



**revenue**  
GROUP BERHAD

**REVENUE GROUP BERHAD**

Registration No. 201701034150 (1248321-D)



**ANNUAL REPORT 2020**

## CONTENTS

## 01

## OVERVIEW

|                                   |     |
|-----------------------------------|-----|
| Corporate Profile                 | 002 |
| Corporate Structure               | 003 |
| Corporate Information             | 004 |
| Key Financial Highlights          | 005 |
| Directors' Profile                | 007 |
| Profiles of Key Senior Management | 015 |

## 02

## BUSINESS REVIEW

|  |     |
|--|-----|
| Chairman's Statement                       | 021 |
| Management Discussion & Analysis Statement | 023 |
| Corporate Sustainability Statement         | 034 |

## 03

CORPORATE GOVERNANCE  
AND FINANCIAL STATEMENTS

|  |     |
|--|-----|
| Corporate Governance Overview Statement  | 039 |
| Statement of Directors' Responsibility in Respect<br>of the Audited Financial Statements | 048 |
| Audit and Risk Management Committee Report   | 049 |
| Statement on Risk Management and Internal Control  | 051 |
| Additional Compliance Information  | 055 |
| Financial Statements   | 056 |

## 04

## OTHERS

|                               |     |
|-------------------------------|-----|
| List of Properties            | 195 |
| Analysis of Shareholdings     | 196 |
| Analysis of Warrants Holdings | 199 |



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made easy for everyone



## CORPORATE PROFILE

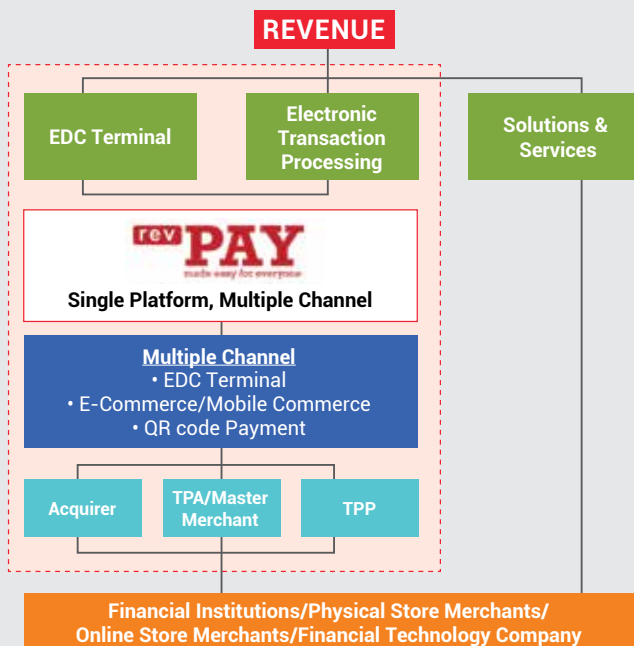
# About REVENUE GROUP BERHAD

Established in 2003, with more than 15 years of operating history in the electronic payments industry in Malaysia, Revenue Group Berhad ("REVENUE" or "the Group") has been servicing different customers including banks, non-bank institutions, physical store merchants, online store merchants and e-money payment scheme.

REVENUE's products and services are divided into three segments, namely deployment of Electronic Data Capture ("EDC") terminals, electronic transaction processing and solutions and services related to payments infrastructure.

REVENUE offers a wide range of technology-led multi-channel payment solutions to different customers through its flagship platform, **revPAY**, that provides the connectivity between front-end to back-end solutions.

Through its **revPAY** platform, REVENUE offers a single platform which facilitates the acceptance of payment transactions across various payment channels from physical EDC terminals to virtual payments (via e-commerce and mobile commerce channels) to QR Payment, thereby providing cost effective solutions to its customers.



**CORPORATE  
PROFILE**

**OUR VALUE**

**Commitment**

We are highly committed to our valued clients, providing customized applications based on what you need. Through internal Research and Development efforts we will be able to provide specific solutions to your requirements, such as loyalty program or even precise Artificial Intelligence driven advertising through the use of machine learning.

**Transparency**

We are always open with our communications and in what we do. Honesty and transparency is very important not only to our customers, but also within our own internal community.

**Trust & Integrity**

We are always looking to build a healthy relationship through trust, and we do that by striving to provide the very best that we can.

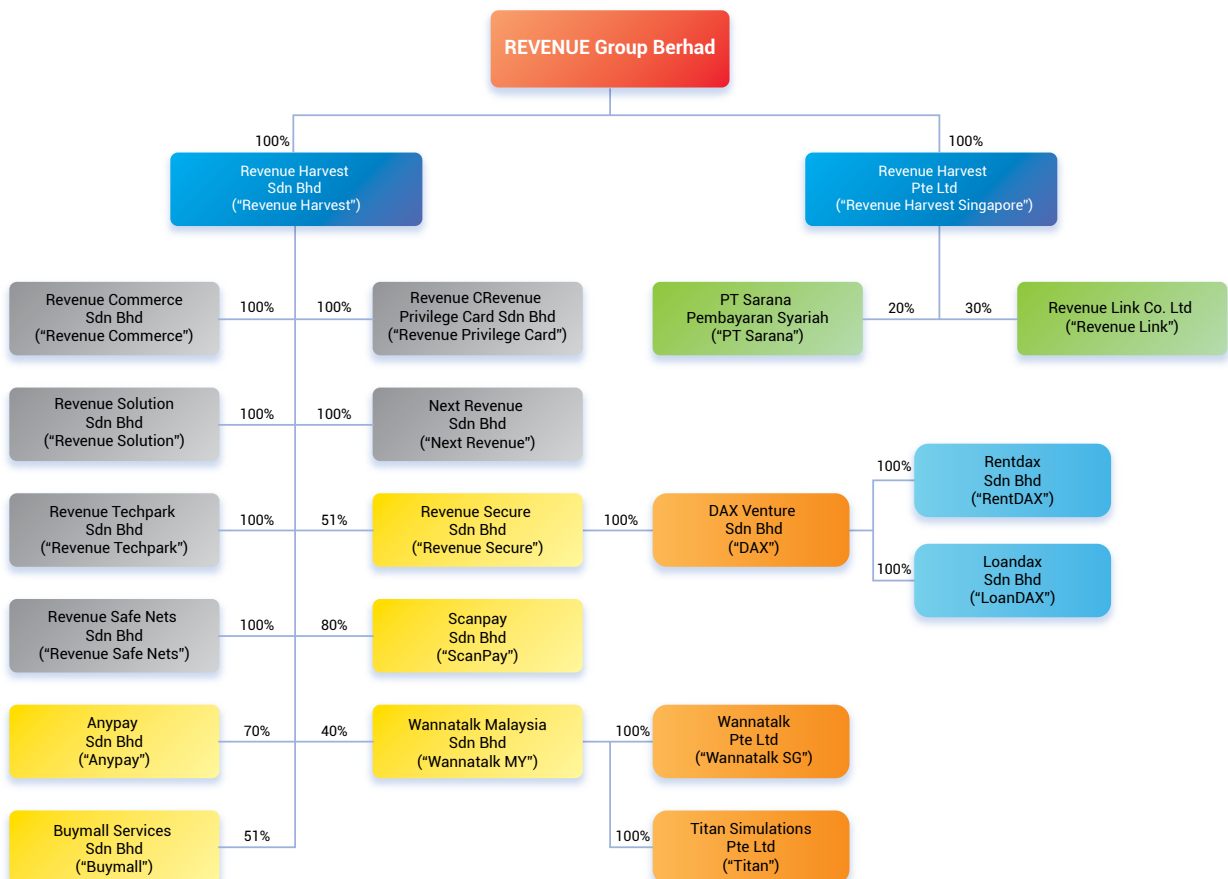
**OUR VISION**

To be at the electronic payment frontier, providing world class e-payment facilities.

**OUR MISSION**

Pushing technology through research and development, because technology is at the forefront of the payment industry.

**CORPORATE STRUCTURE**  
AS AT 30 OCTOBER 2020



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Nor Azzam Bin Abdul Jalil

Independent Non-Executive Chairman

### Ooi Guan Hoe

Independent Non-Executive Director

### Ng Chee Keong

Independent Non-Executive Director

### Loo Jo Anne

Independent Non-Executive Director

### Ng Chee Siong

Managing Director and Group Chief Executive Officer

### Ng Shih Chiow

Executive Director and Group Chief Operations Officer

### Ng Shih Fang

Executive Director and Group Chief Technology Officer

### Lai Wei Keat

Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

### Ooi Guan Hoe

(Independent Non-Executive Director)

## NOMINATION COMMITTEE

### Nor Azzam Bin Abdul Jalil

(Independent Non-Executive Director)

## REMUNERATION COMMITTEE

### Ng Chee Keong

(Independent Non-Executive Director)

### CHAIRMAN

### MEMBERS

### Nor Azzam Bin Abdul Jalil

(Independent Non-Executive Director)

### Ooi Guan Hoe

(Independent Non-Executive Director)

### Nor Azzam Bin Abdul Jalil

(Independent Non-Executive Director)

### Ng Chee Keong

(Independent Non-Executive Director)

### Ng Chee Keong

(Independent Non-Executive Director)

### Ooi Guan Hoe

(Independent Non-Executive Director)

## REGISTERED OFFICE

Suite 10.02, Level 10,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel no.: 03-2298 0263  
Fax no.: 03-2298 0268

## HEAD OFFICE

Wisma Revenue  
No. 12,  
Jalan Udang Harimau 2,  
Kepong Business Park,  
51200 Kuala Lumpur  
Tel no.: 03-9212 3388  
Fax no.: 03-6242 8785

## COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)  
(SSM PC No. 201908002253)  
Heng Chiang Pooh (MAICSA 7009923)  
(SSM PC No. 201908001771)  
Thien Lee Mee (LS0009760)  
(SSM PC No. 201908002254)

## AUDITORS

Messrs UHY (AF 1411)  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel. no.: 03-2279 3088  
Fax no.: 03-2279 3099

## SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur  
Tel no.: 03-2783 9299  
Fax no.: 03-2783 9222

## SPONSOR

M&A Securities Sdn Bhd  
Level 11, No. 45 & 47,  
The Boulevard,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel no.: 03-2284 2911  
Fax no.: 03-2284 2718

## STOCK EXCHANGE LISTING

ACE Market of  
Bursa Malaysia Securities Berhad  
Stock name: REVENUE  
Stock Code: 0200  
Sector: Technology

## PRINCIPAL BANKER

CIMB Bank Berhad

## CORPORATE WEBSITE

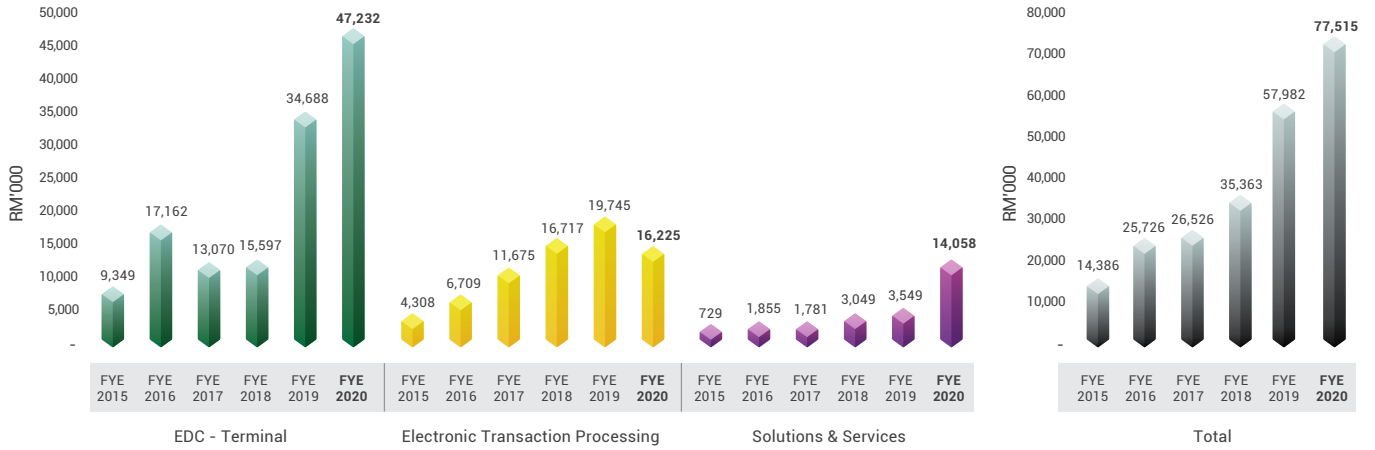
[www.revenue.com.my](http://www.revenue.com.my)

## INVESTOR RELATIONS

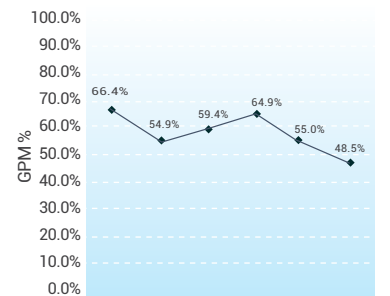
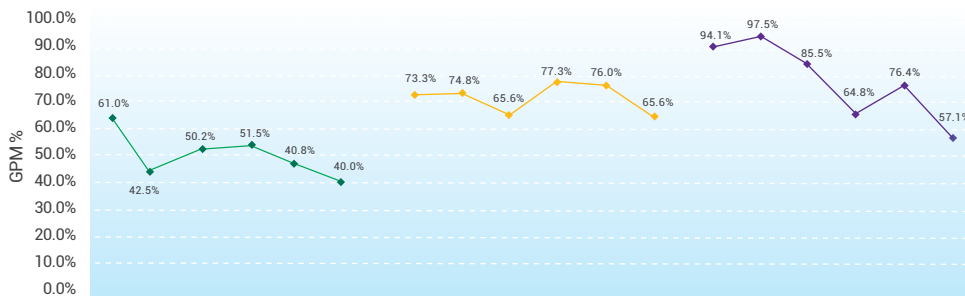
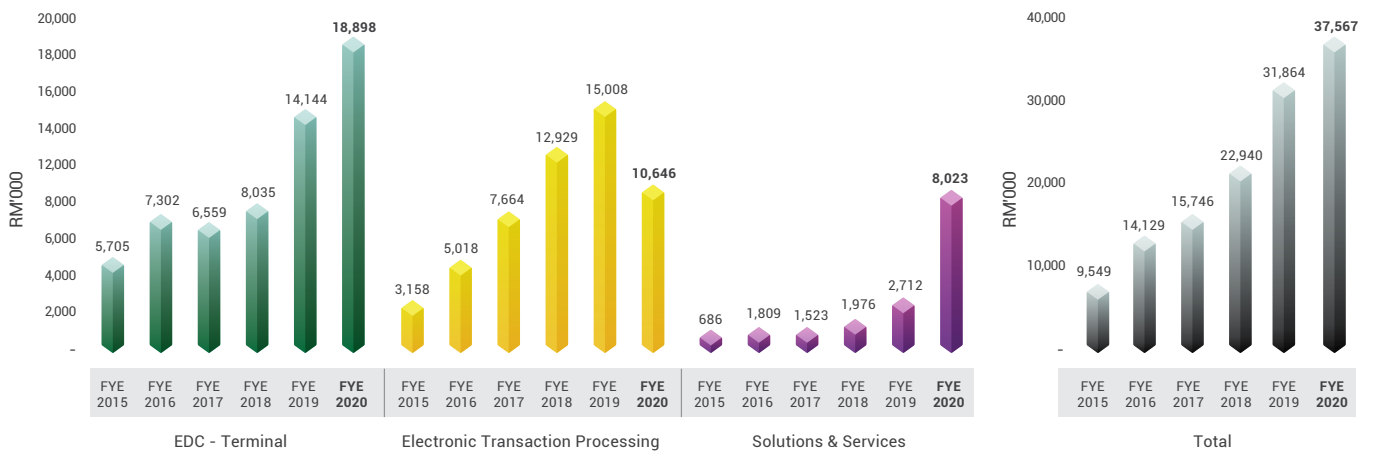
Email: [ir@revenue.com.my](mailto:ir@revenue.com.my)

# FINANCIAL HIGHLIGHTS

## Revenue By Business Segments

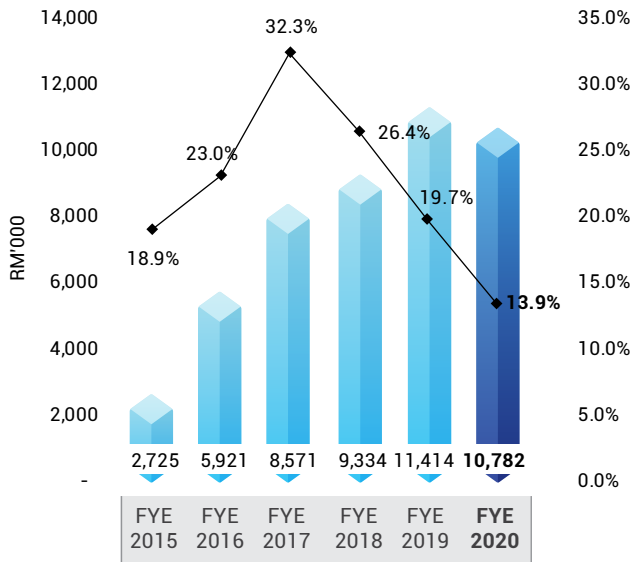


## Gross Profit ("GP") & GP Margin By Business Segments

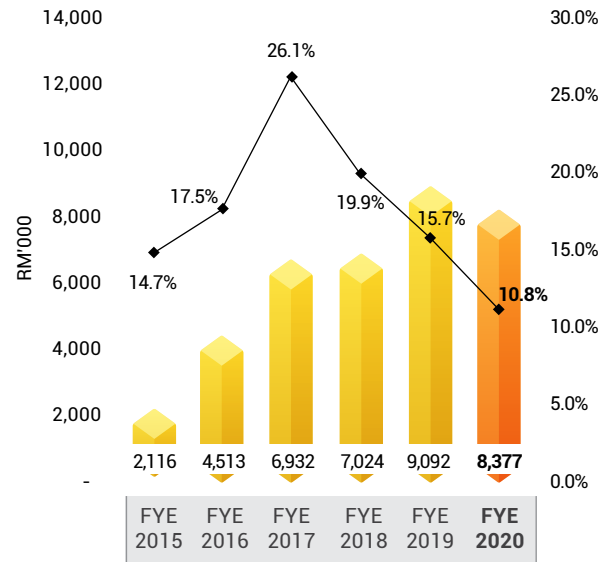


## FINANCIAL HIGHLIGHTS

### Profit Before Tax ("PBT") & PBT Margin



### Profit After Tax ("PAT") & PAT Margin



#### Note:

Our Company was only incorporated on 26 September 2017. The FYE 2015 to FYE 2017 were presented based on the historical combined audited financial statements of Revenue Harvest and its subsidiary company.

