the Group to the third party without the customer's consent.

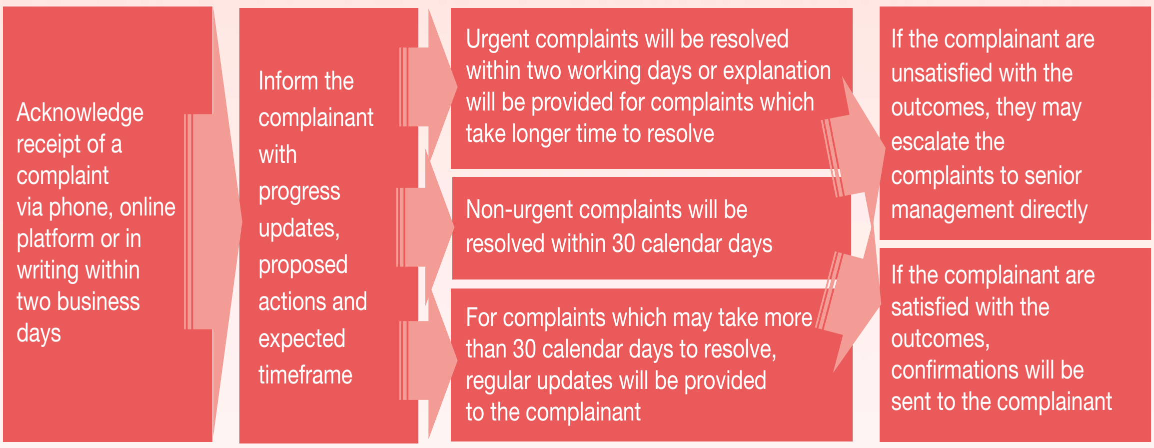
During the Reporting Period, the Group did not find any cases involving leakage of clients' private data or violating any relevant laws and regulations of privacy protection, including PDPA and PIPL.

Customer Communication

The Group is always dedicated to providing good customer service and maintaining a stable customer relationship. As such, we have established policies to handle customers' complaints to ensure the efficiency and effectiveness of the communication channels, the discharge of responsibilities of the staff and the handling procedures.

Complaints are handled by different departments according to their nature, namely technical, sales, support services and general complaints. By doing so, the appropriate staff can be assigned to give the most effective solution to the customers within a reasonable timeframe. The customers are provided with the access to the handling process from time to time, which ensures the transparency and increases the customers' trust towards the Group. To improve our service quality, the management team will review the complaints quarterly and establish relevant improvement plans.

The following diagram illustrates the Group's complaints handling procedures:



For the Group's business in Malaysia, if a complaint is not resolved to the complainant's satisfaction, the complainant may seek help from external party, the Malaysian Communication and Multimedia Commission which is a Governmental party to deal with complaints about telecommunication services.

During the Reporting Period, the Group did not receive any significant complaints from customers.

Protection and Maintenance of Intellectual Property

The Group has established a comprehensive Intellectual Property Policy to provide guidelines on the implementation of copyright compliance, the application and violation procedures and the actual operation standards for the employees, which helps to standardize the Group's performance. This policy will be reviewed annually to cope with the Group's development and daily operation updates.

The HOHR is responsible for the application of registration of trademarks or patents on behalf of the Group. All the relevant documents, such as the certification of registration of trademark or patent, shall be filed by the HOHR, which is also responsible for the continuous management, maintenance, and monitoring of all the relevant status and renewal issues. For the use of third party's brands and franchises, it is the Managing Director and Director's responsibility to discuss, review and confirm the cooperation terms with the third party.

Communication and Information Management

The Group believes that the management of the external communication determines our credibility and reputation. It is important for us to ensure that the correct messages are delivered to the market with appropriate interpretation. Therefore, the Group follows its communication policies to provide timely, accurate and complete information to external parties based on the actual situation while observing all confidentiality agreements to avoid selective disclosure and to ensure that the public have fair and open access to the accurate information of the Group.

B7. Anti-corruption

To maintain a fair, ethical and efficient working environment, the Group abided by the applicable laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operates, including the Malaysian Anti-Corruption Commission Act 2009 (Malaysia), Anti-Money Laundering Law of the PRC, Supervision Law of the PRC and Criminal Law of the PRC during the Reporting Period.

Probity lays the foundation for the sustainable development of the Group. We believe that only operating the business with clean hands can help the Group to develop in a sustainable way for long-term values. Therefore, we do not tolerate any form of bribery and corruption and have requested all the employees to perform their daily tasks in a credible and reliable manner.

To ensure that all staff thoroughly understand our requirements, we have stated in the employment contract and other internal materials, each position's responsibility and rights which are based on the relevant laws and regulations. If cases of bribery or corruption are found and the Group considers this is a serious misconduct, the staff concerned will be subject to disciplinary action which include dismissal.

The Group has formulated and strictly enforced its trade and transaction policies to prevent any illegal practices, including corruption, extortion and money-laundering within the Group. The Group prohibits all forms of bribery and corruption and requires all its employees to follow the relevant codes of professional ethics. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery or any activities which might exploit their positions against the Group's interests. During the Reporting Period, no legal cases regarding corrupt practices were brought against the Group or any of its employees.

Whistle-blowers can report verbally or in writing to the Audit Committee for any suspected misconduct with full details of the incidents and supporting evidence. The Audit Committee will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where any crime is suspected by the Group, a report will be submitted promptly to the relevant regulators or law enforcement authorities when the management of the Group considers necessary.

During the Reporting Period, the Group is not in violation of any relevant laws and regulations in relation to bribery, extortion, fraud, and money laundering that have a significant impact on the Group.

- *Community*

B8. Community Investment

The Group always aims to build a better society by creating long-term values to all the stakeholders and reducing our negative impacts to the environment. We adhere to our social responsibilities as a technology company, actively engage in public welfare undertakings, and fulfil our corporate social responsibilities with practical actions to contribute to the development of the industry.

As a responsible enterprise, the Group recognises its strong commitment to its stakeholders in contributing to society while maintaining momentum in achieving good financial results. In recent years, the Group has focused on meeting the genuine needs of local communities and making unremitted efforts in supporting the healthy growth of community members. The Group believes that the ongoing community engagement and meaningful dialogue with local people are key to understanding its business impact and to perceiving its sustainability missions. During the Reporting Period, the Group made Contribution of approximately RM86,000 to the anti-pandemic activities and flooding donation.

Looking ahead, the Group will invest more from it economic returns back to the education, health, harmony and wellbeing of local communities and keep building the trust with community groups.