## DIRECTORS' PROFILE



# 01

Encik Nor Azzam Bin Abdul Jalil, was appointed to the Board on 1 December 2017 as Independent Non-Executive Chairman. He has about 30 years of working experience in the commercial banking industry.

He graduated in 1987 with a Bachelor of Business Administration (finance) from George Washington University, USA. Upon his graduation he was employed as an Executive Trainee and the corporate foreign exchange dealer in the treasury department of Bank of Commerce (M) Berhad. In 1991, he was promoted to Assistant Vice President responsible for managing the bank's foreign exchange book. In 1993, he moved to the corporate banking department as a Credit Officer and was promoted to Vice President to head the Japanese Desk team in January 1995.

In 1999, after the merger of Bank of Commerce (M) Berhad and Bank Bumiputra Malaysia Berhad to Bumiputra-Commerce Bank Berhad, he was redesignated as Business Center Manager where he was responsible to set-up and manage a business center in Klang Valley. In 2000, he was seconded to Tokyo, the Japan branch of Bumiputra-Commerce Bank Berhad as General Manager to manage the overall business and operations of the branch.

In 2005, he returned to Malaysia to become Chief Executive Officer of Commerce Tijari Bank Berhad. On the onset of the merger with the CIMB Group, he was transferred to CIMB Bank Berhad as Regional Director IV (responsible for the South Selangor and Negeri Sembilan branches, and three (3) Klang Valley business centers) in 2006. He was subsequently promoted to Senior Vice President/Regional Director I (responsible for the Kuala Lumpur branches) in 2010. He remained with the CIMB group and was promoted several times before leaving CIMB Bank Berhad in 2016. His last position with the bank was Acting Head of Consumer Sales and Distribution with the corporate ranking of Senior Managing Director, responsible for driving retail banking and enterprise banking businesses. During that period, he had also served as the Chief Executive Officer of the CIMB Foundation managing the Corporate Social Responsibility projects for CIMB Bank Berhad. He joined Kuwait Finance House (Malaysia) Berhad in the same year as Deputy Chief Executive Officer, where he was responsible for driving the overall strategic direction of the bank's business.

In 2017, he left Kuwait Finance House (Malaysia) Berhad to join his family business. Voxel Imaging Sdn Bhd, a visual effects and production company for film and television as well as end-to-end production for corporate and commercial clients. He currently manages the financial and investment aspects of the company.

He sits on the board of Ocean Vantage Berhad as Independent Non-executive Chairman since August 2019. He also sits on the board of Nestcon Berhad as Independent Non-executive Director since August 2020.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### Nor Azzam Bin Abdul Jalil

#### Gender

Male

#### Age

55

#### Nationality

Malaysian

#### Position

Independent Non-Executive Chairman  
Chairman of Nomination Committee  
Member of Audit and Risk Management Committee  
Member of Remuneration Committee



## DIRECTORS' PROFILE



### Mr Eddie Ng Chee Siong

#### Gender

Male

#### Age

47

#### Nationality

Malaysian

#### Position

Co-Founder, Managing Director and  
Group Chief Executive Officer

## 02

Mr Eddie Ng Chee Siong, was appointed to the Board on 1 December 2017 as Managing Director and Group Chief Executive Officer. He has more than 15 years of working experience in the local electronic payments industry.

He is the co-founder of our Group and has been jointly spearheading the business growth of our Group since its inception in 2003. He is responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiative and business development.

He obtained his Diploma in Electrical and Electronic Engineering from Institut Teknologi Pertama, Kuala Lumpur in 1994. Upon graduation, he began his career in Telecopier (M) Sdn Bhd as a Sales Executive where he was responsible for sales and marketing of the Company's products. He left Telecopier (M) Sdn Bhd in 1995 to establish a sole proprietorship business, RE Copy Sales and Services in 1995 which was involved in the trading of photocopier machine.

In 1998, He joined Tricommas Sdn Bhd as Sales Manager. He was responsible for the overall strategic sales direction of the Company while leading a team of sales personnel to achieve its sales goal. He left Tricommas Sdn Bhd in 2003 to pursue the entrepreneurship path again.

In September 2003, he co-founded Revenue Harvest together with Mr Brian Ng Shih Chiow and Mr Dino Ng Shih Fang.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## DIRECTORS' PROFILE



# 03

Mr Brian Ng Shih Chiow, was appointed to the Board on 1 December 2017 as Executive Director and Group Chief Operations Officer. He has more than 15 years of working experience in the local electronic payments industry.

He is also the co-founder of our Group and has been jointly spearheading the business growth of our Group since incorporation. He is responsible for the day-to-day operations of our Group, including establishing Group policies, setting and monitoring key performance indicators for various departments as well as overseeing administrative and finance functions.

He obtained a Diploma in Mechanical Engineering from Federal Institute of Technology, Kuala Lumpur in 1994 and Bachelor of Mechanical Engineering from Trine University (formerly known as Tri-State University), Indiana, USA in 1997.

In 1998, he started his career in JVC Video Malaysia Sdn Bhd, as an engineer responsible for technical design, modification and improvement of product for video and camcorder mechanism as well as providing technical support to both local and overseas customers.

In 2003, he was promoted to Senior Engineer and was assigned to the R&D segment in optical technology for camcorder. He left the Company in 2003 and co-founded Revenue Harvest together with Mr Eddie Ng Chee Siong and Mr Dino Ng Shih Fang.

He does not hold any directorships in any other public companies and listed issuer.

He and Dino Ng Shih Fang are brothers and he is the cousin of Ng Cai Lei. Save as disclosed, he has no family relationship with other Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### Mr Brian Ng Shih Chiow

#### Gender

Male

#### Age

47

#### Nationality

Malaysian

#### Position

Co-Founder, Executive Director and Group Chief Operations Officer

## DIRECTORS' PROFILE



### Mr Dino Ng Shih Fang

#### Gender

Male

#### Age

44

#### Nationality

Malaysian

#### Position

Co-Founder, Executive Director and  
Group Chief Technology Officer

## 04

Mr Dino Ng Shih Fang, was appointed to the Board on 1 December 2017 as Executive Director and Group Chief Technology Officer. He has more than 17 years of combined working experience in the electronic payments industry in Canada and Malaysia with in depth knowledge on payment technologies and architecture as well as possessing the expertise in handling payment security related systems such as encryption system and fraud prevention system.

He is also the co-founder of our Group. He is responsible for developing ICT strategies and directions for our Group. He manages our Group's R&D and IT teams, monitors development and advancement of new technologies for potential new products and services, overseeing the selection of R&D projects, designing business solutions and integration of business application as well as deciding It architecture and designs of our products.

He graduated with a Bachelor of Computer Science in 2001 from Acadia University, Canada. Upon graduation, he started his career in Unitam International Inc., Canada (currently known as Unitam Management International Inc.) as a Software Developer undertaking web development and software development. He left the Company in 2003 and returned to Malaysia.

Upon his return, he co-founded Revenue Harvest together with Mr Eddie Ng Chee Siong and Mr Brian Ng Shih Chiow.

He does not hold any directorships in any other public companies and listed issuer.

He and Brian Ng Shih Chiow are brothers and he is the cousin of Ng Cai Lei. Save as disclosed, he has no family relationship with other Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## DIRECTORS' PROFILE



# 05

Mr Ooi Guan Hoe, was appointed to the Board on 1 December 2017 as Independent Non-Executive Director. He has more than 19 years of working experience in the investment banking and corporate advisory industries.

He graduated in 1999 with a Bachelor of Accounting (Honours) from Universiti Putra Malaysia. He has been a member of Malaysian Institute of Accountants since 2002. He attended the Harvard Business School Executive Education on Private Equity and Venture Capital in 2011.

In 1999, he began his career with Arthur Andersen (now merged with Ernst & Young) where he was involved in auditing, financial due diligence and reporting accounting work for listing exercises and mergers and acquisitions. In November 2002, he joined the Corporate Finance team of CIMB Investment Bank Berhad and was involved in marketing, originating and implementing corporate proposals such as initial public offerings, mergers and acquisitions, real estate investment trusts, joint ventures, fund-raising exercises, privatization exercises and general financial advisory work. He left CIMB as a Senior Manager in October 2009.

From 2010 to July 2017, he was the Director and Management Board member of various listed companies in Malaysia and Germany. He was appointed as the Independent Non-Executive Director of Only World Group Holdings Berhad in 2013, a position he still holds to date. He also sits on the board of Techbond Group Berhad and TCS Group Holdings Berhad as Independent Non-Executive Director since January 2018 and May 2019 respectively. He is also the Chief Financial Officer of MOG Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### Mr Ooi Guan Hoe

#### Gender

Male

#### Age

45

#### Nationality

Malaysian

#### Position

Independent Non-Executive Director  
Chairman of Audit and Risk Management Committee  
Member of Nomination Committee  
Member of Remuneration Committee

## DIRECTORS' PROFILE



### Mr Ng Chee Keong

#### Gender

Male

#### Age

49

#### Nationality

Malaysian

#### Position

Independent Non-Executive Director  
Chairman of Remuneration Committee  
Member of Audit and Risk Management Committee  
Member of Nomination Committee

## 06

Mr Ng Chee Keong, was appointed to the Board on 1 December 2017 as Independent Non-Executive Director.

He graduated with a Bachelor of Laws from Bond University, Australia in 1995. He has over 20 years of experience in legal practice involving corporate and general litigations.

He was first employed as a chambering student by Messrs. Baharuddin & CK Lim in 1995. He left Messrs. Baharuddin & CK Lim in 1996 and was called to the Malaysian Bar in 1996.

In 1996, he joined Messrs. Alan Chua & Co as Legal Assistant. He left Messrs. Alan Chua & Co in 1997 to join Messrs. Stanley Chang & Co as Legal Assistant where he led its civil claim department and assisted in arbitration matter for construction disputes. In 1998, he left Messrs. Stanley Chang & Co and start his own legal firm known as Messrs. C.K. Ng & Co. In 2001, he merged his own legal firm with Ong & Tan to form Messrs Tan Ng & Ong which specializes in conveyancing of property or bank loans, civil claims for company matter, probate, family matter and execution of judgements. He left Messrs Tan Ng & Ong as a Consultant in June 2020.

He is currently the Deputy CEO of Khee San Berhad which in charge of the Legal Compliance, Internal Controls and Corporate Governance of the Company.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## DIRECTORS' PROFILE



# 07

Mr Lai Wei Keat, was appointed to the Board on 3 June 2019 as an Executive Director. He has 22 years of experience in the electronic payments industry.

He graduated with a Bachelor of Science, Computer Science from Campbell University, USA in 1997. He subsequently obtained a Master's degree in Management in Information Technology from Universiti Putra Malaysia in 2004.

He started his career in 1997 as a Software Programmer with Omron Business System (M) Sdn Bhd. He was promoted to Project Manager in 2000 where he was responsible for managing the company's point of sale and car parking implementation project. He left Omron Business System (M) Sdn Bhd in 2003 to join Korvac (M) Sdn Bhd as Project Manager where he was responsible for amongst others, managing the EMV migration (from magnetic swipe-based to EMV chip-based) project in Malaysia.

In 2006, he left Korvac (M) Sdn Bhd to join Nera Infocom Sdn Bhd as a Project Manager and was subsequently promoted as Business Unit Manager in 2009. During his stint with the company, he was responsible for leading the business unit and overseeing the daily business activities. He left Nera Infocom Sdn Bhd in 2016.

In 2016, he co-founded Revenue Safe Nets with Revenue Harvest and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### Mr Lai Wei Keat

#### Gender

Male

#### Age

48

#### Nationality

Malaysian

#### Position

Executive Director and Managing Director of Revenue Safe Nets

## DIRECTORS' PROFILE



### Ms Loo Jo Anne

#### Gender

Female

#### Age

37

#### Nationality

Singaporean

#### Position

Independent Non-Executive Director

# 07

Ms Loo Jo Anne, was appointed to the Board on 1 July 2020 as Independent Non-Executive Director. She has more than 14 years of working experience in the legal services.

She graduated with a Bachelor of Laws from University of the West of England Bristol in 2005.

Ms. Jo Anne started her career as a Legal Executive with Rockwills Trustee Berhad under its Law/Legal Services, Private & Corporate Trusts division in June 2006. She then joined Equity Trust (Malaysia) Berhad in September 2007 as a Senior Executive under its Law/Legal Services, Corporate & Private Trusts division, and thereafter joined CIMB Investment Bank Berhad in January 2010 as a Senior Executive under its Law/Legal Services, Corporate & Private Trusts division. Subsequently, she joined Asiaciti Trust Singapore Pte. Ltd. as a Senior Trust & Corporate Officer in June 2013 and then joined First Names (Singapore) Pte. Ltd. as Senior Manager/Resident Manager in January 2014.

In January 2016, she joined Camelot Trustees Limited as a Resident Manager and thereafter joined Marcuard Trust (Singapore) Pte. Ltd. in July 2016 as a Resident Manager and was promoted as a Director. In October 2017, she joined Amicorp Trustees (Singapore) Limited as a Resident Manager and was promoted as a Director. In March 2019, she joined Zico Trust (S) Ltd. as Business Development Director and was promoted as an Executive Director, a position that she is currently holding.

She does not hold any directorships in any other public companies and listed issuer.

She has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2020.

## PROFILES OF KEY SENIOR MANAGEMENT

### NG KUAN HORNG

37 years of age, Malaysian, Male

Group CFO

**Ng Kuan Horng** joined our Group in August 2017 and he is responsible for handling our Group's corporate finance affairs.

He graduated with a Bachelor of Science in Applied Accounting from Oxford Brookes University, UK, under a programme jointly offered by Association of Chartered Certified Accountant and Oxford Brookes University at Sunway TES Centre, Malaysia in 2006. He then obtained his professional accounting qualification from the Association of Chartered Certified Accountants of UK in 2009. He also obtained a Master's degree in International Business from Grenoble Ecole De Management (Singapore campus) in 2011. In December 2014, he was admitted as a Fellow Member of the Association of Chartered Certified Accountants of UK. He has been a registered member of the Malaysian Institute of Accountants since 2015.

He has accumulated more than 10 years of combined working experience in the field of accounting and finance in Malaysia and Singapore. In 2006, he started his career as an Audit Associate II with KPMG (Malaysia office) and was subsequently promoted to Audit Associate I in 2007. He was then responsible in conducting independent statutory financial audit works.

In 2007, he left his role in Malaysia and joined the Transaction Services division of KPMG Services Pte Ltd in Singapore as an Associate. He was subsequently promoted to Manager in 2010. During his stint there, he was involved in merger and acquisition exercises specialising in pre-deal evaluation, financial and vendor due-diligence, vendor assistance, financial projection review and completion accounts review. He was with KPMG Services Pte Ltd until April 2012 before he decided to return to Malaysia and join his family furniture hardware trading business, Wei Hua Horng Hardware Sdn Bhd as the Personal Assistant of the Managing Director, helping with accounting matters.

In May 2013, he left his family business to join PricewaterhouseCoopers LLP in Singapore from May 2013 to September 2013 as Senior Associate where he was assisting in the provision of financial due-diligence services. In October 2013, he returned to Malaysia again to join UHY Advisory (KL) Sdn Bhd as a Manager. He was subsequently promoted to Senior Manager in 2015 and Head of Merger and Acquisition Transaction Services in 2016. While working in UHY Advisory (KL) Sdn Bhd, he was involved in the provision of corporate advisory and restructuring services pertaining to initial public offering, reverse take-over, due-diligence, corporate restructuring and financial projections review. He left the company in July 2017 and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.



## PROFILES OF KEY SENIOR MANAGEMENT

### CHAN CHOO MENG

64 years of age, Malaysian, Male  
Risk and Compliance Manager

---

**Chan Choo Meng** joined our Group in 2016 and he is responsible for developing and implementing our Group's risk management framework as well as to ensure that our Group's operations are in compliance with the regulatory requirements. He has more than 35 years of working experience in the banking industry in Malaysia.

Upon receiving his Higher School Certificate in 1975, he joined a few private entities as a Clerk before commencing his career in the banking industry. In 1979, he joined United Malayan Banking Corporation Berhad as an Executive responsible for handling cash management operations. In 1984, he obtained a Diploma in Banking (Stage 1) from the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia). He was promoted to Sub-Executive Officer in 1987 and subsequently left the bank in 1996 in the same position.

In 1996, he graduated with a Bachelor of Business Administration from Chartered Institute of Business Administration, Ireland. In the same year, he joined Multi Purpose Bank Berhad (now known as Alliance Bank Malaysia Berhad) as an Assistant Manager responsible for assisting the manager on the daily operations of various branches of the bank. In 2005, he was transferred back to the head office and was redesignated as Operations Manager for the mass market segment. He was promoted to Assistant Vice President and transferred to the SME banking segment in 2009 and subsequently transferred to fraud management and group consumer banking in 2013.

He left Alliance Bank Malaysia Berhad in 2016, to join our Group and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### NG CAI LEI

37 years of age, Malaysian, Female  
Finance Manager

---

**Ng Cai Lei** joined our Group in August 2017 and she is responsible for our Group's finance and accounting functions as well as reporting to our Group Chief Financial Officer pertaining to financial matters of our Group.

She graduated with a Bachelor of Accountancy from Universiti Putra Malaysia in 2007. She is a member of Malaysian Institute of Accountants since 2010.

Upon graduation, she began her career as an Audit Assistant for KK Chow & Partner in 2007 and was then promoted as Audit Semi-Senior in 2009. Her last held position at KK Chow & Partner was as an Audit Senior in 2011, where she was responsible for various audit assignments. In 2013, she left KK Chow & Partner to join Tiptop Management Services Sdn Bhd as Company Secretary where she was in charge of advising clients on compliance with the Companies Act 1965 and the Act, as well as the preparation of resolutions and annual returns. In August 2017, she joined our Group and assumed her current position.

She does not hold any directorships in any other public companies and listed issuer.

She is the cousin of Brian Ng Shih Chiow and Dino Ng Shih Fang. Save as disclosed, she has no family relationship with other Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2020.

## PROFILES OF KEY SENIOR MANAGEMENT

### LOO TAK KHEONG

44 years of age, Malaysian, Male  
Chief Executive Officer of Revenue Harvest

**Loo Tak Kheong** joined our Group in December 2017 and he is responsible for overseeing the overall management and daily operations of Revenue Harvest.

He has more than 20 years of working experiences in the banking industry in Malaysia. He completed his South Australian Matriculation at Disted College in Penang in 1995. In 1996, he enrolled for the Bachelor of Commerce course in Metropolitan College until 1997.

In 1998, he quit his course to become a Marketing Executive for Citibank Berhad (Penang branch) and was responsible for managing and serving retail banking customers as well as developing a customer base through networking and marketing activities. In January 2000, he was promoted to Assistant Sales Manager and subsequently promoted to Sales Manager with the Direct Sales Division (Northern Region) in April 2000. In 2003, he was then transferred to Head Office to assist in leading the Telemarketing Division, where he was responsible for planning and managing customer acquisitions.

He left Citibank Berhad in 2005 to establish E-ideas Resources, a sole proprietorship business which supplies gifts and premiums to the banks. In 2008, he converted E-ideas Resources to E-ideas Sdn Bhd where he served as Director until 2010. In 2012, he was reappointed as a Director of E-ideas Sdn Bhd and subsequently resigned in 2014. In 2006, he set up Lighthouse Alliances Sdn Bhd, an outsource company to promote and distribute credit card products for OCBC Bank (M) Berhad where he was a Director until 2007.

He briefly joined UOB Bank Berhad from July 2010 to December 2010 as Assistant Vice President, responsible for providing direct marketing and sales support to sales distribution channels as well as creating new business opportunity. He moved to join OCBC Bank (M) Berhad in 2011 as Head of Card Sales, Telemarketing and Indirect Channels where he was mainly responsible for leading and managing teams of direct sales, telemarketing, portfolio sales and indirect channels to achieve the division's operational plans. In 2014, he was redesignated as the Head of Merchant Relations Unit to lead the merchant sales team in merchant acquiring. In April 2017, he was given a dual role as Head of Merchant Relations Unit and Head of Card Sales, Telemarketing and Indirect Channels.

He left OCBC Bank (M) Berhad in December 2017 and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## PROFILES OF KEY SENIOR MANAGEMENT

### CHEAH CHEE CHOON

47 years of age, Malaysian, Male  
Chief Operations Officer for Revenue Harvest

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Cheah Chee Choon joined our Group in 2010 and he is responsible for the day-to-day operations of our Group.

He has more than 20 years of working experience in the electronic payments industry. He obtained a Diploma in Marketing from Systematic Business Training Centre in 1994.

In 1991, he started his career in Malayan Banking Berhad as a Teller responsible for handling counter transactions. He left the bank in 1993 to join Hong Leong Leasing Sdn Bhd as a Senior Factoring Clerk responsible to maintain customers' accounts and liaising with debtors.

In 1996, he left Hong Leong Leasing Sdn Bhd to join MBF Card Services Sdn Bhd as a Sales Executive where he was responsible for identifying and acquiring new merchants, servicing of existing merchants, providing fraud and card acceptance training as well as conducting sales planning. In 2000, he left MBF Card Services Sdn Bhd and subsequently joined RHB Bank Berhad as Senior Merchant Sales Executive until 2003 where he was responsible for identifying, planning and executing strategic initiatives for merchants acquiring, servicing existing merchants, conducting fraud and card acceptance training and implementing Easy Payment Plan. In 2003, he joined AmBank as Senior Executive responsible for supervising the merchant sales team and providing training. He was promoted in 2008 as Assistant Manager and subsequently left AmBank in 2010.

In 2010, he joined Revenue Harvest as Vice President of Business Development, before assuming his current role in December 2017.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

### NG KIAN SENG

46 years of age, Malaysian, Male  
Chief Technology Officer

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Ng Kian Seng joined our Group in March 2018 and he is responsible for leading the technology division in payment technology development and innovation on financial and payment technology ("Fintech") services.

He has more than 20 years of cumulative IT and Product experiences in the electronic payment industry covering physical and virtual payment, credit card personalisation, electronic wallet ("e-wallet"), peer to peer lending, retail point of sale, e-commerce and loyalty solution.

He graduated with a Bachelor of Science in Computer Science Universiti Sains Malaysia in 1999.

He began his career with Unit Terjemahan Melalui Komputer at Universiti Sains Malaysia as a Research Software Engineer in 1999. Subsequently, he joined Multimedia Prospect Sdn Bhd (subsequently renamed to ManagePay Services Sdn Bhd in 2011) as a Tech Lead in 2000 and was subsequently promoted to Senior Software Analyst cum project manager in 2004 focusing on E-Commerce and Loyalty Solution. From 2005 till 2009, he was involved in both Acquiring System development supporting e-payment through internet and terminal, and at the same time leading credit card personalization services for EON Bank Berhad. In 2009, he was promoted to CTO of that company to oversee the overall technology development, direction and innovation of the company. His area of expertise spans from Fintech project advisory, project management, product conceptualisation and management, solution architect, solution design and development, security and regulatory compliances, solution deployment to market, production management and services.

In 2018, he joined our Group and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## PROFILES OF KEY SENIOR MANAGEMENT

### WONG PEK CHIN

39 years of age, Malaysian, Female

IT Operations Manager

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**Wong Pek Chin** joined our Group in 2005 and she is responsible for leading and managing our software development team and IT operations teams.

She has 15 years of working experience in various IT related fields particularly on software development and management of IT operations. She graduated with a Bachelor of Information Technology from Charles Sturt University, Australia in 2005.

She began her career with Revenue Harvest in 2005 as a Junior Software Engineer where she was responsible to develop terminal applications. She was promoted to Senior System Analyst in 2008. In 2013, she was then promoted to R&D Manager before assuming her current role in 2016.

She does not hold any directorships in any other public companies and listed issuer.

She has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2020.

## PROFILES OF KEY SENIOR MANAGEMENT

### HO EE LOCK

40 years of age, Malaysian, Male  
Managing Director of Revenue Secure Sdn Bhd

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Ho Ee Lock joined our Group in October 2019 and he is responsible for handling the development of software and solutions business portfolio of the Group.

He graduated with a Bachelor of Engineering (Honors) in Electronics majoring in Computer from Multimedia University, Cyberjaya.

He has accumulated more than 15 years of combined working experience in Information and Communications Technology ("ICT"), Radio-frequency Identification ("RFID") and payments related technologies.

Throughout his career, he has been appointed into various industry working group such as Malaysia Internet Exchange (MyIX) – Committee Member (2008), ISO TC 104/SC4 – Malaysian Delegate (2010) and GS1 Malaysia, Supply Chain Excellence Working Group – Co-Chairman (2013).

Ee Lock has been invited as a speaker and expert panelist in numerous international technologies and fintech conferences.

- Visa HCE Summit – 2015 Mobile World Congress (Shanghai, China)
- Asia Pacific Smart Card Association – 7th Asia Payment Card Forum (Hanoi, Vietnam)
- Samsung Pay Workshop (Singapore, Singapore)

He started his career in 2003 as an IT engineer at NTT's data center. In 2005, he joined Optical Communication Engineering as Chief Technology Officer where he successfully deployed Malaysia' first metro ethernet networks connecting Penang and Selangor on gigabit fiber optics network.

In 2008, he joined Smartag Solution Berhad as Vice President of Technology & Business Development, where he was involved in the successful development and implementation of the tracking mechanism and solution of RFID-fitted containers using e-Seal between Port Klang, Malaysia and Shanghai International Port Group, China.

In 2013, he joined Giesecke & Devrient ("G+D"), a large chip card multinational corporation, as their Regional Director - FI Solutions (APAC) where he managed the entire FI business and technical solution portfolio in Asia Pacific specializing in NFC/HCE mobile payments, eCommerce payment technologies, Trusted Services Manager ("TSM") and mobile device security. He is an expert in tokenization that is primarily used by Samsung Pay or Apple Pay to secure payment cards credentials.

In 2018, he joined Dialog Innovation Ventures as General Manager in charge of the MyKasih Project and their e-Wallet portfolio.

In 2019, he joined our Group and assumed his current position.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences in the last five (5) years other than minor traffic offences, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2020.

## CHAIRMAN'S STATEMENT



*Dear Shareholders,*

It is an honour and a privilege to deliver this statement as the Independent Non-Executive Chairman of REVENUE.

### A TESTING YEAR

After a rewarding and fruitful year in 2019 in which the Group successfully rolled out the all-in-one smart digital payment terminal, and established strategic collaboration with numerous local and international payment card schemes, as well as undertook and completed multiple corporate exercises, we came to face the once-in-a-generation global emergency and crisis – the outbreak of the Coronavirus Disease 2019 (“Covid-19”) pandemic.

The Covid-19 pandemic spared no-one, and had brought the world to a standstill, literally affecting everyone out in the street. The prolonging period of Covid-19 are even stretching the best run companies in the world, and unfortunately many companies are needing to restructure, reduce, and even closing.

Albert Einstein once said, “In the midst of crisis, lies great opportunity” and taking a leaf out of his book, this Covid-19 pandemic has hastened the adoption and acceptance of digitalisation through online marketplace and digital payment, and this has given us an opportunity to take a step back to better understand where we are and what do we have, and how to strive to develop more innovative products and solutions to our customers.

During the financial year, we successfully established several key strategic collaboration which includes with Sogo Department Store Sdn Bhd to facilitate the payment acceptance at its stores. We also established partnership with Shopee Malaysia to facilitate the payment acceptance of its' in-app ShopeePay's mobile QR payment at our touch points throughout Malaysia. And we teamed up with Chevron Malaysia Ltd to provide e-wallet acceptance at all the Caltex petrol stations.

Our Group undertook a few corporate exercises as part of our plans to grow our company during this financial year.

The first being the bonus issue of shares, which was completed in December 2019. The Board of Directors view the bonus issue as a way to reward you, our shareholders, for your continuous support of the Group by providing and allowing you with an opportunity to increase your equity participation and benefit from any potential capital appreciation. The Group had also undertaken a special issue in March 2020 in order to comply with the Bumiputra equity condition as part of the listing requirement and as at the date of this annual report, the special issue corporate exercise has yet to be completed.

## CHAIRMAN'S STATEMENT

Our Group also undertook acquisitions which would complement and enhance our value propositions to all our customers whilst enhancing our revenue. The Group completed the acquisition of 80% equity stake in Scanpay on 18 September 2020 and 40% equity stake in Wannatalk on 1 October 2020. These acquisitions would allow the Group to leverage on Wannatalk's facial recognition centered products and services to enhance its payment security features, as well as embark on new biometric payment technology, providing a more robust and dynamic Business-to-Business-to-Consumer ("B2B2C") eco-system.

### FINANCIAL RESULTS

Our Group achieved a higher revenue of RM77.51 million in Financial Year Ended 30 June 2020 ("FYE 2020") compared to RM57.98 million recorded in FYE 2019, an increase of RM19.53 million or 33.7% year-on-year. The increase in the revenue was mainly due to higher sales and rental recorded in our EDC terminals segment and the full 12 months' revenue contribution from Anypay Sdn Bhd and Buymall Services Sdn Bhd.

The higher revenue has also resulted in higher gross profit ("GP") which increased by RM5.70 million or 17.9% from RM31.86 million in FYE 2019 to RM37.56 million in FYE 2020. Despite the increase in our GP, our GP margin dropped by 6.5% from 55.0% in FYE 2019 to 48.5% in FYE 2020. The drop in GP margin was mainly attributed to a change in the in the margin contribution from the EDC terminals segment. (Please refer to Management Discussion & Analysis for further details)

Our profit before tax ("PBT") decreased by RM0.63 million from RM11.41 million in FYE 2019 to RM10.78 million in FYE 2020 and our PBT margin had dropped by 5.8% from 19.7% in FYE 2019 to 13.9% in FYE 2020. The lower PBT margin was due to higher administrative expenses to support our business growth and a change in the GP margin contribution from the business segments.

As at 30 June 2020, the Group's financial position remained healthy with net assets of RM67.31 million (or net assets per share of RM0.21). Our cash and cash equivalents had also increased to RM33.97 million as at FYE 2020 as compared to RM23.18 million as at FYE 2019.

### MARKET OUTLOOK AND PROSPECT

The Covid-19 pandemic has affected the economic activities globally and locally and it has affected the financial performance of REVENUE over the last few months of FYE 2020. The performance for the new financial year ending 2021 will remain challenging.

Although REVENUE has a proven track record in the electronic payment industry, as evident by and from the various strategic collaborations established during the financial year and with focused strategies amidst robust business environment led by our strong management team, the Board remains cautious on the potential impact of the Covid-19 pandemic and will continue to manage the businesses of our Group with vigilance.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors of REVENUE, I wish to express my sincere appreciation to all parties who have supported and helped us to strive and achieve another fruitful and remarkable year. We are thankful for the hardwork and dedication rendered especially by the senior management team and diligent staff of the Company.

I wish to convey my heartfelt gratitude to our shareholders for your unwavering support and placing your trust upon us.

I would also like to express my earnest appreciation to our business partners in e-payment industry such as payment card issuers, card schemes, physical and online store merchants, technology partners and business associates for their commitment and continued support extended to us during this trying times.

Lastly, my gratitude also goes to my fellow Board members for their wise advice, valuable inputs and guidance in steering REVENUE to continue deliver and perform in the highly competitive industry in which we operate in. I call upon all our stakeholders to continue to support us steadfastly and together, we will overcome the Covid-19 pandemic. Please stay safe and do adhere to strict personal hygiene in order to protect your loves one and yourself!

Thank you.

**Nor Azzam bin Abdul Jalil**  
*Independent Non-Executive Chairman*

# MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

We are pleased to present our Group's Management Discussion and Analysis Report for the financial year ended 30 June 2020 ("FYE 2020").

## 1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

### 1.1 Core Business of the Group

REVENUE is a cashless payment solutions provider in Malaysia offering a single platform that provides multi-channel payment solutions to different customers.

REVENUE is principally engaged in three (3) core business segments:

| Segments                                       | Principal activities   | Revenue derived from:   |
|--|--|---|
| (i) EDC terminals                              | Distribution, deployment and maintenance of EDC terminals.   | (a) Monthly rental income from renting our EDC terminals to our customers;<br>(b) Monthly maintenance income from the maintenance of EDC terminals; and<br>(c) Income from the sale of EDC terminals and spare parts.   |
| (ii) Electronic Transaction Processing segment | Provision of electronic transaction processing services for credit cards, debit cards and electronic money payment scheme, where the Group acts as Acquirer, Master Merchant ("MM") or Third-Party Payment Processor.  | (a) Net Merchant Discount Rate ("MDR") earned from the processing of electronic transactions via the EDC terminal channel (card-present);<br>(b) Pre-determined commission earned from the processing of electronic transactions via e-commerce/mobile channel (card-not-present);<br>(c) A share of Net MDR earned as a TPP; and<br>(d) A share of Net MDR earned as a MM.   |
| (iii) Solutions & Services                     | (a) Provision of solutions and services in relation to payment gateway, payment network security and payment infrastructure.<br>(b) Provision of digital payment solutions and services such as mobile top up, phone bill payment, utilities bill payment, game credits, entertainment and ticketing services.<br>(c) Provision of procurement services consumer goods from overseas e-commerce websites, as well as the provision of cross border logistics and last mile delivery in Malaysia. | (a) Sales, development and licensing of software, payment network security solutions, as well as its related hardware including its maintenance services.<br>(b) Commission earned on:<br>a. Successful digital payment on mobile top up, phone bill and utilities bill payment, game credits, entertainment and ticketing services; and<br>b. Successful transaction on the services rendered pertaining to procurement and/or logistics services rendered to consumers. |

### 1.2 Principal markets

Our main market for our business operations is predominantly in Malaysia.

### 1.3 Products and services

Our Group act as Acquirer for various local and international branded Card Schemes and e-money payment scheme including MyDebit, UnionPay, Diners Club, NETS, JCB, Alipay, Boost, GrabPay and Touch n' Go, whereby we undertake merchant acquisition services and enable the acceptance of payment made via both domestic and foreign issued Card Schemes.

Besides that, our Group also act as MM for Visa and MasterCard.



## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 2. FINANCIAL PERFORMANCE REVIEW

|  | FYE 2020                | FYE 2019                | Variance   |         |
|--|-------------------------|-------------------------|------------|---------|
|  | RM'000                  | RM'000                  | RM'000     | %       |
| Revenue  | 77,515                  | 57,982                  | 19,533     | 33.7%   |
| Gross Profit ("GP")                              | 37,567                  | 31,864                  | 5,703      | 17.9%   |
| Profit Before Tax ("PBT")                        | 10,782                  | 11,414                  | (632)      | (5.5)%  |
| Profit After Tax ("PAT")                         | 8,377                   | 9,092                   | (715)      | (7.9)%  |
| Net profit attributable to owners of the Company | 7,715                   | 8,569                   | (854)      | (10.0)% |
| <b>Key ratios</b>                                |                         |                         |            |         |
| GP margin (%)                                    | 48.5%                   | 55.0%                   | (6.5)%     | (11.8)% |
| PBT margin (%)                                   | 13.9%                   | 19.7%                   | (5.8)%     | (29.4)% |
| PAT margin (%)                                   | 10.8%                   | 15.7%                   | (4.9)%     | (31.2)% |
| Earnings Per Share ("EPS") (sen)                 | 2.45 sen <sup>(1)</sup> | 3.86 sen <sup>(3)</sup> | (1.41) sen | (36.5)% |
| Diluted EPS (sen)                                | 2.44 sen <sup>(2)</sup> | 3.80 sen <sup>(4)</sup> | (1.36) sen | (35.8)% |

**Notes:**

- (1) EPS for FYE 2020 is calculated based on Net Profit attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue of 314,597,563 as at 30 June 2020.
- (2) Diluted EPS for FYE 2020 is calculated based on Net Profit attributable to the owners of the Company divided by the weighted average number of ordinary in issue of 316,239,249 as at 30 June 2020, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effect on the weighted average number of ordinary shares.
- (3) EPS for FYE 2019 is calculated based on Net Profit attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue of 221,958,777 as at 30 June 2019.
- (4) Diluted EPS for FYE 2019 is calculated based on Net Profit attributable to the owners of the Company divided by the weighted average number of ordinary in issue of 225,242,149 as at 30 June 2019, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

#### 2.1 Revenue

Our Group's overall revenue increased by RM19.53 million or 33.7% from RM57.98 million in FYE 2019 to RM77.51 million in FYE 2020. For the FYE 2020, our EDC terminals segments was our largest revenue contributor with a revenue of RM47.23 million or 60.9% of our Group's total revenue, followed by our electronic transaction processing segment with a revenue of RM16.22 million or 20.9% of our Group's total revenue and solution & services segment with a revenue of RM14.05 million or 18.2% of our Group's total revenue.