ESG REPORT SUMMARY AND INDEX

General Disclosures and KPIs	Description	Section/Explanation	Page
Environmental Protection Measures			
Aspect A1: Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	"Environmental Protection Measures — A1. Emissions"	63
KPI A1.1	The types of emissions and respective emissions data.	Air emissions are not material to our operations.	Not applicable
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	"Environmental Protection Measures — A1. Emissions"	64
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group generated no significant hazardous or non-hazardous waste during the Reporting Period.	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	The Group has not yet set any emission targets as emissions are not material to our operations.	Not applicable
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous waste generation and handling are not material to our operations.	Not applicable

General Disclosures and KPIs	Description	Section/Explanation	Page
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	"Environmental Protection Measures — A2. Use of Resources"	65
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	"Environmental Protection Measures — A2. Use of Resources"	65
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption is not material to our operations.	Not applicable
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Environmental Protection Measures — A2. Use of Resources"	66
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not material to our operations.	Not applicable
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not material to our operations.	Not applicable
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	"Environmental Protection Measures — A3. The Environment and Natural Resources"	68
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	"Environmental Protection Measures — A3. The Environment and Natural Resources"	68
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	"Environmental Protection Measures – A4. Climate Change"	68
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	"Environmental Protection Measures – A4. Climate Change"	68

General Disclosures and KPIs	Description	Section/Explanation	Page
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	"Employment and Labour Practices — B1. Employment"	68-69
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	"Employment and Labour Practices — B1. Employment"	69
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	"Employment and Labour Practices – B1. Employment"	70
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	"Employment and Labour Practices — B2. Health and safety"	72
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	"Employment and Labour Practices — B2. Health and safety"	72
KPI B2.2	Lost days due to working injury.	"Employment and Labour Practices — B2. Health and safety"	72
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	"Employment and Labour Practices — B2. Health and safety"	73

General Disclosures and KPIs	Description	Section/Explanation	Page
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Employment and Labour Practices — B3. Development and Training"	73
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	"Employment and Labour Practices – B3. Development and Training"	74
KPI B3.2	The average training hours completed per employee by gender and employee category.	"Employment and Labour Practices – B3. Development and Training"	74
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	"Employment and Labour Practices — B4. Labour Standards"	74
KPI B4.1	Description of measures to reviews employment practices to avoid child and forced labour	"Employment and Labour Practices — B4. Labour Standards"	74
KPI B4.2	Description of steps taken to eliminate such practices when discovered	"Employment and Labour Practices — B4. Labour Standards"	74

General Disclosures and KPIs	Description	Section/Explanation	Page
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	"Operating Practices — B5. Supply Chain Management"	75
KPI B5.1	Number of suppliers by geographical region.	"Operating Practices — B5. Supply Chain Management"	75
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	"Operating Practices — B5. Supply Chain Management"	75
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	"Operating Practices – B5. Supply Chain Management"	75
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Operating Practices – B5. Supply Chain Management"	75
Aspect B6: Services Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	"Operating Practices — B6. Services Responsibility"	76
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	"Operating Practices – B6. Services Responsibility"	76
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	"Operating Practices – B6. Services Responsibility – Customer Communication"	79

General Disclosures and KPIs	Description	Section/Explanation	Page
Aspect B6: Services Responsibility			
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	"Operating Practices — B6. Services Responsibility — Protection and Maintenance of Intellectual Property"	79
KPI B6.4	Description of quality assurance process and recall procedures.	"Operating Practices – B6. Services Responsibility"	79
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	"Operating Practices — B6. Services Responsibility — Customer Privacy Protection"	77-78
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	"Operating Practices — B7. Anti-corruption"	80
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	"Operating Practices — B7. Anti-corruption"	80
KPI B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	"Operating Practices — B7. Anti-corruption"	81

General Disclosures and KPIs	Description	Section/Explanation	Page
KPI B7.3	Description of anti-corruption training provided to directors and staff	Not applicable as no anti-competition training was provided to directors and staff. The Group is in the process of seeking appropriate training for both the Directors and employees.	Not applicable
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	"B8. Community Investment"	81
KPI B8.1	Focus areas of contribution (e.g education, environmental concerns, labour needs, health culture, sport).	"B8. Community Investment"	81
KPI B8.2	Resources contributed (e.g money or time) to the focus area.	"B8. Community Investment"	81

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To the members of
Michong Metaverse (China) Holdings Group Limited
(formerly known as Nomad Technologies Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Michong Metaverse (China) Holdings Group Limited *(formerly known as Nomad Technologies Holdings Limited)* (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 95 to 163, which comprise the consolidated statement of financial position at 30 June 2022, 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 2022, 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
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 in electronic commerce; (ii) sales of hardware; (iii) subscription fee; (iv) on-site installation of hardware; (v) network management and security services; (vi) network connectivity services; and (vii) 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 revenue generated from on-site installation of hardware, network management and security services and network connectivity services for the year ended 30 June 2022 amounted to approximately RM2,620,000, RM2,603,000 and RM28,838,000 *(2021: approximately RM1,360,000, RM2,903,000 and RM24,049,000),* respectively. 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.

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 29 to the consolidated financial statements, respectively	
At 30 June 2022, the carrying amount (net of loss allowances) of trade receivables amounted to approximately RM18,289,000 *(2021: approximately RM13,153,000)*. 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 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.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2022 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.

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.

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

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, actions taken to eliminate threats or safeguards applied.

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 2022

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 2022

	Notes	2022 RM'000	2021 RM'000
Revenue	5	**60,953**	39,753
Cost of sales and services		**(39,086)**	(27,484)
Gross profit		**21,867**	12,269
Other income	6	**293**	352
Other gain and losses	7	**701**	(602)
Selling expenses		**(23,900)**	(1,035)
Administrative and other operating expenses		**(19,332)**	(11,832)
Finance costs	8	**(177)**	(128)
Loss before tax	8	**(20,548)**	(976)
Income tax expenses	11	**(164)**	(1,348)
Loss for the year		**(20,712)**	(2,324)
Other comprehensive income		**–**	–
Total comprehensive expenses for the year		**(20,712)**	(2,324)
(Loss) Profit for the year and total comprehensive (expenses) income for the year attributable to:			
Equity holders of the Company		**(20,629)**	(2,602)
Non-controlling interests	14	**(83)**	278
		(20,712)	(2,324)
Loss per share attributable to equity holders of the Company			
Basic and diluted (RM cents)	12	**(3.44)**	(0.43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment	15	**29,153**	26,016
Deferred tax assets	23	**228**	263
		29,381	26,279
Current assets			
Inventories	16	**3,779**	2,334
Contract costs	17	**941**	1,333
Trade and other receivables	18	**20,532**	14,960
Tax recoverable		**1,371**	1,948
Pledged bank deposits	19	**2,722**	2,634
Bank balances and cash	19	**27,725**	20,267
		57,070	43,476
Current liabilities			
Trade and other payables	20	**41,565**	11,550
Interest-bearing borrowings and bank overdrafts	21	**2,758**	387
Lease liabilities	22	**801**	398
		45,124	12,335
Net current assets		**11,946**	31,141
Total assets less current liabilities		**41,327**	57,420
Non-current liabilities			
Trade and other payables	20	**7,855**	3,741
Interest-bearing borrowings and bank overdrafts	21	**205**	231
Lease liabilities	22	**1,852**	1,321
		9,912	5,293
NET ASSETS		**31,415**	52,127