The higher revenue recorded in FYE 2020 was mainly attributed to the higher sales of EDC terminals and the increase in the number of rental and maintenance of EDC terminals, as well as the recognition of 12 months revenue contribution from our subsidiaries, as compared to two (2) months revenue contribution in FYE 2019. However, the increase was offset by a drop in the electronic transaction income which was affected by the outbreak of Covid-19 pandemic since January 2020.

Please refer to section 3.1 Analysis of revenue by business segments for further details.

#### 2.2 GP and GP margin ("GPM")

Our Group's overall GP increased by RM5.70 million or 17.9% from RM31.86 million in FYE 2019 to RM37.56 million in FYE 2020. For the FYE 2020, our EDC terminals segment was our largest GP contributor with a GP of RM18.90 million or 50.3% of our Group's total GP, followed by electronic transaction processing segment with a GP of RM10.65 million or 28.3% of our Group's total GP and solutions & services segment with a GP of RM8.02 million or 21.4% of our Group's total GP.

Our Group's overall GPM dropped by 6.5% from 55.0% in FYE 2019 to 48.5% in FYE 2020. The drop in the GPM was due to a change in the GPM contribution from the business segments arising from the lower revenue contribution from the electronic transaction processing segment which accounted for 20.9% of the total revenue in FYE 2020, as compared to 34.1% of revenue contribution in FYE 2019.

Please refer to section 3.2 Analysis of GP and GPM by business segments for further details.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

#### 2.3 Other income

Our Group's overall other income increased by RM0.40 million or 74.5% from RM0.52 million in FYE 2019 to RM0.92 million in FYE 2020. The increase was mainly due to the wage subsidy programme initiated by the Government of Malaysia as a Covid-19 relief to company amounting to approximately RM0.34 million.

#### 2.4 Administrative expenses (inclusive of net loss on impairment of financial instruments)

Our Group's overall administrative expenses increased by RM6.61 million or 32.0% from RM20.64 million in FYE 2019 to RM27.24 million in FYE 2020. The increase was mainly due to the increase in staff costs by RM3.60 million arising from the expansion and increase in our headcount, increase in the net impairment losses of receivables amounting to RM0.19 million, increase in unrealised loss of foreign exchange by RM1.15 million, increase in operating and connectivity expenses such as lease line, data centre amounting to RM1.75 million, as well as the inclusion of the subsidiary companies' 12 months administrative expenses by RM2.06 million. However, the increase was offset by the lower one-off expenses charged out during FYE 2020 by RM1.00 million due to the absence of expenses arising from the listing of the Group, bonus issue of warrants and costs associated to the acquisition of subsidiary companies in FYE 2019.

#### 2.5 Finance costs

Our finance costs increased by RM0.12 million or 34.9% from RM0.34 million in FYE 2019 to RM0.46 million in FYE 2020. The increase in the finance costs mainly due to the utilisation of a bank overdraft facility during FYE 2020 to make payment to our supplier.

#### 2.6 PBT and PBT margin

Our Group's PBT decreased by RM0.63 million or 5.5% from RM11.41 million in FYE 2019 to RM10.78 million in FYE 2020. The decrease in our PBT was mainly driven by higher administrative expenses during FYE 2020.

Our Group's PBT margin has decreased by 5.8% from 19.7% in FYE 2019 to 13.9% in FYE 2020. The drop was mainly attributed to a change in the GPM contribution from the business segments and higher administrative expenses to support our business growth.

For illustration and comparison purposes, the Group's adjusted PBT and adjusted PBT margin after adjusting for one-off expenses would be as follows:

|                                | FYE 2020      | FYE 2019      | Variance      |                |
|--------------------------------|---------------|---------------|---------------|----------------|
|                                | RM'000        | RM'000        | RM'000        | %              |
| <b>PBT</b>                     | <b>10,782</b> | <b>11,414</b> | (632)         | (5.5)%         |
| Add: One-off expenses          | 150           | 1,102         | (952)         | (86.4)%        |
| <b>Adjusted PBT</b>            | <b>10,932</b> | <b>12,516</b> | (1,584)       | (12.7)%        |
| <i>Adjusted PBT margin (%)</i> | <i>14.1%</i>  | <i>21.6%</i>  | <i>(7.5)%</i> | <i>(34.7)%</i> |

#### 2.7 Taxation

Our Group's overall corporate taxation increased marginally by RM0.08 million or 3.5% from RM2.32 million in FYE 2019 to RM2.40 million in FYE 2020. The Group's effective tax rate is 22.3% in FYE 2020 which was higher than 20.3% recorded in FYE 2019 mainly due to an under-provision of corporate tax in prior year by RM0.31 million and was offset by a lower deferred tax by RM0.26 million during the financial year.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

#### 2.8 PAT and PAT margin

Our Group's overall PAT decreased by RM0.71 million or 7.9% from RM9.09 million in FYE 2019 to RM8.38 million in FYE 2020.

Our Group's overall PAT margin decreased by 4.9% from 15.7% in FYE 2019 to 10.8% in FYE 2020. The drop was mainly attributed to the lower GPM recorded during the FYE 2020 due to a change in the GPM contribution from the business segments and higher administrative expenses to support our business growth.

For illustration and comparison purposes, the Group's adjusted PAT and adjusted PAT margin after adjusting for one-off expenses would be as follows:

|                                      | FYE 2020     | FYE 2019      | Variance |         |
|--------------------------------------|--------------|---------------|----------|---------|
|                                      | RM'000       | RM'000        | RM'000   | %       |
| <b>PAT</b>                           | <b>8,377</b> | <b>9,092</b>  | (715)    | (7.9)%  |
| Add: One-off expenses <sup>(1)</sup> | 150          | 1,102         | (952)    | (86.4)% |
| <b>Adjusted PAT</b>                  | <b>8,527</b> | <b>10,194</b> | (1,667)  | (16.4)% |
| <i>Adjusted PAT margin (%)</i>       | <i>11.0%</i> | <i>17.6%</i>  | (6.6)%   | (37.5)% |

Note:

<sup>(1)</sup> Excluded corporate tax effect.

### 3. REVIEW OF OPERATING ACTIVITIES

#### 3.1 Analysis of revenue by business segments

The breakdown of the revenue by business segments is as follows:

|  | FYE 2020      | FYE 2019      | Variance       |                |
|--|---------------|---------------|----------------|----------------|
|  | RM'000        | RM'000        | RM'000         | %              |
| <b>EDC terminals:</b>  |               |               |                |                |
| - Sales  | 25,348        | 21,493        | 3,855          | 17.9%          |
| - Rental and maintenance   | 21,884        | 13,195        | 8,689          | 65.9%          |
|  | <b>47,232</b> | <b>34,688</b> | <b>12,544</b>  | <b>36.2%</b>   |
| <b>Electronic transaction processing Solutions &amp; Services:</b> | <b>16,225</b> | <b>19,745</b> | <b>(3,520)</b> | <b>(17.8)%</b> |
| - IT solutions and services  | 3,942         | 2,649         | 1,293          | 48.8%          |
| - Digital payment services   | 4,232         | 144           | 4,088          | 2,838.9%       |
| - Procurement and logistic services                                | 5,884         | 756           | 5,128          | 678.3%         |
|  | <b>14,058</b> | <b>3,549</b>  | <b>10,509</b>  | <b>296.1%</b>  |
| <b>Total revenue</b>   | <b>77,515</b> | <b>57,982</b> | <b>19,533</b>  | <b>33.7%</b>   |

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 3. REVIEW OF OPERATING ACTIVITIES (CONT'D)

#### 3.1 Analysis of revenue by business segments (cont'd)

##### a) EDC terminals segment

Revenue from our EDC terminals segment increased by RM12.54 million or 36.2% from RM34.69 million in FYE 2019 to RM47.23 million in FYE 2020.

The increase was mainly attributed to the increase in the sales of EDC terminals by approximately 11,000 units from approximately 22,000 units in FYE 2019 to 33,000 units FYE 2020. The higher sales of EDC terminals were a continuation of the support from our partner banks in our highly successful smart all-in-one terminals.

Our rental and maintenance income had also increased arising from the increase in the average number of EDC terminals rented and maintained by approximately 29,000 units from approximately 33,000 units during FYE 2019 to approximately 62,000 units during FYE 2020.

##### b) Electronic transaction processing segment

Revenue from our electronic transaction processing segment decreased by RM3.52 million or 17.8% from RM19.75 million in FYE 2019 to RM16.23 million in FYE 2020.

Despite the increase in the transactional value processed by approximately RM0.27 billion from approximately RM1.28 billion in FYE 2019 to RM1.55 billion in FYE 2020, the transaction processing income had declined due to the outbreak of the Covid-19 pandemic at the beginning of 2020 and the implementation of Movement Control Order ("MCO") by the Government of Malaysia ("Government") from 18 March 2020 onwards, which had directly affected numerous inbound payment card schemes (such as Alipay's QR payment, Unionpay, NETS, Diners etc.) and local payment card scheme (such as MyDebit), resulted in a drop in the transaction processing value by approximately RM0.26 billion.

However, the drop in the transactional value processed was mitigated by the processing of new local payment card schemes during FYE 2020 (namely BOOST eWallet, Touch 'n Go eWallet and GrabPay eWallet), and the payment processing for one of the top online marketplace in Malaysia by approximately RM0.54 billion.

##### c) Solutions & Services segment

Revenue from our solutions & services segment increased by RM10.51 million or 296.1% from RM3.55 million in FYE 2019 to RM14.06 million in FYE 2020.

The increase was mainly attributed to the recognition of 12 months revenue contribution from our subsidiary companies, namely Anypay Sdn Bhd and Buymall Services Sdn Bhd amounting to RM4.09 million and RM5.13 million respectively in FYE 2020, as compared to only the recognition of two (2) months of revenue contribution in FYE 2019.

The increase in the IT solutions & services by RM1.29 million or 48.8% from RM2.65 million in FYE 2019 to RM3.94 million in FYE 2020 was mainly attributed to the completion of one (1) Network Access Controller ("NAC") project and additional software and system development projects undertaken during FYE 2020.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 3. REVIEW OF OPERATING ACTIVITIES (CONT'D)

#### 3.2 Analysis of GP and GPM by business segments

The breakdown of the GP and GPM by business segments are as follows:

|   | GP            |               | GPM         |             |
|---|---------------|---------------|-------------|-------------|
|   | FYE 2020      | FYE 2019      | FYE 2020    | FYE 2019    |
|   | RM'000        | RM'000        | %           | %           |
| <b>EDC terminals:</b>   |               |               |             |             |
| - Sales   | 6,073         | 6,773         | 24.0        | 31.5        |
| - Rental and maintenance  | 12,825        | 7,371         | 58.6        | 55.9        |
|   | <b>18,898</b> | <b>14,144</b> | <b>40.0</b> | <b>40.8</b> |
| <b>Electronic transaction processing Solutions &amp; Services</b> | <b>10,646</b> | <b>15,008</b> | <b>65.6</b> | <b>76.0</b> |
| - IT solutions and services                                       | 1,868         | 2,263         | 47.4        | 85.4        |
| - Digital payment services  | 4,232         | 144           | 100         | 100         |
| - Procurement and logistic services                               | 1,923         | 305           | 32.7        | 40.2        |
|   | <b>8,023</b>  | <b>2,712</b>  | <b>57.1</b> | <b>76.4</b> |
| <b>Total GP and GPM</b>   | <b>37,567</b> | <b>31,864</b> | <b>48.5</b> | <b>55.0</b> |

#### a) EDC terminals segment

GP from our EDC terminals segment increased by RM4.75 million or 33.6% from RM14.14 million in FYE 2019 to RM18.89 million in FYE 2020. The increase mainly attributed to higher GP from the rental and maintenance of EDC terminals by approximately RM5.45 million arising from the increase in the average number of EDC terminals rented and maintained. However, the increase was offset by a drop in the GP from the sales of EDC terminals by approximately RM0.70 million due to lower average selling price in FYE 2020.

The GPM of rental and maintenance of EDC terminals increased by 2.7% from 55.9% in FYE 2019 to 58.6% in FYE 2020 mainly due to a change in the revenue mix in the rental and maintenance EDC terminals, which resulted in a higher GPM. However, the GPM of the sales of EDC terminals dropped by 7.5% from 31.5% in FYE 2019 to 24.0% in FYE 2020 due to a lower average selling price in FYE 2020.

Despite the increase in the GPM of the rental and maintenance of EDC terminals, the GPM of the EDC terminals segment decreased marginally by 0.8% from 40.8% in FYE 2019 to 40.0% in FYE 2020 mainly attributed to higher revenue contribution from the sales of EDC terminals, which accounted for 53.7% of the total revenue of the EDC terminals segments.

#### b) Electronic transaction processing segment

GP from our electronic transaction processing segment decreased by RM4.36 million or 29.1% from RM15.01 million in FYE 2019 to RM10.65 million in FYE 2020. The decrease in the GP mainly attributed to lower transaction processing income in FYE 2020 due to the outbreak of the Covid-19 pandemic.

The overall GPM dropped by 10.4% from 76.0% in FYE 2019 to 65.6% in FYE 2020 mainly attributed to the lower contribution from Card Schemes which had a higher net margin.

#### c) Solutions & services segment

GP from our solutions & services segment increased by RM5.31 million or 195.8% from RM2.71 million in FYE 2019 to RM8.02 million in FYE 2020. The increase in the GP mainly attributed to the recognition of the 12 months GP contribution of subsidiary companies amounting to RM5.71 million.

Despite the increase in the GP, the overall GPM decreased by 19.3% from 76.4% in FYE 2019 to 57.1% in FYE 2020. The decrease in the overall GPM was mainly attributed to the drop in the GPM of the IT solutions & services dropped by 38.0% from 85.4% in FYE 2019 to 47.4% in FYE 2020 mainly due to the NAC project undertaken which required third party hardware.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 4. FINANCIAL POSITION REVIEW

|  | 30.06.2020          | 30.06.2019          | Variance      |              |
|--|---------------------|---------------------|---------------|--------------|
|  | RM'000              | RM'000              | RM'000        | %            |
| <b>Assets</b>                                    |                     |                     |               |              |
| Non-current Assets                               | 47,626              | 39,268              | 8,358         | 21.3%        |
| Current Assets                                   | 74,876              | 49,634              | 25,242        | 50.9%        |
| <b>Total Assets</b>                              | <b>122,502</b>      | <b>88,902</b>       | <b>33,600</b> | <b>37.8%</b> |
| <b>Liabilities</b>                               |                     |                     |               |              |
| Non-current liabilities                          | (6,784)             | (6,586)             | 198           | 3.0%         |
| Current liabilities                              | (48,413)            | (26,197)            | 22,216        | 84.8%        |
| <b>Total Liabilities</b>                         | <b>(55,197)</b>     | <b>(32,783)</b>     | <b>22,414</b> | <b>68.4%</b> |
| <b>Net Assets ("NA")</b>                         | <b>67,305</b>       | <b>56,119</b>       | <b>11,186</b> | <b>19.9%</b> |
| <b>Key ratios</b>                                |                     |                     |               |              |
| Current ratio (times)                            | 1.55x               | 1.89x               | (0.34)x       | (18.0)%      |
| Trade receivables turnover (days) <sup>(1)</sup> | 116.1               | 83.4                | 32.7          | 39.2%        |
| Trade payables turnover (days) <sup>(2)</sup>    | 276.6               | 106.5               | 170.1         | 159.7%       |
| Gearing ratio (times)                            | 0.09x               | 0.11x               | 0.02x         | 8.2%         |
| NA per share (RM)                                | 0.21 <sup>(3)</sup> | 0.25 <sup>(4)</sup> | (0.04)        | (16.0)%      |

**Notes:**

- (1) Computed based on trade receivables and net of allowances for impairment loss as at year end over revenue for the year multiplied by 365 days.
- (2) Computed based on trade payables as at year end over cost of sales for the year multiplied by 365 days.
- (3) Calculated based on Equity attributable to the owners of the Company divided by the weighted average number of shares in issue of 314,597,563 as at 30 June 2020
- (4) Calculated based on Equity attributable to the owners of the Company divided by the weighted average number of shares in issue of 221,958,777 as at 30 June 2019.

#### 4.1 Total assets

Our total assets increased by RM33.60 million from RM88.90 million as at FYE 2019 to RM122.50 million as at FYE 2020.

Non-current assets increased by RM8.36 million mainly due to the purchase of EDC terminals amounting to RM2.96 million, as well as the addition of computer and software amounting to RM4.05 million, increase in capital work-in-progress amounting to RM1.48 million and the increase in intangible assets amounting to RM4.57 million but was offset by depreciation charge amounting to RM6.21 million during the year. The increase was also due the recognition of right of uses assets amounting to RM3.36 million during FYE 2020 and investment in an associate amounting to RM0.41 million.

Current assets increased by RM25.24 million mainly due to higher trade receivables balance of RM24.66 million (FYE 2019: RM18.06 million) arising from the billing on the sales of EDC terminals and software development projects in the last quarter of FYE 2020, higher inventory balance of RM9.93 million (FYE 2019: RM4.44 million) pertaining to pre-paid air time credit and EDC terminals for business expansion and higher cash and bank balance of RM35.25 million (FYE 2019: RM22.95 million) generated from business activities.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 4. FINANCIAL POSITION REVIEW (CONT'D)

#### 4.2 Total liabilities

Our total liabilities increased by RM22.41 million from RM32.78 million as at FYE 2019 to RM55.19 million as at FYE 2020.

Non-current liabilities increased by RM0.20 million mainly due to the adoption of MFRS 16, resulting to a higher lease liabilities recognised.

Current liabilities increased by RM22.22 million mainly due to higher trade payables balance of RM35.28 million (FYE 2019: RM13.78 million) due to the increase in the purchase of EDC terminals, a bank overdraft facility of RM1.27 million (FYE 2019: RM nil) utilised during FYE 2020 and lower other payables balance of RM8.89 million (FYE 2019: RM10.66 million) due to lower contingent consideration pertaining to the acquisition of our subsidiary companies amounting of RM2.01 million (FYE 2019: RM4.06 million).

#### 4.3 Cash flows

|   | FYE 2020 | FYE 2019 | Variance |         |
|---|----------|----------|----------|---------|
|   | RM'000   | RM'000   | RM'000   | %       |
| Net cash from operating activities                | 21,774   | 2,378    | 19,396   | 815.6%  |
| Net cash used in investing activities             | (13,302) | (10,118) | 3,184    | 31.5%   |
| Net cash from/(used in) financing activities      | 2,327    | 16,875   | (14,548) | (86.2)% |
| Net change in cash and cash equivalents ("CCE")   | 10,799   | 9,135    | 1,664    | 18.2%   |
| CCE at the beginning of the financial year        | 23,184   | 14,076   | 9,108    | 64.7%   |
| Effect of exchange translation differences on CCE | (10)     | (27)     | 17       | 63.0%   |
| CCE at the end of the financial year              | 33,973   | 23,184   | 10,789   | 46.5%   |

Overall, the Group generated a net cash of RM10.79 million as at FYE 2020. The higher net cash generated mainly due to:

- Net cash from operating activities amounting to RM21.77 million mainly attributed to the increase in the business activities and positive results during FYE 2020;
- Net cash used in investing activities amounting to RM13.30 million mainly attributed to the purchase of property, plant and equipment and intangible assets, such as EDC terminals and software system, amounting to RM9.28 million and RM4.57 million respectively for our business expansion, and partially offset by the proceeds from the disposal of property, plant and equipment amounting to RM0.19 million and the investment in an associate amounting to RM0.41 million during FYE 2020; and
- Net cash from financing activities amounting to RM2.33 million mainly attributed to proceeds from the issuance of shares amounting to RM2.58 million, the repayment of term loans and lease liabilities amounting to RM0.48 million during FYE 2020.

#### 4.4 Liquidity and capital reserve

Our business requires working capital to finance the purchases of EDC terminals, hardware and software, expenses related to running our revPAY infrastructure such as internet connectivity, hosting and data storage expenses as well as manpower cost.

Our working capital is funded by our existing cash and bank balances, cash generated from our operations, credit extended by facilities from financial institutions. Our credit facilities from financial institutions comprise of term loans, bank overdraft and finance lease facilities.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 4. FINANCIAL POSITION REVIEW (CONT'D)

#### 4.4 Liquidity and capital reserve (Cont'd)

As at 30 June 2020, the Group was in a net cash position of RM26.98 million.

|   | FYE 2020 | FYE 2019 | Variance |       |
|---|----------|----------|----------|-------|
|   | RM'000   | RM'000   | RM'000   | %     |
| Cash and bank balances (exclude bank overdraft) | 35,248   | 23,185   | 12,063   | 52.0% |
| Total loan and borrowings                       | (8,264)  | (6,242)  | (2,022)  | 32.4% |
| Net Cash  | 26,984   | 16,943   | 10,041   | 59.3% |

After taking into account of our gearing and cash flow position, the credit facilities currently available to our Group, as well as the proceeds raised from our IPO on 18 July 2018, our working capital will be sufficient for our existing and foreseeable requirements.

### 5. SIGNIFICANT FACTORS THAT WILL AFFECT OUR FINANCIAL POSITION AND RESULTS OF OPERATION

Factors that can affect our financial results include, but not limited to:

- (a) Our Group operates in a competitive market and our products and services is subject to rapid technological developments, evolving industry standards, changing ICT operating environments and software applications and we have experienced and will continue to experience competition from current and future competitors. The Group is constantly researching and developing new and innovative products and value-added services to keep abreast of the latest development;
- (b) Our revenue from electronic transaction processing are dependent on our continued memberships with the Card Schemes and e-money payment scheme. Our failure to comply with the standards and requirements set by these payment schemes may result in a revocation or termination of our membership with the payment schemes. As at the date of this report, we have complied with the standards and requirements and none of our memberships have been revoked;
- (c) Our business will be affected if our major customers cease to work with us. Our agreements with our customers are generally non-exclusive and do not prohibit them from working with our competitors. As at the date of this report, none of our major customers have ceased working with us; and
- (d) Our financial performance may be affected by fluctuations in foreign exchange rates as our purchases of EDC terminals is transacted in United States Dollars ("USD") and our settlement to one of our merchants who operates an online marketplace in People's Republic of China ("PRC") is transacted in Chinese's Renminbi ("RMB"). A depreciation of the Ringgit Malaysia ("RM") against these currencies may affect the cost. In order to mitigate the Group's foreign currency risk, the Group continues to monitor our exposure to foreign currency movements on a regular basis in order for our management to assess on the need to utilise financial instruments to hedge our currency exposure, taking into account factors such as the foreign currency involved, exposure periods and transaction costs.

### 6. FUTURE PLANS AND PROSPECTS

#### 6.1 Future plans

- (a) Expansion of our electronic payment network

Our Group intend to continue to expand our electronic payment network in Malaysia and will continue to purchase and deploy additional new digital payment terminals with the capability to accept payment cards and Quick Response ("QR") Payment. The Group is currently working with our partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages. Besides that, the Group is also working closely with different e-wallet issuers to bring the payment acceptance into digital payment terminals.



## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 6. FUTURE PLANS AND PROSPECTS (CONT'D)

#### 6.1 Future plans (Cont'd)

##### (b) Regional expansion

Our businesses are predominantly concentrated in Malaysia. As part of our future business expansion, the Group intend to expand to ASEAN market and we have identified two (2) potential countries for our regional expansion, namely Myanmar and Cambodia. In this respect, we will partner with local financial institutions or local industry player in those countries and/or Malaysian financial institutions that already have presence in these countries to provide electronic payment processing services for various Card Schemes.

However, due to the outbreak of the Covid-19 pandemic which has caused various international travel restrictions in the past few months, the Group will require more time to implement its business expansion strategies. After careful deliberation, the Board has decided to extend the timeframe for the utilisation of proceeds for business expansion to 36 months from the date of listing of REVENUE.

##### (c) Enhancement of revPAY and expansion of IT team

As IT forms the backbone and is an integral part of our business operations, it is crucial for our Group to continuously enhance, upgrade and maintain the scalability of our revPAY platform and its related software and systems to support our business expansion and technology advancement. The Group is continuously on the lookout for IT talent to expand our IT personnel.

##### (d) Value-added solutions and services

The acquisition of Scanpay and Wannatalk will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group's existing business and provide a more robust Business-to-Business-Consumer ("B2B2C") solution.

##### (e) Research & Development ("R&D")

Our Group is researching and developing more electronic solutions to be integrated with our revPAY. Our solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, goods pick up via our new digital payment terminals. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features. With the acquisition of Wannatalk, the Group will be able to leverage on Wannatalk's facial recognition centered products and services to enhance the payment security features, as well as embark on new biometrics payment technology.

#### 6.2 Prospects and outlook of electronic payment industry in Malaysia

The outbreak of the Covid-19 virus in early January 2020 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and regionally.

The Malaysian Government had imposed the Movement Control Order ("MCO") commencing on 18 March 2020 and has since further extended to 31 December 2020 under the Recovery MCO ("RMCO"). The measures undertaken by the Government, such as international and domestic travel restrictions, closure of non-essential services, reduction of operating hours and work force, are necessary to curb the spread of the Covid-19, however, such measures have affected both the external and domestic demand, which has curtailed economic activities and resulted in marginal economic growth.

Whilst the Government has gradually easing the restriction and businesses are allowed to operate under strict Standard Operating Procedures ("SOP") during the RMCO, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### 6. FUTURE PLANS AND PROSPECTS (CONT'D)

#### 6.2 Prospects and outlook of electronic payment industry in Malaysia (Cont'd)

This had prompted the Bank Negara Malaysia ("BNM") to revise the growth rate of Gross Domestic Product to be between negative 3.5% to negative 5.5% in 2020 due to unprecedented length of the MCO and changes in world growth forecasts arising from weak global demand, disruption in the supply chains and global Covid-19 containment measures.

Arising from the on-going Covid-19 situation, the Government had announced the Short-Term Economic Recovery Plan on 5 June 2020 and had allocated RM70.0 million under Micros and SMEs E-commerce Campaign and another RM70.0 million under the "Shop Malaysia Online" for Online Consumption. These two initiatives are meant to encourage adoption of e-commerce by micro enterprises and SMEs to widen market reach and to encourage online consumer through e-commerce vouchers. The Government had also allocated RM750 million under the e-PENJANA Credits in e-wallet whereby Malaysians aged 18 and above and earning less than RM100,000 annually will be given RM50 worth of e-wallet credits and these plans will benefit the Group in the long run as Malaysians are embracing and adopting of digital payment.

The Covid-19 outbreak and the subsequent MCO periods have affected the financial performance of the Group over the last few months of the current financial year ended 30 June 2020. Due to the recent spike in the Covid-19 cases, the Government has re-imposed Conditional MCO ("CMCO") in numerous states in order to curb the spread of the new wave of Covid-19 virus.

Whilst our Group has laid down and embarked on a series of future plans, with the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group for the new financial year ending 2021 will remain challenging. However, the Board is cautious on the potential impact of the Covid-19 virus outbreak and will continue to manage the business of our Group with vigilance during this period of uncertainty.

### 7. DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant to our Board.

The Board do not recommend or paid any dividend in respect for FYE 2020.

# CORPORATE SUSTAINABILITY STATEMENT

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

In this aspect, the Group is committed to be a responsible corporate organisation and is also committed to operate in a sustainable manner which will help to create long term value for our stakeholders, our environment and our society.

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

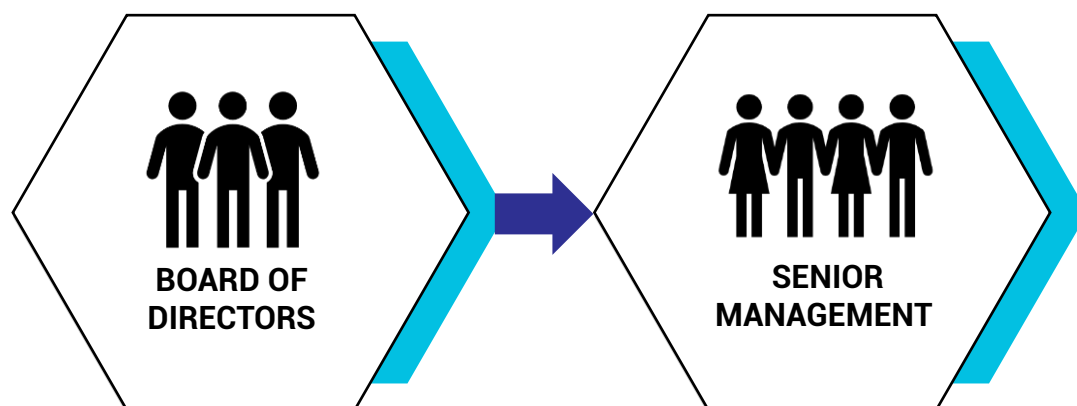
This Corporate Sustainability Statement ("CS Statement") covers the sustainability performance of the Group and its subsidiary companies in Malaysia for the financial year ended 30 June 2020. This CS Statement was prepared in line with the Bursa Securities' Sustainability Reporting Guidelines.

## SUSTAINABILITY CORPORATE STRUCTURE

### Corporate Governance

The Board is responsible for the oversight of embedding sustainability into the Group and its business strategy, and that adequate resources, systems and processes are in place for managing sustainability matters. The Board plays a vital role in providing guidance and oversight in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met.

The Board is ultimately accountable for the oversight on the management of sustainability matters and is responsible for setting and embedding sustainability strategies in the Group's business operations. The sustainability governance structure is as follows:



### Ethical Business Practices

The Board recognises that the core sustainability of our Group's business is founded on ethical business practices and effective governance across the operations in order to maintain the trust of our stakeholders.








Our business is conducted with integrity through good governance as mentioned by the Code of Conduct and Ethics. Our Whistle Blowing Policy provides all stakeholders a direct channel for reporting instances of misconduct that contradicts to our Code of Conduct and Ethics and/or non-compliance offences.

## CORPORATE SUSTAINABILITY STATEMENT

### STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders throughout the financial year as we believe maintaining a good degree of communication and understanding with all the internal and external stakeholders will allow us to gain more understanding on the key aspects and impacts, which is essential in our journey to be a good corporate governance and sustainable business organisation.

The ongoing engagement with our key stakeholders' groups and their respective areas of interest as well as the type of engagement by which we engaged them are as follows:

| Stakeholders   | Engagement Aspects   | Type pf Engagements  |
|--|--|--|
| <b>Customers</b><br>                            | <ul style="list-style-type: none"> <li>• Customer satisfactions</li> <li>• Quality and performance of our products and services</li> <li>• New and innovative product and solution offerings</li> <li>• Strategic partnership</li> </ul> | <ul style="list-style-type: none"> <li>• Regular business meeting</li> <li>• Customer audit</li> <li>• Product and services presentation</li> <li>• Trainings for customers/merchants</li> </ul>   |
| <b>Employees</b><br>                           | <ul style="list-style-type: none"> <li>• Remuneration policy</li> <li>• Working condition and welfare</li> <li>• Occupational Safety &amp; Health</li> <li>• Career development and talent development</li> </ul>                        | <ul style="list-style-type: none"> <li>• Staff performance appraisal and review</li> <li>• Social events with employees</li> <li>• Training and development</li> <li>• Formal meeting and discussion</li> </ul>                                  |
| <b>Government &amp; Regulatory Bodies</b><br> | <ul style="list-style-type: none"> <li>• Regulatory compliance</li> </ul>  | <ul style="list-style-type: none"> <li>• Adhere to all regulatory requirements</li> <li>• Attending seminars organised by the relevant authorities</li> <li>• Timely submission of reports to the relevant authorities</li> </ul>                |
| <b>Suppliers</b><br>                          | <ul style="list-style-type: none"> <li>• Quality and performance of the products and services</li> <li>• Competitive pricing</li> <li>• Strategic partnership</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular business meeting</li> <li>• Supplier's events and forums</li> <li>• Site visits</li> </ul>  |
| <b>Shareholders/Investors</b><br>             | <ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Strategic plan</li> <li>• Corporate information updates</li> <li>• Interim results</li> </ul>  | <ul style="list-style-type: none"> <li>• Quarterly report</li> <li>• Bursa announcements</li> <li>• Investors presentations</li> <li>• Annual &amp; Extraordinary General Meetings</li> <li>• Press releases</li> <li>• Annual report</li> </ul> |
| <b>Analyst/Media</b><br>                      | <ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Strategic plan</li> </ul>  | <ul style="list-style-type: none"> <li>• Quarterly report</li> <li>• Bursa announcements</li> <li>• Analyst presentations</li> <li>• Press releases</li> </ul>   |
| <b>Community</b><br>                          | <ul style="list-style-type: none"> <li>• Job opportunities</li> <li>• Social contribution</li> </ul>   | <ul style="list-style-type: none"> <li>• Internship</li> <li>• Sponsorship</li> </ul>  |

## CORPORATE SUSTAINABILITY STATEMENT

### MATERIAL SUSTAINABILITY MATTERS

#### Economic Practices

Our Group is continuously on the lookout for growth and expansionary opportunities with a view to maximise profits, increasing wealth, creating jobs and optimising investment returns for its stakeholders and investors.

#### Shareholders

Our shareholders are entitled to timely and quality information on the Group's financial performance and position. The Group's corporate website at [www.revenue.com.my](http://www.revenue.com.my) also provides investor related information including quarterly and annual financial statements, announcements, financial information, annual reports and other pertinent information which are published on a timely basis. Our shareholders are encouraged to participate and inquire the Board and Senior Management on business operations and the financial performance and position of the Group during yearly Annual General Meeting.

#### Customers

The Group values our customers and the Group's business activities are consistently aligned to the needs of the customers. Customer loyalty and satisfaction are critical success factors for the Group. In order to build a strong and conducive business relationship, our sales and marketing team schedule regular business meetings with our customers, both formal and informal, to provide updates and information pertaining to latest products development and services offering, as well as gathering customers' feedback and provide responses and actions to these feedbacks.

#### Suppliers

The Group aims to maintain viable and supportive supply chain through transparent, ethical and fair procurement practices. Suppliers are regularly reviewed to ensure value creation, on-time delivery, quality and timely response.

#### Environment Practices

The Group is mindful of the environment that we live and operate in and therefore, the Group has actively taken the initiative to raise awareness within the Group to reduce the impact of its business on the environment and to protect our environment.

#### Water Saving

Our water conservation effort includes educating our employees the needs to conserve water and improving the efficiency in the usage of water. Our Group has also put up signage with slogan and messages to remind our employees to save water.

#### Waste Management

The Group implements a "reduce, reuse and recycle" programme in the office. The employees are encouraged to reduce printing and photocopying, and to use double sided printing, if necessary. The Group also educates the employees on waste segregation on items such as plastic and cans.

## CORPORATE SUSTAINABILITY STATEMENT

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social Practices

The Group's aim is to create a safe and supportive working environment for every employee to contribute their best and the Board recognise the importance of our employees to feel proud and be inspired to work with our Group. The Group is also mindful of its responsibility in lending a helping hand and giving back to the society.

#### Talent development

The effective development of our employees and building capability are crucial for the Group's long-term sustainability and therefore, the Group is supportive and encourages the continuous personal and professional development of our employees through various training programmes, workshops and seminars to enhance the employees' career and personal development.