	Notes	2022 RM'000	2021 RM'000
Capital and reserves			
Share capital	24	**3,191**	3,191
Reserves		**28,087**	48,716
Equity attributable to equity holders of the Company		**31,278**	51,907
Non-controlling interests	14	**137**	220
TOTAL EQUITY		**31,415**	52,127

These consolidated financial statements on pages 95 to 163 were approved and authorised for issue by the Board of Directors on 23 September 2022 and signed on its behalf by

Yu Decai
Director

Hu Mingdai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2022

	Attributable to equity holders of the Company						
		Reserves					
	Share capital RM'000 *(Note 24)*	Share premium RM'000 *(Note 26(a))*	Merger reserve RM'000 *(Note 26(b))*	Accumulated profits (losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2020	3,191	46,570	(16,314)	21,062	54,509	(58)	54,451
(Loss) Profit for the year and total comprehensive (expenses) income for the year	–	–	–	(2,602)	(2,602)	278	(2,324)
At 30 June 2021 and 1 July 2021	**3,191**	**46,570**	**(16,314)**	**18,460**	**51,907**	**220**	**52,127**
Loss for the year and total comprehensive expenses for the year	**-**	**-**	**-**	**(20,629)**	**(20,629)**	**(83)**	**(20,712)**
At 30 June 2022	**3,191**	**46,570**	**(16,314)**	**(2,169)**	**31,278**	**137**	**31,415**

	Notes	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES			
Loss before tax		**(20,548)**	(976)
Adjustments for:			
Amortisation of contract costs		**938**	1,035
Depreciation of property, plant and equipment		**10,328**	7,647
Finance costs		**177**	128
(Reversal of) Provision for impairment loss on trade receivables, net		**(84)**	136
Interest income from bank deposits		**(92)**	(103)
Gain on disposal of property, plant and equipment		**(234)**	(3)
Write-off of property, plant and equipment		**9**	26
Operating cash (outflows) inflows before movements in working capital		**(9,506)**	7,890
Changes in working capital:			
Trade and other receivables		**(5,488)**	(3,588)
Inventories		**(1,445)**	867
Contract costs		**(546)**	(1,261)
Trade and other payables		**34,129**	1,454
Cash generated from operations		**17,144**	5,362
Income tax refunded (paid)		**448**	(1,465)
Net cash from operating activities		**17,592**	3,897
INVESTING ACTIVITIES			
Interest received		**92**	103
Purchase of property, plant and equipment		**(11,564)**	(2,838)
Placement of pledged bank deposits		**(88)**	(12)
Proceed from disposal of property, plant and equipment		**96**	15
Net cash used in investing activities		**(11,464)**	(2,732)

	Notes	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES			
Interest paid		**(177)**	(128)
Repayments of interests-bearing borrowings		**(24)**	(22)
Repayment of lease liabilities		**(838)**	(588)
Net cash used in financing activities	28(a)	**(1,039)**	(738)
Net increase in cash and cash equivalents		**5,089**	427
Cash and cash equivalents at the beginning of the reporting period		**19,904**	19,477
Cash and cash equivalents at the end of the reporting period		**24,993**	19,904
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	19	**27,725**	20,267
Bank overdrafts	21(a)	**(2,732)**	(363)
		24,993	19,904

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Michong Metaverse (China) Holdings Group Limited *(formerly known as 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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business in Malaysia and the People's Republic of China (the "**PRC**") is situated at No. 25, 25-1 & 25-3, Jalan MH 3, Taman Muzaffar Heights, 75450 Ayer Keroh, Melaka, Malaysia and Room 310-313, Building 7, WISCO High-tech Industrial Park, No. 5 Maodian Shanzhong Road, East Lake High-tech Development Zone, Wuhan, the PRC, respectively.

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; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) electronic commerce ("**E-Commerce**") services.

The immediate and ultimate holding company of the Company was Advantage Sail Limited which was incorporated in the British Virgin Islands (the "**BVI**") with limited liability until 24 December 2021 when the shareholding of the Company was transferred to Thrive Harvest Limited, which was incorporated in the BVI with limited liability (the "**Transfer**"). In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Thrive Harvest Limited upon the completion of the Transfer.

Following a special resolution in relation to the change of name by the Company's shareholders at the Extraordinary General Meeting on 17 June 2022, the name of the Company was changed from Nomad Technologies Holdings Limited to Michong Metaverse (China) Holdings Group Limited with effect from 13 July 2022.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Statement of compliance (continued)

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 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.

Adoption of new/revised IFRSs

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

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 25 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, other than construction in progress, 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.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, 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 service equipment	17% – 50%

An item of 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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 fair value through profit or loss ("**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, pledged bank deposits and bank balances and cash.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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 trade and other payables, interest-bearing borrowings and bank overdraft, and lease liabilities. 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 to which the impairment requirements apply in accordance with IFRS 9. 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 29 to the consolidated financial statements, 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 has a policy of writing off the gross carrying amount based on historical experience of recoverable of similar assets. 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 statements 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. 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 in E-Commerce;

(ii) Sales of hardware;

(iii) Subscription fee;

(iv) On-site installation of hardware;

(v) Network management and security services; and

(vi) Network connectivity services.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Timing of revenue recognition (continued)

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 in E-Commerce and 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.

Subscription fee is recognised over time throughout the subscription period.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

For subscription fee, 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 or property, plant and equipment) 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 investments 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

As lessee (continued)

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	2-6 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

As lessee (continued)

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.

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.

The Group has applied the practical expedient provided in Amendments to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021* and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

As lessee (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 the 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (continued)

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

(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.

3. FUTURE CHANGES IN IFRSs

At the date of approving these 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 IAS 16	Proceeds before Intended Use [1]
Amendments to IAS 37	Cost of Fulfilling a Contract [1]
Amendments to IFRS 3	Reference to the Conceptual Framework [1]
Annual Improvements to IFRSs	2018-2020 Cycle [1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies [2]
Amendments to IAS 8	Definition of Accounting Estimates [2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [2]
IFRS 17	Insurance Contracts [2]
Amendment to IFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback [3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

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

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

[3] Effective for annual periods beginning on or after 1 January 2024

[4] 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 executive directors of the Company determines its operating segments based on the 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 ("**CODM**"), for the purpose of resources allocation and assessment of segment performance based on products and services offered by the Group to the customers. The CODM considers that the operating segments of the Group comprise:

(i) network support services and network connectivity services in Malaysia and the PRC; and

(ii) E-Commerce in the PRC.

Segment results, which are the measures reported to CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of general administrative expenses incurred by corporate office and income tax.