#### Employees welfare and workplace

The Group adheres to the statutory contribution as mandated and defined by local legislation. The Group also takes care of the health and well-being of our employees with Group Hospitalisation and Surgical Insurance coverage and other medical benefits.

We believe our employees are the most important assets to us as they form the core backbone of our Group. Hence, our Group has a policy to conduct its business in a manner that protects the health and safety of our employees and others involved in its operations. In order to promote and encourage a work-life balance and healthier lifestyle, the Group had organised a badminton tournament on 28 September 2019, which saw 16 of our employees battling out to be the Badminton Champion of REVENUE.

In order to foster a greater team spirit and unity, the Group had held our gala dinner on 29 February 2020.



### GALA DINNER 2020



## CORPORATE SUSTAINABILITY STATEMENT

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social Practices (Cont'd)

##### The Community

The Group is also mindful of its responsibility in giving back to the society.

In view of the outbreak of the Covid-19 pandemic, the Group had organised a "revPAY Donation Drive" internally between 22 June 2020 to 24 June 2020 to raise fund for Thangam Illam Welfare Society (orphanage home) and Persatuan Kebajikan Dan Social Kim Loo Ting Kuala Lumpur (orphanage and old folks home), and the kind-hearted employees had raised a total cash and cash equivalent amount of RM14,480 with the cash and essential goods presented and delivered to the two charitable organisation on 29 June 2020.



### revPAY DONATION DRIVE 2020



#### Conclusion

The Group is committed and remain steadfast in conducting our business in a responsible and meaningful manner by upholding good environmental and social values which will make a difference to our environment and societies.

The Group is continuously looking for new ways to incorporate sustainability practices into its business operations and continues to operate in a responsible manner by optimising the Group's resources.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of REVENUE are committed to high standards of corporate governance by supporting and implementing the prescriptions of the principles, practices and guidance set out in the Malaysian Code on Corporate Governance ("Code") issued by the Securities Commission Malaysia. The Board will enhance its accountability, transparency and sustainability in discharging its responsibilities with integrity and professionalism to protect and enhance the Group's business, shareholders' value and the financial position of the Group.

The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate, will adopt and implement the best practices as enshrined in the Code to the best interest of the shareholders of the Company.

The Board presents this statement to provide shareholders with an overview of the Corporate Governance ("CG") practices of the Group which were based on the principles and best practices as set out in the Code, the governance standards prescribed in the ACE Market Listing Requirements ("Listing Requirements") and the requirements under the Companies Act, 2016 and being applied under the leadership of the Board during FYE 2020.

The overview statement is to be read together with the CG Report 2020 ("CG Report") of the Group which is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my). The detailed explanation on the application of the corporate governance practices are reported under the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### STRATEGIC AIMS, VALUES AND STANDARDS

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure that the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and implement the Group's business strategy. The Group's review and strategy-setting are an integral part of matters reserved for the Board.

The Board will scrutinise the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provide guidance and input to the Senior Management.

The key responsibilities of the Board are:

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that these are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems, to safeguard our Group's reputation, our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Group has effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines as recommended by the Code;
- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (g) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board Committees and deliberate on the recommendations thereon.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### STRATEGIC AIMS, VALUES AND STANDARDS (CONT'D)

In order to discharge its duties and functions effectively, the Board has set up and delegates certain responsibilities to other Board Committees, which operates within the roles and responsibilities defined in the Terms of Reference, to assist the Board in leading and directing the Group towards realising the Group's corporate objectives in a sound and sustainable business operation and safeguarding shareholders' value.

The Committees set up are:

- (a) Audit and Risk Management Committee ("ARMC");
- (b) Nomination Committee ("NC"); and
- (c) Remuneration Committee ("RC").

The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's consideration and final decision. The Board retains full responsibility for the direction and control of the Group.

##### THE CHAIRMAN

The Board is led by Encik Nor Azzam Bin Abdul Jalil, the Independent Non-Executive Chairman of the Group. The roles and responsibilities of the Chairman of the Board have been clearly specified in Item 6.2 of the Board Charter, which is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

##### THE CHAIRMAN AND THE MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Managing Director and Group Chief Executive Officer of the Group are held by two different individuals with clear and distinct roles which are set out in the Board Charter of the Company. The roles of the Chairman and Executive Directors have been specified in Item 6.2 and Item 6.3 of our Board Charter respectively, which is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

##### QUALIFIED AND COMPETENT COMPANY SECRETARIES

In compliance with Practice 1.4 of the Code, the Board is supported by qualified and competent Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Secretary ("LS"). The Company Secretaries provides advice and assists the Board and Committees in achieving good corporate governance by ensuring compliance to statutory laws, legislation, regulatory requirements, listing requirements and other relevant rules and regulations.

##### ACCESS TO INFORMATION AND ADVICE

The Board is provided with appropriate information and Board papers seven (7) days prior to the Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. The Senior Management is also invited to attend the Board and Board Committee's meetings and to brief and provide explanations to the Directors and Board on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

All Directors have full and unrestricted access to any information pertaining to the Group's affairs. Other information and/or report will also be supplied upon the specific request by the Board to enable them to discharge their duties and responsibilities.

##### BOARD CHARTER

The Board Charter has been formalised and adopted by the Board, serves as a primary reference which sets out the composition of the Board, appointments of Directors, re-election of Directors, roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors and Independent Non-Executive Directors.

The roles and responsibilities of the Board Committees, as well as the issues and decisions which required the Board Committees collective decision are also spelled out in the Terms of Reference of the respective Board Committees.

The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### CODE OF CONDUCT AND ETHICS

The Board is mindful of its leadership and stewardship that is pivotal in creating an ethical corporate culture. The Board has formalised and adopted the Code of Conduct & Ethics Policy which serves as a primary guidance on the ethical and behavioural conduct of the Group.

The Code of Conduct & Ethics Policy sets out the principles in dealing with conflicts of interest, insider dealings, compliance to laws and others.

The Board will review the Code of Conduct & Ethics Policy from time to time to ensure that it remains relevant and appropriate. The Code of Conduct & Ethics Policy is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

##### WHISTLE BLOWING POLICY

The Board has in place a Whistle Blowing Policy that serves as a platform and laid out the procedures for employees to raise genuine concerns about any suspected and/or known unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place and/or has taken place and/or may take place in the future at the earliest opportunity, without being subject to victimisation, harassment or discriminatory treatment.

The Whistle Blowing Policy sets out the protection to Reporting Individual who has made the disclosure or report in good faith, the confidentiality and safeguarding in dealing with such disclosure or report, the communication channel and the procedural flow of making the disclosure or report.

The Board will review the Whistle Blower Policy from time to time to ensure that it remains relevant and appropriate. The Whistle Blower Policy is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

##### CORPORATE LIABILITY POLICY

In line with the Corporate Liability Provision under the new Section 17A MACC (Amendment) Act 2018, the Board adopted Corporate Liability Policy to show the Group's commitment in doing businesses ethically and lawfully. Any forms of bribery and corruption are unacceptable and will not be tolerated. It has always been the Group's corporate philosophy and our principle of placing integrity before profits.

The Corporate Liability Policy is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

#### PART II – BOARD COMPOSITION

##### BOARD COMPOSITION AND BALANCE

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

The Board consists of eight (8) members, comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors. The board composition of our Group fulfils the requirements as set out under the Listing Requirements which stipulates that at least two (2) directors or at least one-third (1/3) of the Board, whichever is higher, must be independent.

The Directors play an active role in the Board's decision-making process, offering vast experience and knowledge as well as independence and objectivity, acting in the best interests of the Company. All Independent Non-Executive Directors are independent of management and free from any relationship.

During the financial year, our NC assisted the Board in its annual assessment of the effectiveness of our Board as a whole, our Board Committee, the contribution of each individual Directors and assessment on the independence of the Independent Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – BOARD COMPOSITION (CONT'D)

##### TENURE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Practice 4.2 of the MCCG states that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director.

If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years' term, it should justify and seeks annual shareholders' approval while if the Board continues to retain the Independent Non-Executive Director beyond twelve (12) years' term, the Board should seek annual shareholders' approval through a two-tier voting process.

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years. Currently, none of our Independent Non-Executive Directors has served the Group for a cumulative term of nine (9) years.

##### DIVERSE BOARD AND SENIOR MANAGEMENT TEAM

The appointments of our Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of our Group.

The Group practice a segregation of duties between the Executive Directors and Independent Non-Executive Directors as set out in the Board Charter. The Executive Directors are responsible for the overall management of the Group, as well as overseeing the operations and the development and implementation of business and corporate strategies. The Independent Non-Executive Directors provide an independent view, advice and judgement to ensure that the interests of the minority shareholders and the general public are given due consideration in the decision-making process.

##### GENDER DIVERSITY POLICY

Although the Group does not have a written policy on the gender diversity, the Board is supportive of diversity in gender, ethnicity and age as such diversity would enlarge the pool of skills, talents, perspective and ideas within the Board.

Our Board is of the view that gender is also an important aspect of diversity and will strive to ensure that female candidate(s) with the relevant skills and experience will be prioritised and included for consideration by the NC in future recruitment exercise. As of the date of this Statement, one (1) out of eight (8) of the Board members is female director which in line towards achieving the Country's aspirational target of achieving 30% representation of women on boards.

##### DIRECTORS' COMMITMENT

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

The Board and Board Committees meetings for each calendar year are scheduled before the end of the calendar year, to allow the Directors and the members of the Committees to organise and plan their activities ahead to ensure that they are able to attend all meetings that have been scheduled for the following year.

The Board ordinarily meets at least four (4) times a year to review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Additional meetings will also be convened when urgent and important decisions are required to be made in between scheduled meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – BOARD COMPOSITION (CONT'D)

##### *DIRECTORS' COMMITMENT (CONT'D)*

During the FYE 2020, six (6) Board Meetings were held and the attendance record of the Board members are set out below:-

| Directors                                    | No. of meetings attended |
|--|--------------------------|
| Nor Azzam Bin Abdul Jalil                    | 6/6                      |
| Ooi Guan Hoe                                 | 6/6                      |
| Ng Chee Keong                                | 6/6                      |
| Ng Chee Siong                                | 6/6                      |
| Ng Shih Chiow                                | 6/6                      |
| Ng Shih Fang                                 | 6/6                      |
| Lai Wei Keat                                 | 6/6                      |
| Loo Jo Anne ( <i>appointed on 1/7/2020</i> ) | 1/1                      |

Based on the above, all the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in Listing Requirements. The Board is satisfied with the time commitment given by the Directors and is confident that the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Group.

##### *NOMINATION COMMITTEE*

The NC is established to ensure the Board are comprised of individuals with an optimal mix of qualifications, skills and experiences and also to recommend candidates for all directorships to the Board.

The current composition of NC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The NC is being chaired by Encik Nor Azzam Bin Abdul Jalil.

The NC is also responsible to undertake the annual evaluation of the effectiveness of the Board as a whole, the various Board Committees and the contribution of each individual Directors.

The Terms of Reference of the NC is available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

During FYE 2020, two (2) meetings were held and attended by all members and the activities carried out by the NC are as follows:

- reviewed and assessed the effectiveness and composition of the Board and Board Committees and contribution of each individual Director of the Company;
- reviewed and assessed the contribution and performance of the ARMC and each individual ARMC member;
- reviewed the Directors who were due for re-election at the Company's AGM to determine whether or not to recommend for their re-election; and
- reviewed the size of the Board and had concluded that it was appropriate.
- reviewed and assessed the proposed appointment of new Independent Non-Executive Director of the Company

The NC also assessed the training needs of the Board and remind the Board on the needs of continuous professional development and training to enhance their skills and knowledge to keep themselves abreast with the changes in the business environment, market condition, legislations and regulations affecting the Group. During FYE 2020, some of the seminars, conferences, training attended by the Directors are as follows:-

| No. | Seminars / Conferences / Training Programmes Attended   | Attendee(s)               |
|-----|---|---------------------------|
| 1.  | Post-Listing Obligation under Listing Requirements for ACE Market   | Nor Azzam Bin Abdul Jalil |
| 2.  | Creative Economy 2021 Forum in Conjunction with Budget 2021   |                           |
| 3.  | Vistage Chief Executive Program   | Ng Chee Siong             |
| 4.  | Turning the spotlight on Chinese Markets post Covid-19 Shock  | Ng Shih Chiow             |
| 5.  | Technology Sector Update – How COVID-19 is Changing the Digital Landscape   |                           |
| 6.  | Past GST Problems (refunds, audit and Bill of Demand): Find out the common issues that are being raised by the RMCD during an audit |                           |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – BOARD COMPOSITION (CONT'D)

##### *NOMINATION COMMITTEE (CONT'D)*

| No. | Seminars / Conferences / Training Programmes Attended  | Attendee(s)  |               |
|-----|--|--------------|---------------|
| 7.  | Mikrotik User Meetin (MUM) - Synchronweb Technology (M) Sdn Bhd  | Ng Shih Fang |               |
| 8.  | To the Cloud, Your Way   |              |               |
| 9.  | A New Approach to CIAM and Demystifying Deserialization  |              |               |
| 10. | Cisco IT - A Transformational Journey to Multi-Cloud Operations  |              |               |
| 11. | AnalyticDB for MySQL   |              |               |
| 12. | Digital Transformation with Meraki.io  |              |               |
| 13. | Alibaba Cloud Security on the Cloud Event  |              |               |
| 14. | 1-2-1 Interview - IBM Security, Cybertech Tel Aviv 2020  |              |               |
| 15. | AWS Innovate Online Conference - AL/ML Edition   |              |               |
| 16. | Defining Security Posture in a Zero Trust World  |              |               |
| 17. | Cloud-Native DevOps is Essential in Digital Transformation   |              |               |
| 18. | Challenges in exploiting and hardening next  |              |               |
| 19. | Cloudytics 3.0 - Cloud Intelligence Engine, Analytics, Dashboard and Organization                                    |              |               |
| 20. | MariaDB Cluster for High Availability  |              |               |
| 21. | Advantages and Disadvantages of using a DBaaS  |              |               |
| 22. | The new workspace, Leadership, Resilient Business, tension between Effective Security and Employee                   |              |               |
| 23. | AlibabaCloud Apsara Conference - Leap into Future Digital Intelligence   |              |               |
| 24. | The Data Lake Summit collaboration with AWS and Google Cloud   |              |               |
| 25. | Licensed practitioner of NLP (Neuro-Linguistic Programming)  |              | Lai Wei Keat  |
| 26. | Duties and obligations of Directors of a company listed on the Main Board of the Stock Exchange of Hong Kong Limited |              | Ooi Guan Hoe  |
| 27. | Securities Commission Malaysia's Audit Oversight Board conversation with Audit Committees                            |              |               |
| 28. | The impact of Section 17A and what can SME do to protect themselves from MACC  |              | Ng Chee Keong |
| 29. | Mandatory Accreditation Program  |              | Loo Jo Anne   |
| 30. | Virtual Asian Financial Services Congress 2020   |              |               |
| 31. | Variable Capital Companies - How You Can Use it in the Wealth Management Space                                       |              |               |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – BOARD COMPOSITION (CONT'D)

##### APPOINTMENT OF NEW DIRECTORS

In order to comply with good practice for the appointment of new Directors through a formal and transparent procedure, the Nomination Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for making recommendation relating to any reappointment to the Board. Any new nomination received is put to the full Board for assessment and approval.

For appointment of new Directors, the Nomination Committee assesses the suitability of the candidates, taking into consideration of the following:

- required mixed of skills, knowledge, expertise and experience;
- professionalism;
- integrity;
- competencies;
- time commitment; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The proposed re-election of existing Directors who are seeking for re-election at the AGM are first considered and evaluated by the Nomination Committee. Upon its evaluation, the Nomination Committee will make recommendation on the proposal to the Board for approval. The Board makes the final decision on the proposed re-election to be presented to the shareholders for approval.

The Board is entitled to the services of the Company Secretaries who ensure that all appointments are properly made, that all necessary information are obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from Listing Requirements or other regulatory requirements.

##### ANNUAL ASSESSMENT

The Board undertakes an annual assessment and the NC has reviewed the independence of the Independent Directors for the FYE 2020 and is satisfied that they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment are carried out by Directors once every year.

All assessments and evaluations carried out will be documented and minuted by the Company Secretary.

The results of all assessment and comments by Directors are summarised and deliberated at the NC meeting and thereafter, reported to the Board for deliberation.

#### PART III – REMUNERATION

##### REMUNERATION COMMITTEE

The current composition of RC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The RC is being chaired by Mr. Ng Chee Keong. The Terms of Reference which set out its duties and responsibilities, are available on the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

The Board has authorised the RC to establish a formal and transparent procedure for developing remuneration policies on executives' remuneration and for fixing the remuneration packages of individual Directors and senior management. The Board as a whole, with the assistance of the RC, determines the fees for Non-Executive Directors, with each Director concerned, abstaining from any decision with regards to his/her own remuneration.

The remuneration policies and procedures has been listed under Item 7.1 of the Terms of Reference of the Remuneration Committee.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION (CONT'D)

##### REMUNERATION POLICY

The Board has in place policies and procedures to ensure remuneration of the Directors reflect their responsibilities and commitment to be undertaken by them and also to attract and retain right talent in the Board and Senior Management to achieve the Group's business objectives.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Group, given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue. Also premised on the security and confidentiality of the remuneration package of our Senior Management, the Board has opted a disclosure of our Senior Management remuneration in bands of RM50,000 on an unnamed basis.

The Board will recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval in the AGM. Details of the remuneration of Directors and Senior Management for the financial year under review are provided in the CG Report.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – ARMC

The current composition of ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The ARMC is being chaired by Mr. Ooi Guan Hoe. The Terms of Reference set out its duties and responsibilities, are disclosed on the Group's website, [www.revenue.com.my](http://www.revenue.com.my).

The ARMC has been established and is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditor. The ARMC has been explicitly accorded the power to communicate directly with both the external auditors and/or internal auditors without the presence of the Executive Directors and/or Senior Management.

The Board has established a Policy Statement on the Independence of External Auditors which has set the rules for engaging external auditors, the selection criteria, annual assessment and non-audit services.

The ARMC is comprised of members who are financially literate and also possess the appropriate level of expertise and experience.

Further details on the work performed by ARMC in furtherance of its oversight role are set out in the ARMC Report of this Annual Report.

#### PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has authorised the ARMC to review the effectiveness of the internal audit function and to provide oversight on the establishment and implementation of a risk management framework. The ARMC reviews its effectiveness by identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure in order to facilitate the implementation of risk management's action plans.

The ARMC has established a Risk Management Framework and Compliance Framework ("Frameworks") and these Frameworks provide an on-going process for identifying, evaluating and managing the significant risks faced by the Group that may affect the achievement of the Group's business objectives.

The Statement on Risk Management and Internal Control is set out in the Annual Report 2020 which provides an overview of the state of risk management and internal controls within the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

The Board is committed to provide effective, transparent and regular communication with its shareholders and other stakeholders regarding the business, operations and financial performance of the Group to enable them to make informed decisions.

Presently, the Board and the Senior Management of the Group communicate regularly with its shareholders and other stakeholders through corporate announcement made via Bursa Securities and the Group's website, [www.revenue.com.my](http://www.revenue.com.my).

The AGM also serves as a principal forum for dialogue with the shareholders where they will be given the opportunity to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

As an ongoing effort to strengthen the Group's relationship with the shareholders, the Group will arrange programmes for meetings or interview with the investment community or press.

#### PART II – CONDUCT OF GENERAL MEETINGS

General meetings are important and effective platforms for Directors and Senior Management to communicate with the shareholders and other stakeholders. Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings.

Shareholders will receive annual reports and notices of AGM, which will be sent out at least 28 calendar days before the date of the AGM, in line with Practice 12.1 of the Code. In addition, the Notice of AGM and/or Extraordinary General Meeting ("EGM") will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertakes to answer all questions raised by shareholders.

Pursuant to the Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all resolutions as set out in the Notice of the forthcoming AGM and future general meetings will be conducted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

Barring unforeseen circumstances, all Directors as well as the Chairman of the respective Board Committees (i.e. ARMC, NC and RC) will present at the forthcoming AGM of the Group to enable the shareholders to raise questions and concerns directly to those responsible.

This Corporate Governance Overview Statement was approved by the Board on 30 October 2020.



## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year and ensure that the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2020, and of their financial performance and their cash flows for the year ended then.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- (i) Adopting the appropriate accounting policies, which were applied consistently and prudently;
- (ii) Making judgements and estimations were reasonable and prudent; and
- (iii) Ensured applicable financial reporting standards in Malaysia were complied and assured that the financial statements were prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records and other records which are closed with reasonable accuracy at any time the financial position of the Group and the Company.

The Directors are collectively responsible to ensure that the financial statements comply with the Listing Requirements of Bursa Securities, the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the FYE 2020, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC was established with the primary objective to provide additional assurance to the Board of the Group by giving an objective and independent review of financial, operational and administrative controls and procedures, establish and maintain internal controls, reinforce the independence of the Group's External Auditors, evaluate the quality of the Internal Audit function and oversee compliance with laws and regulations together with observance of a proper code of conduct.

## 1. COMPOSITION OF THE ARMC

The current composition of the ARMC are as follows: -

|          |                           |                                    |
|----------|---------------------------|------------------------------------|
| Chairman | Ooi Guan Hoe              | Independent Non-Executive Director |
| Member   | Nor Azzam Bin Abdul Jalil | Independent Non-Executive Director |
| Member   | Ng Chee Keong             | Independent Non-Executive Director |

The ARMC comprises of all Independent Non-Executive Directors. Mr. Ooi Guan Hoe is a member of the Malaysian Institute of Accountants. The ARMC therefore meets the requirement of Rules 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities and the Practice 8.4 of the Code.

## 2. Attendance of ARMC

During the FYE 2020, the ARMC held a total of six (6) meetings.

The details of the attendance of ARMC are as follows:

|                           | No. of meetings attended |
|---------------------------|--------------------------|
| Ooi Guan Hoe              | 6/6                      |
| Nor Azzam Bin Abdul Jalil | 6/6                      |
| Ng Chee Keong             | 6/6                      |

## 3. TERMS OF REFERENCE

The full Terms of Reference of the ARMC which set out its duties and responsibilities are accessible via the Group's website at [www.revenue.com.my](http://www.revenue.com.my).

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### 2. SUMMARY OF ACTIVITIES OF THE ARMC

- (a) Reviewed the quarterly unaudited financial of the Group and of the Company including the announcement pertaining thereto, before recommending to the board for their approval and release of the Group's results to Bursa Securities;
- (b) Reviewed with the external auditors on their audit planning memorandum on the statutory audit of the Group's for the FYE 2020;
- (c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- (d) Reviewed and discussed with the external auditors of their audit including of system evaluation, audit fees, issue raised, audit recommendations and management's response to these recommendations;
- (e) Evaluated the performance of the external auditors for the FYE 2020 covering areas such as quality, audit team resources and experience, audit scope, audit communication, audit governance and independence of the audit team and thereafter considered and make recommendation on the re-appointment of the external auditors;
- (f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- (g) Reviewed the risk and compliance reports presented and considered the findings of the internal audit conducted by our Risk & Compliance department through the review of the risk and compliance reports tabled and management response thereof;
- (h) Reviewed the updates on the risk profile and summary of risk presented by the management;
- (i) Reviewed the effectiveness of the Group's system of internal control;
- (j) Recommending the appointment of external and independent professional consulting firm to the Board as part of its effort to provide additional, adequate and effective internal control system;
- (k) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- (l) Reviewed the related party transactions and conflict of interest situation that may arise within the Company or the Group;
- (m) Reviewed the Company's compliance with the Listing Requirements, applicable approved accounting standards and other relevant legal and regulatory requirements;
- (n) Reviewed the ARMC Report and Statement in Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- (o) Report to the Board on its activities and significant findings and results.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, Malaysian Code on Corporate Governance issued in 2017 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

The Board acknowledges that the Group cannot achieve its objectives and sustain success without an effective governance, risk management and internal control processes. An effective governance, risk management and internal control processes will enable the Group to achieve its corporate objectives and goals by taking appropriate risk to achieve a proper balance between risks incurred and potential returns to shareholders in accordance with the Group's acceptable risk appetite.

## BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibilities and is committed to maintain a sound risk management and internal control system within the Group and will regularly review the adequacy, effectiveness and integrity of the system and policies that are in place to achieve the Group's corporate objectives and strategies to safeguard the shareholders' investment and the Group's assets.

The Board has established and authorised the ARMC to provide oversight on the establishment and implementation of a risk management framework and internal control systems. The ARMC reviews the effectiveness of the risk management framework and internal control systems in identifying and managing risks and internal control processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans of risk management.

The system of risk management and internal controls covers not only financial aspect of the Group, but also operational and compliance aspect of the Group. However, the Board recognises that these systems are designed to manage, rather than eliminate, the risk of not adhering to the Group's policies and failure to achieve corporate objectives and goals. The systems provide reasonable, but not absolute, assurance against the occurrence of any material misstatement, losses, fraud or breaches of laws or regulations.

The Board is assisted by the Managing Director and Group Chief Executive Officer, Executive Directors and Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage and control these risks; and monitoring the effectiveness of the risk management and control activities.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks that may affect the Group in achieving its corporate objectives and goals. Any issue that affects the Group are discussed in a monthly Risk Management meeting. Senior Management is also responsible in assisting the Board in identifying, evaluating, monitoring and reporting risks and internal controls throughout the period.

## RISK MANAGEMENT

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that may affect the achievement of the Group's corporate objectives within defined risk parameters in a timely and effective manner.

The Group's business plans, business strategies and investment proposals with risks consideration are being formulated by the Managing Director, Executive Directors and Senior Management and will be presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite.

The Board and the Senior Management practice a proactive approach in identifying significant risks in the business operations, processes and activities of the Group. Strategic, operational and project risks will be highlighted and deliberated by the ARMC and/or the Board during ARMC committee and/or special meetings, as and when necessary.

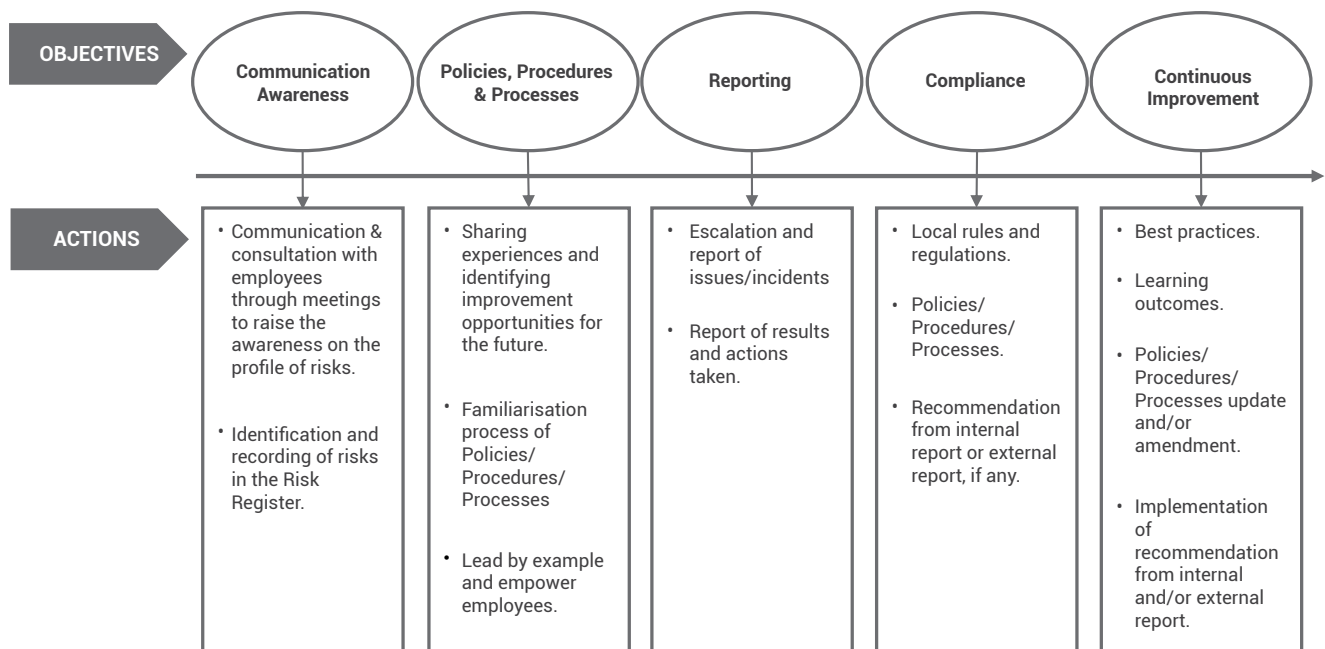
The ARMC has established the Risk Management Framework and Compliance Framework ("Frameworks") and these Frameworks provide an on-going process for identifying, evaluating and managing the significant risks faced by the Group that may affect the achievement of the Group's corporate objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's Frameworks encompass the following key elements:

- The underlying objective of an effective risk management and compliance framework is to contribute to a good corporate governance which will enable the Group to achieve its corporate's objectives;
- Risk management shall be an integral part of our Group's culture and embedded into day-to-day management of operations, processes and structures and should be extensively applied in all decision-making and strategic planning;
- Risk management processes applied should also aim to take advantage of opportunities by balancing risks incurred, managing uncertainties and minimising threats associated to the opportunities;
- Regular monitoring and reporting of risks in a proactive, responsible and accountable manner.

The Group's risk management process can be briefly summarised as follows: -



### INTERNAL CONTROL

The Senior Management receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision-making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The Board acknowledges that a sound system of internal control reduces but cannot eliminate the possibility of poor judgement in decision-making; human error, control processes being deliberately circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

The ARMC reviews internal control matters and update the Board on significant control gaps, if any, for the Board's attention and action. Issues relating to the business operations are also highlighted to the Board's attention during Board meetings and any significant fluctuation or exceptional noted will be analysed and acted in a timely manner.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key elements of the Group's internal control systems are as follows: -

- (a) The Board has delegated to the ARMC the task of undertaking a periodic review of the effectiveness, adequacy and integrity of the Group's risk management framework and internal control systems;
- (b) A formal organisation structure with well-defined scopes of responsibility, clear lines of accountability and appropriate levels of delegated authority;
- (c) The Group has developed and maintains documented policies, procedures and process flows for its key business operations with appropriate levels of delegated authority. The documented internal policies, procedures and processes are in place to ensure compliance with the internal control and relevant laws and regulations;
- (d) The Board has formalised and adopted the Code of Conduct & Ethics Policy which serves as a primary guidance on the ethical and behavioural conduct of the Group. The Code of Conduct & Ethics Policy sets out the principles on dealing with conflicts of interest, insider dealings, compliance to laws and others;
- (e) The Group has put in place a consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing the necessary knowledge, skill and experience in order to carry out their duties and responsibilities effectively and efficiently;
- (f) Information pertaining to internal control policies, procedures and processes which are critical to the achievement of the Group's corporate objectives are communicated through established reporting lines across the Group via electronic mail system, internal meetings and briefings etc.;
- (g) Periodic management meetings are held to discuss and review financial data and operational performance of key business units of the Group. Issues and/or matters that require the Board and Senior Management's attention will be highlighted for review, deliberation and decision-making on a timely manner; and
- (h) Periodic reviews on adequacy and integrity of selected areas of internal control systems are carried out by our Risk & Compliance department and results of such reviews are reported to the ARMC for review, deliberation, decision-making and actions.

### INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and the Board has authorised the ARMC to review the effectiveness of the internal audit function.

The ARMC is currently assisted by our Group's Risk & Compliance Manager who reports independently and directly to the Board. Any issue affecting the Group from achieving its corporate's objectives and the implementation of the action plans to address the risks identified, will be discussed during the ARMC meetings.

The Risk & Compliance Manager has unrestricted access to all documents and records of the Group which deemed necessary in the performance of his function. Any highlighted issues will be followed up closely to determine the extent of the recommendation that have been implemented by the management.

### INTERNAL AUDIT FUNCTION

The ARMC is supported by the Internal Audit team, which has been outsourced to GovernanceAdvisory.com Sdn Bhd. Its primary role is to assess the adequacy and effectiveness of the risk, control and governance framework for the Group. The Internal Audit report directly to the ARMC and its role are to independently review the internal control system established by the management, its adequacy and effectiveness with the objectives set and to make appropriate recommendations for further improvement.

During FYE 2020, the Group had conducted review on the corporate governance and risk management systems of the Group on 21 November 2019 and 28 May 2020, focusing on Collection Function (Terminal) and Operational Review - Anypay Sdn Bhd and Buymall Services Sdn Bhd respectively.

For the financial year under review, the total costs incurred by the Group for maintaining the Internal Audit Functions was RM60,289.62.

The Board, under the recommendation by the ARMC, has agreed to continue to engage an external and independent professional consulting firm as part of its effort to provide adequate and effective internal control system for our financial year ending 30 June 2021.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required under Rule 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control.

Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in Annual Report* issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines to be set out, nor is factually inaccurate.

### CONCLUSION

The Board has received assurance from the Managing Director and Group Chief Executive Officer and Group Chief Financial Officer, as well as Risk & Compliance Manager, that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the FYE 2020 and up to the date of this statement.

Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the FYE 2020.

As the improvement of the system of internal controls is an on-going process and the Board and the Senior Management will continue to take necessary measures and on-going commitment to strengthen and improve its internal control environment and risk management.

This statement is made in accordance with the resolution of the Board of Directors on 30 October 2020.

## ADDITIONAL COMPLIANCE INFORMATION

### PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD – ACE MARKET LISTING REQUIREMENTS

#### OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD – ACE MARKET LISTING REQUIREMENTS

##### UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

In conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad, REVENUE issued its prospectus on 11 June 2018 and undertook a public issue of 55,712,000 new ordinary shares at an issue price of RM0.37 per ordinary share.

The entire enlarged issued and paid up capital of the Group comprising 222,848,000 ordinary shares was listed on the Ace Market of Bursa Malaysia Securities Berhad on 18 July 2018.

The gross proceeds arising from the public issuance of RM20.61 million accrued entirely to the Group are planned to be utilised in the following manner:

| Details of utilisation                            | Proposed<br>Utilisation<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Balance<br>Utilisation<br>RM'000 | Estimated<br>timeframe for<br>utilisation<br>upon listing | Revised<br>timeframe for<br>utilisation<br>upon listing |
|---|-----------------------------------|---------------------------------|----------------------------------|---|---|
| Capital expenditure                               | 8,100                             | 8,100                           | -                                | 24 months   | -   |
| Enhancement of revPAY and expansion<br>of IT team | 4,040                             | 4,040                           | -                                | 24 months   | -   |
| Repayment of bank borrowings                      | 2,500                             | 2,500                           | -                                | 3 months  | -   |
| Business expansion                                | 1,500                             | 471                             | 1,029                            | 24 months   | 36 months   |
| Working capital                                   | 1,773                             | 1,773                           | -                                | 24 months   | -   |
| Listing expenses                                  | 2,700                             | 2,700                           | -                                | Immediately   | -   |
|   | 20,613                            | 19,584                          | 1,029                            |   |   |

*Note: The utilisation of proceeds as disclosed above should read in conjunction with the Prospectus of the Company dated 11 June 2018.*

##### AUDIT AND NONT-AUDIT FEES

During FYE 2020, the amount of audit and non-audit fees paid and payables by the Company and the Group to its External Auditors are as follows:

|  | Company<br>RM'000 | Group<br>RM'000 |
|--|-------------------|-----------------|
| Audit fees   | 43                | 161             |
| Non-audit fees   | 5                 | 5               |
| a) Review of Statement on Risk Management and Internal Control |                   |                 |

##### MATERIAL CONTRACTS

During FYE 2020, there was no material contracts entered into by the Group and its subsidiaries involving Directors' and major shareholders.

##### RECURRENT RELATED PARTY TRANSACTIONS

During FYE 2020, there was no Recurrent Related Party Transactions of a revenue or trading nature which requires shareholders' mandate.