The Group's geographical segments regarding revenue is attributed to the segments based on the location where services are provided.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM of the Company for the reportable segments for the year ended 30 June 2022 and 2021 is as follows:

	Network support services and network connectivity services RM'000	**E-Commerce** RM'000	**Total** RM'000
Year ended 30 June 2022			
Primary geographical markets			
Malaysia	**49,765**	**–**	**49,765**
The PRC	**1,367**	**9,821**	**11,188**
Reportable segment revenue	**51,132**	**9,821**	**60,953**
Reportable segment loss	**(3,153)**	**(15,949)**	**(19,102)**
Year ended 30 June 2021			
Primary geographical markets			
Malaysia	39,753	–	39,753
The PRC	–	–	–
Reportable segment revenue	39,753	–	39,753
Reportable segment profit	2,339	–	2,339

Reconciliation of reportable segment results

	2022 **RM'000**	2021 RM'000
Reportable segment (loss) profit	**(19,102)**	2,339
Unallocated income	**1,203**	–
Unallocated expenses	**(2,649)**	(3,315)
Loss before tax	**(20,548)**	(976)

4. SEGMENT INFORMATION (CONTINUED)

Geographical information

The following sets out information about the geographical location of 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.

Specified Non-current Assets

	2022 **RM'000**	2021 RM'000
Malaysia	**27,537**	26,016
The PRC	**1,616**	–
	29,153	26,016

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 2022 and 2021 is as follows:

	2022 **RM'000**	2021 RM'000
Customer A	**9,487**	7,562
Customer B	**8,136**	9,029
Customer C	***(Note)***	4,153

Note: The customer individually did not contribute 10% or more of the total revenue of the Group for the year ended 30 June 2022.

5. REVENUE

	2022 RM'000	2021 RM'000
Revenue from contracts with customers within IFRS 15		
Sales in E-Commerce	**190**	–
Sales of hardware	**12,536**	5,717
Subscription fee	**9,631**	–
Rendering of services		
– On-site installation of hardware	**2,620**	1,360
– Network management and security services	**2,603**	2,903
– Network connectivity services	**28,838**	24,049
	56,418	34,029
Revenue from other sources		
Revenue from lease of hardware under operating lease with fixed lease payments	**4,535**	5,724
	60,953	39,753
Timing of revenue recognition under IFRS 15		
At a point in time	**12,726**	5,717
Over time	**43,692**	28,312
	56,418	34,029

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 2022 is approximately RM40,413,000 *(2021: approximately RM31,227,000)*, of which approximately RM20,320,000 and RM20,093,000 are expected to be recognised as revenue within 12 months and over 1 year up to 4 years, respectively *(2021: approximately RM16,924,000 and approximately RM14,303,000 are expected to be recognised as revenue within 12 months and over 1 year up to 5 years, respectively)*.

6. OTHER INCOME

	2022 RM'000	2021 RM'000
Interest income from bank deposits	**92**	103
Government subsidies *(Note)*	**64**	79
Others	**137**	170
	293	352

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

7. OTHER GAIN AND LOSSES

	2022 RM'000	2021 RM'000
Gain on disposal of property, plant and equipment	**234**	3
Reversal of (Provision for) impairment loss on trade receivables, net	**84**	(136)
Written-off of property, plant and equipment	**(9)**	(26)
Foreign exchange gain (loss), net	**392**	(443)
	701	(602)

8. LOSS BEFORE TAX

This is stated after charging:

	2022 RM'000	2021 RM'000
Finance costs		
Interest expenses on interest-bearing borrowings and bank overdrafts	**112**	68
Interest expenses on lease liabilities	**65**	60
	177	128
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	**9,163**	5,433
Contributions to defined contribution plans	**966**	504
	10,129	5,937
Other items		
Auditors' remuneration	**579**	468
Amortisation of contract costs	**938**	1,035
Cost of inventories	**12,214**	5,472
Depreciation of property, plant and equipment	**10,328**	7,647
Research and development costs *(Note)*	**1,283**	–

Note: Research and development costs recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above.

9. 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:

Certain directors of the Company received remuneration from the Group during the years ended 30 June 2022 and 2021 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 2022 and 2021 are set out below.

Year ended 30 June 2022

	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 [6]	159	942	114	117	1,332
Mr. Hu Mingdai [3]	15	–	–	–	15
Mr. Saw Zhe Wei [5]	2	–	–	–	2
Mr. Yu Decai [2]	154	–	–	–	154
Independent non–executive directors					
Mr. Chen Youchun [1]	97	–	–	–	97
Mr. Lim Peng Chuan Terence [6]	86	–	–	–	86
Mr. Ng Der Sian [3]	11	–	–	–	11
Mr. Phua Cheng Sye Charles [6]	86	–	–	–	86
Mr. Yau Yeung On [4]	1	–	–	–	1
Mr. Zheng Li Ping [3]	11	–	–	–	11
	622	942	114	117	1,795

1 Appointed on 5 July 2021

2 Appointed on 21 July 2021

3 Appointed on 20 May 2022

4 Resigned on 5 July 2021

5 Resigned on 21 July 2021

6 Resigned on 20 May 2022

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

(a) *Directors' remuneration (continued)*

Year ended 30 June 2021

	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	175	848	114	107	1,244
Mr. Saw Zhe Wei	35	196	25	25	281
Independent non-executive directors					
Mr. Lim Peng Chuan Terence	95	–	–	–	95
Mr. Phua Cheng Sye Charles	95	–	–	–	95
Mr. Yau Yeung On	95	–	–	–	95
	495	1,044	139	132	1,810

During the years ended 30 June 2022 and 2021, 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 2022 and 2021.

(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 2022 and 2021.

(c) *Director's material interests in transactions, arrangements or contracts*

After consideration, 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 2022 and 2021.

10. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals, two directors who resigned during the year but continued to be employed as employee of the Group *(2021: two are directors whose emoluments are disclosed above)*. An analysis of the five highest paid individuals during the years ended 30 June 2022 and 2021 is as follows:

	Number of individuals	
	2022	2021
Director	**–**	2
Non-director	**5**	3
	5	5

Details of the remuneration of the emoluments in respect of the five highest paid individuals are as follows:

	2022	2021
	RM'000	RM'000
Salaries, allowances and other benefits in kind	**1,977**	1,766
Discretionary bonus	**189**	189
Contributions to defined contribution plans	**289**	216
	2,455	2,171

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

	Number of individuals	
	2022	2021
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	**4**	3
HK$2,000,001 to HK$2,500,000	**1**	–
	5	3

During the years ended 30 June 2022 and 2021, 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 2022 and 2021.

11. INCOME TAX EXPENSES

	2022 RM'000	2021 RM'000
Current tax		
Malaysia Corporate Income Tax ("**CIT**")		
Current	**137**	320
(Over) Under provision in prior years	**(12)**	62
PRC enterprise income tax ("**EIT**")	**4**	–
	129	382
Deferred tax		
Changes in temporary differences *(Note 23)*	**35**	966
Total income tax expenses for the year	**164**	1,348

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 during the years ended 30 June 2022 and 2021.

Malaysia CIT is calculated at the rate of 24% *(2021: 24%)* of the Group's estimated assessable profits arising from Malaysia during the years ended 30 June 2022 and 2021. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM600,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the year ended 30 June 2022 and 2021.

The Group's subsidiaries established in the PRC are subject to EIT at 25% of the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof.

11. INCOME TAX EXPENSES (CONTINUED)

Reconciliation of income tax expenses

	2022 RM'000	2021 RM'000
Loss before tax	**(20,548)**	(976)
Income tax at statutory tax rates applicable in respective tax jurisdiction	**(4,952)**	(84)
Tax effect on non-taxable income	**(114)**	(255)
Tax effect on non-deductible expenses	**1,256**	1,625
Unrecognised tax losses	**3,986**	–
(Over) Under provision in prior years	**(12)**	62
Income tax expenses for the year	**164**	1,348

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.

12. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following information:

	2022 RM'000	2021 RM'000
Loss for the year attributable to the equity owners of the Company, used in basic and diluted loss per share calculation	**(20,629)**	(2,602)

	Number of shares 2022	2021
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**600,000,000**	600,000,000

Diluted loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares in existence during the years ended 30 June 2022 and 2021.

13. DIVIDENDS

No other dividend has been declared nor paid by the Group for the years ended 30 June 2022 and 2021.

14. 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 2022	2021	Principal activities/ place of operation	Legal form of corporate existence
Directly held						
Top Quantum Limited	The BVI, 16 April 2018	United States Dollar (“**US$**”) 10	**100%**	100%	Investment holding, The BVI	Private limited liability company
Goodway Max Limited (“**Goodway**”)	The BVI, 29 June 2021	US$1	**100%**	100%	Investment holdings, The BVI	Private limited liability company
Indirectly held						
Nomad (HK) Limited	Hong Kong, 8 May 2018	HK$1	**100%**	100%	Inactive, Hong Kong	Private limited liability company
IP Core Sdn. Bhd	Malaysia, 13 June 2007	RM500,000	**100%**	100%	Information, communication and technology, Malaysia	Private limited liability company
Metro Direct Carrier (M) Sdn. Bhd	Malaysia, 19 June 2013	RM200,000	**100%**	100%	Information, communication and technology, Malaysia	Private limited liability company
IP Core Network Sdn. Bhd. (“**IPCN**”)	Malaysia, 16 July 2018	RM500,000	**70%**	70%	Information, communication and technology, Malaysia	Private limited liability company
China Mebugs Technology Holding Limited (“**China Mebugs**”)	Hong Kong, 22 June 2021	HK$1,000,000	**100%** *(Note (ii))*	-	Inactive, Hong Kong	Private limited liability company
米虫科技信息(深圳)有限公司 (Mebugs Technology Information (Shenzhen) Co., Limited*, “**Mebugs (Shenzhen)**”) *(Note (i))*	The PRC, 29 June 2021	Renminbi (“**RMB**”) 10,000,000	**100%** *(Note (ii))*	-	Information, communication and technology, The PRC	Private limited liability company
米虫互聯網絡(武漢)有限公司 *(Note (i))*	The PRC, 9 November 2021	RMB10,000,000	**100%**	-	E-Commerce business, The PRC	Private limited liability company

* *English translation for identification purpose only*

14. SUBSIDIARIES (CONTINUED)

Notes:

(i) Registered under the laws of the PRC as wholly-owned foreign enterprise.

(ii) On 26 July 2021, Goodway, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "**Agreement**") with an independent third party (the "**Vendor**"). Pursuant to the Agreement, the Vendor has agreed to sell and Goodway has agreed to acquire the entire equity interest of China Mebugs at a consideration of HK$8,000 (the "**Acquisition**").

China Mebugs and its subsidiary, Mebugs (Shenzhen), carry on the businesses of providing IT services, cloud security, cloud as a service, network security and internet security management, which enable the Group to expand its current business of rendering of network support services and network connectivity services in both Hong Kong and the PRC markets through the Acquisition.

On 26 July 2021, the Acquisition was completed and China Mebugs and Mebugs (Shenzhen) became wholly-owned subsidiaries of the Group since then. Both China Mebugs and Mebugs (Shenzhen) were dormant and neither held any assets nor incurred any liabilities as at 26 July 2021.

Details of the Acquisition are set out in the Company's announcement dated 26 July 2021.

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.

	2022	2021
Proportion of NCI's ownership interests	**30%**	30%

	At 30 June 2022 RM'000	At 30 June 2021 RM'000
Non-current assets	**116**	27
Current assets	**8,222**	13,882
Current liabilities	**(7,882)**	(13,176)
Non-current liabilities	**(1)**	–
Net assets	**455**	733
Carrying amount of NCI	**137**	220

14. SUBSIDIARIES (CONTINUED)

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

	2022 RM'000	2021 RM'000
Revenue for the year	**19,857**	15,824
Expenses for the year	**(20,133)**	(14,898)
(Loss) Profit for the year and total comprehensive (expenses) income for the year	**(276)**	926
(Loss) Profit for the year and total comprehensive (expenses) income for the year attributable to NCI	**(83)**	278
Net cash flows (used in) from:		
Operating activities	**(2,813)**	(64)
Investing activities	**7**	(18)
Financing activities	**3,298**	3,323
	492	3,241

15. 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
Cost										
At 1 July 2020	1,060	1,556	120	63	442	19,903	3,474	9,713	3,000	39,331
Additions	342	–	2	4	232	64	1,093	2,444	–	4,181
Transfer of construction in progress	–	–	–	–	–	3,000	–	–	(3,000)	–
Disposal	(18)	–	–	(2)	–	(7)	(407)	–	–	(434)
Write-off	(12)	–	–	–	–	(12)	–	(3,052)	–	(3,076)
At 30 June 2021 and 1 July 2021	**1,372**	**1,556**	**122**	**65**	**674**	**22,948**	**4,160**	**9,105**	**-**	**40,002**
Additions	**1,649**	**-**	**3**	**-**	**7**	**302**	**995**	**3,247**	**7,410**	**13,613**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**(476)**	**-**	**-**	**(476)**
Write-off	**(198)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,942)**	**-**	**(3,140)**
At 30 June 2022	**2,823**	**1,556**	**125**	**65**	**681**	**23,250**	**4,679**	**9,410**	**7,410**	**49,999**
Accumulated depreciation										
At 1 July 2020	125	44	55	23	179	549	2,483	6,097	–	9,555
Charge for the year	113	31	12	7	58	4,136	566	2,724	–	7,647
Disposal	(19)	–	–	(1)	–	(2)	(150)	–	–	(172)
Write-off	(6)	–	–	–	–	(12)	–	(3,026)	–	(3,044)
At 30 June 2021 and 1 July 2021	**213**	**75**	**67**	**29**	**237**	**4,671**	**2,899**	**5,795**	**-**	**13,986**
Charge for the year	**224**	**31**	**12**	**7**	**66**	**5,792**	**1,054**	**3,142**	**-**	**10,328**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**(476)**	**-**	**-**	**(476)**
Write-off	**(59)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,933)**	**-**	**(2,992)**
At 30 June 2022	**378**	**106**	**79**	**36**	**303**	**10,463**	**3,477**	**6,004**	**-**	**20,846**

15. 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 *(Note (i))*	Internet services equipment RM'000 *(Note (ii))*	Construction in progress RM'000 *(Note (iii))*	Total RM'000
Net carrying amounts										
At 30 June 2021	1,159	1,481	55	36	437	18,277	1,261	3,310	–	26,016
At 30 June 2022	**2,445**	**1,450**	**46**	**29**	**378**	**12,787**	**1,202**	**3,406**	**7,410**	**29,153**

Notes:

(i) At 30 June 2022, the Group has motor vehicles with carrying amount of approximately RM783,000 *(2021: approximately RM1,177,000)* held in trust under the name of a director of a subsidiary.

(ii) At 30 June 2022, the carrying amount of the Group's hardware included equipment held by the Group for leasing to customers under operating lease arrangement amounted to approximately RM3,406,000 *(2021: approximately RM3,310,000)*.

(iii) The carrying amount of the Group's construction in progress related to the equipment purchased for cloud-based network security services at a consideration of Singapore Dollars ("**SGD**") 2,300,000 (equivalent to approximately RM7,410,000). The installation of the equipment has commenced but not yet completed at 30 June 2022. Details of purchase of the equipment are set out in the Company's announcements dated 28 June 2022 and 30 June 2022. The construction in progress has subsequently completed the installation on 27 July 2022 and recognised as "computers".

16. INVENTORIES

	2022 **RM'000**	2021 RM'000
Finished goods	**3,779**	2,334

17. CONTRACT COSTS

	2022 **RM'000**	2021 RM'000
Costs to obtain contracts	**941**	1,333

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 2022, approximately RM938,000 *(2021: approximately RM1,035,000)* has been recognised in profit or loss as selling expenses.

At 30 June 2022, the contract costs that are expected to be recognised in profit or loss as selling expenses after more than 12 months are approximately RM467,000 *(2021: approximately RM629,000)*.

18. TRADE AND OTHER RECEIVABLES

	Notes	2022 RM'000	2021 RM'000
Billed trade receivables			
– Goods and services		**8,758**	6,451
– Operating lease receivables		**2,027**	1,261
Less: Loss allowances	29	**(295)**	(379)
		10,490	7,333
Unbilled trade receivables *(Note)*			
– Goods and services		**6,801**	2,958
– Operating lease receivables		**998**	2,862
		7,799	5,820
Total trade receivables	18(a)	**18,289**	13,153
Other receivables		**398**	265
Refundable deposits		**327**	90
Prepayments		**1,518**	1,452
		20,532	14,960

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

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29 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:

	2022 **RM'000**	2021 RM'000
Within 30 days	**2,786**	2,232
31 to 60 days	**1,640**	1,644
61 to 90 days	**1,293**	1,540
Over 90 days	**4,771**	1,917
	10,490	7,333
Not yet billed	**7,799**	5,820
	18,289	13,153

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

	2022 **RM'000**	2021 RM'000
Not yet due	**10,585**	8,052
Past due:		
Within 30 days	**1,640**	1,644
31 to 60 days	**1,293**	1,540
61 to 90 days	**1,249**	815
Over 90 days	**3,522**	1,102
	7,704	5,101
	18,289	13,153

19. CASH AND CASH EQUIVALENTS

	Note	2022 RM'000	2021 RM'000
Pledged bank deposits	19(a)	**2,722**	2,634
Bank balances and cash		**27,725**	20,267
		30,447	22,901

(a) Pledged bank deposits

Pledged bank deposits are used for securing the interest-bearing borrowing of the Group. At 30 June 2022, pledged bank deposits of approximately RM91,000 *(2021: approximately RM88,000)* are held in trust under the name of a director of a subsidiary.

The fixed deposits with licensed banks bearing annual interest rates ranging from 1.0% to 2.1% *(2021: 1.0% to 2.9%)* during the year ended 30 June 2022.

20. TRADE AND OTHER PAYABLES

	Notes	2022 RM'000	2021 RM'000
Trade payables to third parties	20(a)	**2,628**	4,298
Contract liabilities	20(b)	**36,289**	7,864
Other payables			
Other payable	20(c)	**7,837**	1,654
Accrued expenses		**2,380**	1,272
Sales and services tax payable		**286**	203
		10,503	3,129
		49,420	15,291
Current		**41,565**	11,550
Non-current		**7,855**	3,741
		49,420	15,291

20. 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:

	2022 RM'000	2021 RM'000
Within 30 days	**1,292**	1,621
31 to 60 days	**243**	666
61 to 90 days	**189**	300
Over 90 days	**904**	1,711
	2,628	4,298

(b) Contract liabilities

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

The Group typically received 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 2022 and 2021 are as follows:

	2022 RM'000	2021 RM'000
At the beginning of the reporting period	**7,864**	7,787
Receipt of advanced payments	**32,311**	3,810
Recognised as revenue	**(3,886)**	(3,733)
At the end of the reporting period	**36,289**	7,864

At 30 June 2022, the contract liabilities that are expected to be settled after more than 12 months are approximately RM2,800,000 *(2021: approximately RM3,741,000)*.

20. TRADE AND OTHER PAYABLES (CONTINUED)

(c) Other payable

Other payable at 30 June 2022 included amount due to a shareholder of HK$9,000,000 (equivalent to approximately RM5,055,000) which is unsecured, interest-free and repayable on 31 December 2024.

21. 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	**2022** **RM'000**	2021 RM'000
Bank overdrafts – secured	21(a)	**2,732**	363
Interest-bearing borrowings – secured	21(b)	**231**	255
		2,963	618
Current		**2,758**	387
Non-current		**205**	231
		2,963	618

(a) Bank overdrafts – secured

At 30 June 2022, bank overdrafts bear interest at Malaysia Base Lending Rate ("**BLR**") plus 1% per annum *(2021: BLR plus 1% per annum)* and are expected to be settled within 12 months.

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

(b) Interest-bearing borrowings

	2022 RM'000	2021 RM'000
Carrying amounts of the above borrowings are repayable:		
Within one year	**26**	24
More than one year, but not exceeding two years	**28**	26
More than two years, but not exceeding five years	**100**	92
Over five years	**77**	113
	231	255
Less: amounts shown under current liabilities	**(26)**	(24)
Amounts shown under non-current liabilities	**205**	231

The interest-bearing borrowings represent amounts due to various banks in Malaysia which are repayable over five years *(2021: 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 2022, interest-bearing borrowings bear interest at BLR plus 1.0% to 1.3% per annum *(2021: BLR plus 1.0% to 1.3% per annum)*. The effective interest rate on interest-bearing borrowings at 30 June 2022 is 7.6% *(2021: 7.6%)* per annum.

At 30 June 2022, the interest-bearing borrowings and bank overdrafts are secured by:

(i) fixed bank deposits of approximately RM2,722,000 *(2021: approximately RM2,634,000)*, as set out in Note 19 in the consolidated financial statements; and

(ii) corporate guarantee by the Company and a subsidiary of the Group *(2021: corporate guarantee by the Company and a subsidiary of the Group)*.

22. LEASES

The Group as lessor

Operating lease

The Group leases certain of its internet services equipment (included in property, plant and equipment) to third parties under operating leases, which generally had an initial non-cancellable lease term of 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 property, plant and equipment subject to an operating lease.

	2022 **RM'000**	2021 RM'000
Year 1	**3,317**	3,836
Year 2	**1,907**	2,240
Year 3	**1,706**	1,013
Year 4	**–**	832
	6,930	7,921

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

22. LEASES (CONTINUED)

The Group as lessee

Right-of-use assets

	Leasehold land and buildings RM'000	Motor vehicles RM'000	Internet services equipment RM'000	Total RM'000
Cost				
At 1 July 2020	222	973	732	1,927
Additions	342	1,093	–	1,435
Disposal	(18)	–	–	(18)
Write-off	(12)	–	–	(12)
At 30 June 2021 and 1 July 2021	**534**	**2,066**	**732**	**3,332**
Additions	**1,649**	**420**	**–**	**2,069**
Write-off	**(198)**	**–**	**–**	**(198)**
Capitalised as property, plant and equipment	**–**	**(814)**	**(732)**	**(1,546)**
At 30 June 2022	**1,985**	**1,672**	**–**	**3,657**
Accumulated depreciation				
At 1 July 2020	72	366	425	863
Charge for the year	104	456	307	867
Disposal	(18)	–	–	(18)
Write-off	(6)	–	–	(6)
At 30 June 2021 and 1 July 2021	**152**	**822**	**732**	**1,706**
Charge for the year	**215**	**504**	**–**	**719**
Write-off	**(59)**	**–**	**–**	**(59)**
Capitalised as property, plant and equipment	**–**	**(814)**	**(732)**	**(1,546)**
At 30 June 2022	**308**	**512**	**–**	**820**
Net carrying amounts				
At 30 June 2021	382	1,244	-*	1,626
At 30 June 2022	**1,677**	**1,160**	**–**	**2,837**

* *Represent amount less than RM1,000.*

22. LEASES (CONTINUED)

The Group as lessee (continued)

	2022 RM'000	2021 RM'000
Lease liabilities		
Current	**801**	398
Non-current	**1,852**	1,321
	2,653	1,719

At 30 June 2022 and 2021, the Group leases various buildings, motor vehicles and internet services equipment for its operation. Lease contracts are entered into for fixed term of more than 1 to 7 years. 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.

The Group has recognised the following amounts relating to leases during the years ended 30 June 2022 and 2021:

	2022 RM'000	2021 RM'000
Interest expenses on lease liabilities	**65**	60
Depreciation of right-of-use assets	**719**	867

The total cash outflow for leases was approximately RM838,000 *(2021: RM588,000)* for the year ended 30 June 2022.

23. DEFERRED TAXATION

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

	2022 RM'000	2021 RM'000
At the beginning of the reporting period	**263**	1,229
Charged to profit or loss *(Note 11)*	**(35)**	(966)
At the end of the reporting period	**228**	263

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 2020	(62)	1,868	735	(1,469)	157	1,229
(Charged) credited to profit or loss	(54)	19	(735)	(126)	(70)	(966)
At 30 June 2021 and 1 July 2021	**(116)**	**1,887**	**–**	**(1,595)**	**87**	**263**
Credited (charged) to profit or loss	**10**	**(260)**	**313**	**(11)**	**(87)**	**(35)**
At 30 June 2022	**(106)**	**1,627**	**313**	**(1,606)**	**–**	**228**

At 30 June 2022, the Group had unused tax losses of approximately RM15,943,000 *(2021: approximately RM363,000)* and deductible temporary differences arising from contract liabilities of approximately RM6,782,000 *(2021: approximately RM7,863,000)* that are available for offsetting against future taxable profits of the companies in which the losses arose. At 30 June 2022, there is no unused tax losses arising in Malaysia *(2021: approximately RM363,000 can be carried for another 7 consecutive years of assessment from year of assessment of 2022 to 2028)*. At 30 June 2022, the unused tax losses arising in the PRC of approximately RM15,943,000 *(2021: Nil)* can be carried for another 5 consecutive years of assessment (i.e. from year of assessment 2023 to 2027).

24. SHARE CAPITAL

	Number of shares	HK$	Equivalent to RM'000
Ordinary share of HK$0.01 each			
Authorised:			
At 1 July 2020, 30 June 2021 and **30 June 2022**	**10,000,000,000**	**100,000,000**	**55,220**
Issued and fully paid:			
At 1 July 2020, 30 June 2021 and **30 June 2022**	**600,000,000**	**6,000,000**	**3,191**

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirements 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	2022 RM'000	2021 RM'000
Non-current assets			
Investments in subsidiaries		**12,071**	17,014
Current assets			
Amount due from subsidiaries		**30,249**	30,869
Bank balances and cash		**4**	593
		30,253	31,462
Current liabilities			
Amount due to subsidiaries		**11,817**	8,735
Net current assets		**18,436**	22,727
NET ASSETS		**30,507**	39,741
Capital and reserves			
Share capital	24	**3,191**	3,191
Reserves	25(a)	**27,316**	36,550
TOTAL EQUITY		**30,507**	39,741

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 23 September 2022 and signed on its behalf by

Yu Decai
Director

Hu Mingdai
Director

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

(a) *Movement of the reserves*

	Share premium RM'000 *(Note 26(a))*	Accumulated losses RM'000	Total RM'000
At 1 July 2020	46,570	(8,694)	37,876
Loss for the year and total comprehensive expenses for the year	–	(1,326)	(1,326)
At 30 June 2021 and 1 July 2021	**46,570**	**(10,020)**	**36,550**
Loss for the year and total comprehensive expenses for the year	**–**	**(9,234)**	**(9,234)**
At 30 June 2022	**46,570**	**(19,254)**	**27,316**

26. 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, which carried out in the preparation of the listing of the Company's share, and the Company, respectively, less consideration paid to acquire the relevant interests (if any) upon completion of the reorganisation.

27. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the years ended 30 June 2022 and 2021, the Group had the following transactions with related parties:

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

	2022 RM'000	2021 RM'000
Salaries, discretionary bonus, allowances and other benefits in kind	**1,940**	1,929
Contributions to defined contribution plans	**148**	162
	2,088	2,091

Further details of the directors' remuneration are set out in Note 9 to the consolidated financial statements.

28. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT 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:

	At 1 July 2021 RM'000	Net cash flows RM'000	Non-cash changes: Additions RM'000	Non-cash changes: Termination RM'000	At 30 June 2022 RM'000
Year ended 30 June 2022					
Interest-bearing borrowings	255	(24)	–	–	231
Leases liabilities	1,719	(838)	1,911	(139)	2,653
Total liabilities from financing activities	1,974	(862)	1,911	(139)	2,884

28. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) *Reconciliation of liabilities arising from financing activities (continued)*

			Non-cash changes		
	At 1 July 2020 RM'000	Net cash flows RM'000	Additions RM'000	Termination RM'000	At 30 June 2021 RM'000
Year ended 30 June 2021					
Interest-bearing borrowings	277	(22)	–	–	255
Leases liabilities	1,220	(588)	1,093	(6)	1,719
Total liabilities from financing activities	1,497	(610)	1,093	(6)	1,974

(b) *Major non-cash transactions*

In addition to the information disclosed elsewhere in the consolidated financial statement, the Group has following major non-cash transactions:

During the year ended 30 June 2022, the Group recognised right-of-use assets of approximately RM2,069,000 *(2021: approximately RM1,435,000)* which includes the down payment of approximately RM20,000 *(2021: approximately RM92,000)* and trade in payment of approximately RM138,000 *(2021: approximately RM250,000)* and lease liabilities of approximately RM1,911,000 *(2021: approximately RM1,093,000)*.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise pledged bank deposits, bank balances and cash, interest-bearing borrowings and bank overdrafts and lease liabilities. 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 RM2,963,000 *(2021: approximately RM618,000)* at 30 June 2022. 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 loss would increase/decrease by approximately RM14,800 *(2021: pre-tax profit would decrease/increase by approximately RM3,100)* for the year ended 30 June 2022.

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.

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**	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
HK$	**7,645**	9,982	**5,951**	655
RMB	**17,451**	–	**2,662**	–

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

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.

	2022		2021	
	Increase (decrease) in foreign exchange rates	**Effect on loss before tax RM'000**	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000
HK$	**5%**	**(85)**	5%	466
	(5%)	**85**	(5%)	(466)
RMB	**5%**	**(739)**	N/A	N/A
	(5%)	**739**	N/A	N/A

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.

29. 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, 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:

	2022 **RM'000**	2021 RM'000
Trade and other receivables	**19,014**	13,508
Pledged bank deposits	**2,722**	2,634
Bank balances and cash	**27,725**	20,267
	49,461	36,409

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 2022, the Group had a concentration of credit risk as approximately 26% *(2021: 28%)* of the total trade receivables was due from the Group's largest customers, and approximately 70% *(2021: 73%)* of the total trade receivables was due from the Group's five largest customers.

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 2022 and 2021.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables (continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 30 June 2022 and 2021 are summarised below.

At 30 June 2022

	Expected loss rate %	**Gross carrying amount RM'000**	**Loss allowances RM'000**	**Net carrying amount RM'000**	**Credit-impaired**
Trade receivables					
Not past due	**0.00%**	**10,585**	**–**	**10,585**	**No**
1 – 30 days past due	**0.00%**	**1,640**	**–**	**1,640**	**No**
31 – 60 days past due	**0.00%**	**1,293**	**–**	**1,293**	**No**
61 – 90 days past due	**0.00%**	**1,249**	**–**	**1,249**	**No**
Over 90 days past due	**7.71%**	**3,817**	**(295)**	**3,522**	**No**
		18,584	**(295)**	**18,289**	

At 30 June 2021

	Expected loss rate %	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000	Credit-impaired
Trade receivables					
Not past due	0.01%	8,053	(1)	8,052	No
1 – 30 days past due	0.06%	1,645	(1)	1,644	No
31 – 60 days past due	0.06%	1,541	(1)	1,540	No
61 – 90 days past due	0.12%	816	(1)	815	No
Over 90 days past due	25.39%	1,477	(375)	1,102	No
		13,532	(379)	13,153	

The Group does not hold any collateral over trade receivables at 30 June 2022 *(2021: Nil)*.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables (continued)

At 30 June 2022, the Group recognised the loss allowances of approximately RM295,000 *(2021: approximately RM379,000)* on the trade receivables. The movement in the loss allowances for trade receivables during the years ended 30 June 2022 and 2021 is summarised below.

	2022 RM'000	2021 RM'000
Balance at the beginning of the reporting period	**379**	348
(Decrease) Increase in allowance	**(84)**	136
Write-off	**–**	(105)
Balance at the end of the reporting period	**295**	379

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.

Pledged bank deposits and bank balances and cash

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

29. 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 2022						
Trade and other payables	**12,845**	**12,845**	**7,790**	**–**	**5,055**	**–**
Interest-bearing borrowings and bank overdrafts	**2,963**	**3,032**	**2,775**	**43**	**131**	**83**
Lease liabilities	**2,653**	**2,876**	**890**	**852**	**989**	**145**
	18,461	**18,753**	**11,455**	**895**	**6,175**	**228**
At 30 June 2021						
Trade and other payables	7,224	7,224	7,224	–	–	–
Interest-bearing borrowings and bank overdrafts	618	709	407	44	131	127
Lease liabilities	1,719	1,871	452	445	769	205
	9,561	9,804	8,083	489	900	332

30. 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.

31. 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 2021 and 2022.

32. CAPITAL EXPENDITURE COMMITMENTS

	2022 **RM'000**	2021 RM'000
Contracted but not provided for:		
Further contribution to subsidiaries on paid in capital committed	**9,846**	–
Acquisition of property, plant and equipment	**–**	106
	9,846	106

FINANCIAL SUMMARY

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

RESULTS

	For the year ended 30 June				
	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**60,953**	39,753	37,124	41,353	36,632
(Loss) Profit before tax	**(20,548)**	(976)	476	6,616	9,862
Income tax (expenses) credit	**(164)**	(1,348)	(1,124)	1,925	(195)
(Loss) Profit for the year	**(20,712)**	(2,324)	(648)	8,541	9,667

ASSETS AND LIABILITIES

	As at 30 June				
	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Total assets	**86,451**	69,755	70,613	50,617	32,055
Total liabilities	**(55,036)**	(17,628)	(16,162)	(19,175)	(17,044)
Total equity	**31,415**	52,127	54,451	31,442	15,011