## FINANCIAL STATEMENTS



# 03

## CONTENTS

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|  |     |
|--|-----|
| Directors' Report  | 057 |
| Statement by Directors   | 064 |
| Statutory Declaration  | 065 |
| Independent Auditors' Report                                   | 066 |
| Statements of Financial Position                               | 074 |
| Statements of Profit or Loss and<br>Other Comprehensive Income | 076 |
| Statements of Changes In Equity                                | 078 |
| Statements of Cash Flows                                       | 084 |
| Notes to the Financial Statements                              | 088 |



## DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

### Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

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

### Financial Results

|  | <b>Group<br/>RM</b> | <b>Company<br/>RM</b> |
|--|---------------------|-----------------------|
| Profit/(Loss) for the financial year, attributable to: |                     |                       |
| - Owners of the parent                                 | 7,714,770           | (1,631,223)           |
| - Non-controlling interests                            | 662,588             | -                     |
|  | <u>8,377,358</u>    | <u>(1,631,223)</u>    |

### Reserves and Provisions

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

### Dividends

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

## DIRECTORS' REPORT

### Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up share capital from RM46,688,035 to RM49,268,599 by way of issuance of 157,843,228 new ordinary shares as follows:

- (a) The issuance of 423,400 new ordinary shares for a total cash consideration of RM512,314 through Special Issue at an issue price of RM1.21 per ordinary share;
- (b) 1,641,686 new ordinary shares at an issue price of RM1.251 each for a total consideration of RM2,053,750 for the acquisition of indirect subsidiary companies;
- (c) 11,600 new ordinary shares pursuant to the conversion of Warrants 2019/2024 at the exercise price of RM1.25 per ordinary shares; and
- (d) 155,766,542 new ordinary shares were issued pursuant to bonus issue on the basis of two new ordinary shares for every three existing shares.

The new ordinary shares issued during the financial year ranked *pari passu* in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

### Warrants

The Warrants 2019/2024 were constituted under the Deed Poll dated 27 December 2018.

On 24 December 2019, the exercise price of the warrants was adjusted from RM1.25 to RM0.75 and 74,274,056 additional warrants were issued to the existing holders of Warrants 2019/2024 based on the ratio of two additional warrants for every three warrants held by the existing holders of Warrants

As at 30 June 2020, the total number of warrants that remained unexercised were 185,686,456.

The salient terms of the warrants are disclosed in Note 17(b) to the financial statements.

### Options Granted Over Unissued Shares

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

DIRECTORS'  
REPORT**Directors**

The Directors in office since the beginning of the current financial year until the date of this report are:

Nor Azzam bin Abdul Jalil

Ng Chee Siong\*

Ng Shih Chiow\*

Ng Shih Fang\*

Ooi Guan Hoe

Ng Chee Keong

Lai Wei Keat\*

(Appointed on 3 June 2019)

Loo Jo Anne

(Appointed on 1 July 2020)

\* *Director of the Company and of its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Chung Wai Fong

Fabian Kong Yu Kiong

Gan Swan Kiat

Chok Kennon Alexander

Yan Wai Seng

Low Chung Ming

Tan Lip Han

Teh Liang How

Yong Kim Fong

Ho Ee Lock#

#*Appointed during the financial year*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

## DIRECTORS' REPORT

### Directors' Interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary company) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

|                                 | Number of ordinary shares |                        |              | At<br>30.06.2020 |
|---------------------------------|---------------------------|------------------------|--------------|------------------|
|                                 | At<br>1.07.2019           | Bonus issue/<br>Bought | Sold         |                  |
| <b>Interests in the Company</b> |                           |                        |              |                  |
| <b>Direct Interests</b>         |                           |                        |              |                  |
| Nor Azzam bin Abdul Jalil       | 350,000                   | 133,333                | (233,000)    | 250,333          |
| Ng Chee Siong                   | 35,050,252                | 26,666,834             | (2,000,000)  | 59,717,086       |
| Ng Shih Chiow                   | 47,929,034                | 22,452,689             | (15,000,000) | 55,381,723       |
| Ng Shih Fang                    | 47,929,034                | 24,952,688             | (17,000,000) | 55,881,722       |
| Ooi Guan Hoe                    | 270,000                   | 46,666                 | (200,000)    | 116,666          |
| Lai Wei Keat                    | 3,780,060                 | 2,200,040              | (1,280,000)  | 4,700,100        |

|                                 | Number of Warrants 2019/2024 |  |             | At<br>30.06.2020 |
|---------------------------------|------------------------------|--|-------------|------------------|
|                                 | At<br>1.07.2019              | Adjustment<br>pursuant to<br>bonus issue | Sold        |                  |
| <b>Interests in the Company</b> |                              |  |             |                  |
| <b>Direct Interests</b>         |                              |  |             |                  |
| Nor Azzam bin Abdul Jalil       | 50,000                       | 33,333                                   | (83,333)    | -                |
| Ng Chee Siong                   | 17,086,345                   | 8,057,562                                | (5,000,000) | 20,143,907       |
| Ng Shih Chiow                   | 16,964,517                   | 11,309,678                               | -           | 28,274,195       |
| Ng Shih Fang                    | 16,964,517                   | 11,309,678                               | -           | 28,274,195       |

By virtue of their interests in the shares of the Company, Ng Shih Fang, Ng Shih Chiow, and Lai Wei Keat are also deemed interested in the shares of the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS'  
REPORT**Directors' Benefits**

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in Note 32 and 37(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

**Indemnity and Insurance Costs**

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

**Other Statutory Information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## DIRECTORS' REPORT

### Other Statutory Information (Cont'd)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Subsidiary Companies

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

DIRECTORS'  
REPORT**Auditors**

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

The details of auditors' remuneration are disclosed in Note 29 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2020.

---

NG CHEE SIONG

---

NG SHIH CHIOW

KUALA LUMPUR



## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 74 to 194 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2020.

---

NG CHEE SIONG

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NG SHIH CHIOW

KUALA LUMPUR

**STATUTORY DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ng Shih Chiow, being the Director primarily responsible for the financial management of Revenue Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 74 to 194 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 30 October 2020 )

---

NG SHIH CHIOW

Before me,

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COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF REVENUE GROUP BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Revenue Group Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 74 to 194.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REVENUE GROUP BERHAD

### Key Audit Matters

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

| Key Audit Matters  | How we addressed the key audit matters   |
|--|--|
| <p><b>1. Impairment Assessment on Goodwill and Intangible Assets</b></p> <p>The carrying values of goodwill and intangible assets of the Group as at 30 June 2020 are RM9.90 million and RM8.97 million respectively.</p> <p>This was one of the key judgemental areas we focused in our opinion because the assessment of the carrying values of goodwill and intangible assets required the Group to exercise significant judgement due to the inherent uncertainty involved in forecasting and discounting future cash flows which were used as the basis for assessment of recoverable amount.</p> | <p>Our procedures in relation to management's impairment assessment included, among others:</p> <ul style="list-style-type: none"> <li>• In respect of the assessment of the cash generating units ("CGU"), we challenged the Directors' assessment of CGUs with reference to MFRS 136 <i>Impairment of Assets</i> and considered the operating and management structure changes with reference to our understanding of the business;</li> <li>• Assessment of the reliability of management's cash flows forecast through the review of past trends of actual financial performances against previous forecasted results;</li> <li>• Review of the reasonableness of key assumptions based on our knowledge of the business and industry;</li> <li>• Reconciliation of the input data to supporting evidence, such as approved cash flow projections and considering the reasonableness of these projections; and</li> <li>• Evaluation of the appropriateness of the discount rate used to determine the preset value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset.</li> </ul> |

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REVENUE GROUP BERHAD

**Key Audit Matters (Cont'd)**

| <b>Key audit matters</b>  | <b>How we addressed the key audit matters</b>  |
|---|--|
| <p><b>2. Impairment of trade receivables</b></p> <p>The Group has material credit exposures in its portfolio of trade receivables amounting to RM24.66 million as at 30 June 2020. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.</p> | <p>Our procedures in relation to management's impairment assessment included, among others:</p> <ul style="list-style-type: none"> <li>• Understanding on the procedures of the Group: <ul style="list-style-type: none"> <li>• the Group's identification, monitoring and assessment on the impairment of receivables; and</li> <li>• the Group's basis and justification in making accounting estimates for impairment;</li> </ul> </li> <li>• Understanding of significant credit exposures which were significantly overdue or deemed to be in default;</li> <li>• Reviewing subsequent cash collections for major receivables and overdue amounts;</li> <li>• Reviewing the ageing analysis of receivables and testing the reliability thereof; and</li> <li>• Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.</li> </ul> |

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REVENUE GROUP BERHAD

### Key Audit Matters (Cont'd)

| Key audit matters   | How we addressed the key audit matters  |
|---|---|
| <p><b>3. Review of useful lives of intangible assets</b></p> <p>As at 30 June 2020, the carrying amount of intangible assets of the Group amounted to RM8.97 million, constitutes 7.3% of the Group's total assets. During the financial year, the Group have revised the useful lives of the intangible assets related to the Group's business operation.</p> <p>Assessment of useful lives of intangible assets involves management judgement, consideration of historical experiences, anticipated historical changes as well as the age of the assets. Accordingly, it has been determined as a key audit matters as this involves significant management's estimation.</p> | <p>Our procedures in relation to management's impairment assessment included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluation of the reasonableness of the assumptions considered by the management in the estimation of useful lives;</li> <li>• Examining the useful lives with reference to the Group's historical experience, anticipated technological changes and obsolescence of the intangible assets;</li> <li>• Comparing the management's estimates of useful lives of the intangible assets against the expected useful lives with the industry data;</li> <li>• Assessing the impact on the changes has been appropriately recognised in the financial statement; and</li> <li>• Review of the adequacy of disclosure made in the financial statements.</li> </ul> |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVENUE GROUP BERHAD

### **Information Other Than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

### **Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVENUE GROUP BERHAD

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVENUE GROUP BERHAD

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance to the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REVENUE GROUP BERHAD

**Other Matter**

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

UHY

Firm Number: AF 1411

Chartered Accountants

HO SIEW CHAN

Approved Number: 03485/02/2022 J

Chartered Accountant

KUALA LUMPUR

30 October 2020

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

|   | Note | Group              |                   | Company           |                   |
|---|------|--------------------|-------------------|-------------------|-------------------|
|   |      | 2020<br>RM         | 2019<br>RM        | 2020<br>RM        | 2019<br>RM        |
| <b>Assets</b>                                   |      |                    |                   |                   |                   |
| <b>Non-Current Assets</b>                       |      |                    |                   |                   |                   |
| Property, plant and equipment                   | 4    | 23,823,226         | 23,571,974        | -                 | -                 |
| Intangible assets                               | 5    | 8,972,525          | 4,578,158         | -                 | -                 |
| Right-of-use assets                             | 6    | 3,358,381          | -                 | -                 | -                 |
| Investment in subsidiary companies              | 7    | -                  | -                 | 16,724,400        | 16,724,400        |
| Investment in associates                        | 8    | 1,575,877          | 1,167,449         | -                 | -                 |
| Goodwill on consolidation                       | 9    | 9,895,796          | 9,950,796         | -                 | -                 |
| <b>Total Non-Current Assets</b>                 |      | <b>47,625,805</b>  | <b>39,268,377</b> | <b>16,724,400</b> | <b>16,724,400</b> |
| <b>Current Assets</b>                           |      |                    |                   |                   |                   |
| Inventories                                     | 10   | 9,933,007          | 4,418,112         | -                 | -                 |
| Trade receivables                               | 11   | 24,661,478         | 18,061,667        | -                 | -                 |
| Other receivables                               | 12   | 3,117,954          | 1,968,635         | 45,107            | 159,693           |
| Amount due from subsidiary companies            | 13   | -                  | -                 | 27,594,319        | 26,326,227        |
| Other investment                                | 14   | -                  | 505,213           | -                 | -                 |
| Tax recoverable                                 |      | 1,663,631          | 1,015,799         | -                 | -                 |
| Fixed deposits with licensed banks              | 15   | 250,839            | 710,000           | -                 | -                 |
| Cash and bank balances                          |      | 35,248,607         | 22,954,583        | 1,424,556         | 1,429,193         |
| <b>Total Current Assets</b>                     |      | <b>74,875,516</b>  | <b>49,634,009</b> | <b>29,063,982</b> | <b>27,915,113</b> |
| <b>Total Assets</b>                             |      | <b>122,501,321</b> | <b>88,902,386</b> | <b>45,788,382</b> | <b>44,639,513</b> |
| <b>Equity and Liabilities</b>                   |      |                    |                   |                   |                   |
| <b>Equity</b>                                   |      |                    |                   |                   |                   |
| Share capital                                   | 16   | 49,268,599         | 46,688,035        | 49,268,599        | 46,688,035        |
| Reserves  | 17   | (22,006,357)       | (21,996,629)      | -                 | -                 |
| Retained earnings/<br>(Accumulated losses)      |      | 38,617,739         | 30,911,911        | (3,774,434)       | (2,143,211)       |
| Equity attributable to the owners of the parent |      | 65,879,981         | 55,603,317        | 45,494,165        | 44,544,824        |
| Non-controlling interests                       |      | 1,423,843          | 516,255           | -                 | -                 |
| <b>Total Equity</b>                             |      | <b>67,303,824</b>  | <b>56,119,572</b> | <b>45,494,165</b> | <b>44,544,824</b> |

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

|                                      | Note | Group              |                   | Company           |                   |
|--------------------------------------|------|--------------------|-------------------|-------------------|-------------------|
|                                      |      | 2020<br>RM         | 2019<br>RM        | 2020<br>RM        | 2019<br>RM        |
| <b>Liabilities</b>                   |      |                    |                   |                   |                   |
| <b>Non-Current Liabilities</b>       |      |                    |                   |                   |                   |
| Bank borrowings                      | 18   | 5,169,116          | 5,197,513         | -                 | -                 |
| Finance lease liabilities            | 19   | -                  | 729,471           | -                 | -                 |
| Lease liabilities                    | 20   | 937,982            | -                 | -                 | -                 |
| Deferred tax liabilities             | 21   | 677,121            | 659,158           | -                 | -                 |
| <b>Total Non-Current Liabilities</b> |      | <b>6,784,219</b>   | <b>6,586,142</b>  | <b>-</b>          | <b>-</b>          |
| <b>Current Liabilities</b>           |      |                    |                   |                   |                   |
| Trade payables                       | 22   | 35,276,260         | 13,778,743        | -                 | -                 |
| Other payables                       | 23   | 8,885,634          | 10,655,578        | 130,217           | 93,573            |
| Contract liabilities                 | 24   | 490,015            | 640,131           | -                 | -                 |
| Amount due to a subsidiary company   | 13   | -                  | -                 | 164,000           | -                 |
| Amount due to associates             | 25   | 413,909            | -                 | -                 | -                 |
| Amount due to Directors              | 26   | 264,886            | 123,856           | -                 | -                 |
| Bank borrowings                      | 18   | 1,452,252          | 162,462           | -                 | -                 |
| Finance lease liabilities            | 19   | -                  | 152,745           | -                 | -                 |
| Lease liabilities                    | 20   | 705,054            | -                 | -                 | -                 |
| Tax payable                          |      | 925,268            | 683,157           | -                 | 1,116             |
| <b>Total Current Liabilities</b>     |      | <b>48,413,278</b>  | <b>26,196,672</b> | <b>294,217</b>    | <b>94,689</b>     |
| <b>Total Liabilities</b>             |      | <b>55,197,497</b>  | <b>32,782,814</b> | <b>294,217</b>    | <b>94,689</b>     |
| <b>Total Equity and Liabilities</b>  |      | <b>122,501,321</b> | <b>88,902,386</b> | <b>45,788,382</b> | <b>44,639,513</b> |

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

|  | Note | Group               |                     | Company            |                    |
|--|------|---------------------|---------------------|--------------------|--------------------|
|  |      | 2020<br>RM          | 2019<br>RM          | 2020<br>RM         | 2019<br>RM         |
| Revenue  | 27   | 77,515,199          | 57,981,836          | -                  | -                  |
| Cost of sales                                      |      | <u>(39,948,685)</u> | <u>(26,117,949)</u> | <u>-</u>           | <u>-</u>           |
| Gross profit                                       |      | 37,566,514          | 31,863,887          | -                  | -                  |
| Other income                                       |      | 915,573             | 524,736             | 24,017             | 9,526              |
| Administrative expenses                            |      | (27,006,263)        | (20,505,358)        | (1,656,356)        | (1,834,481)        |
| Net loss on impairment<br>of financial instruments |      | (236,878)           | (130,958)           | -                  | -                  |
| Finance costs                                      | 28   | (456,026)           | (338,067)           | -                  | -                  |
| Share of results of an associate,<br>net of tax    |      | <u>(773)</u>        | <u>(26)</u>         | <u>-</u>           | <u>-</u>           |
| Profit/(Loss) before tax                           | 29   | 10,782,147          | 11,414,214          | (1,632,339)        | (1,824,955)        |
| Taxation   | 30   | <u>(2,404,789)</u>  | <u>(2,322,409)</u>  | <u>1,116</u>       | <u>(1,116)</u>     |
| Profit/(Loss) for the<br>financial year            |      | <u>8,377,358</u>    | <u>9,091,805</u>    | <u>(1,631,223)</u> | <u>(1,826,071)</u> |

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

|   | Note | Group            |                  | Company            |                    |
|---|------|------------------|------------------|--------------------|--------------------|
|   |      | 2020<br>RM       | 2019<br>RM       | 2020<br>RM         | 2019<br>RM         |
| <b>Other comprehensive loss for the financial year, net of tax</b>          |      |                  |                  |                    |                    |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> |      |                  |                  |                    |                    |
| Exchange translation differences for foreign operations                     |      | (9,728)          | (17,506)         | -                  | -                  |
| <b>Total comprehensive income/(loss) for the financial year</b>             |      | <b>8,367,630</b> | <b>9,074,299</b> | <b>(1,631,223)</b> | <b>(1,826,071)</b> |
| <b>Profit/(Loss) for the financial</b>                                      |      |                  |                  |                    |                    |
| Owners of the parent  |      | 7,714,770        | 8,568,683        | (1,631,223)        | (1,826,071)        |
| Non-controlling interests   |      | 662,588          | 523,122          | -                  | -                  |
|   |      | <b>8,377,358</b> | <b>9,091,805</b> | <b>(1,631,223)</b> | <b>(1,826,071)</b> |
| <b>Total comprehensive income/(loss) attributable to:</b>                   |      |                  |                  |                    |                    |
| Owners of the parent  |      | 7,705,042        | 8,551,177        | (1,631,223)        | (1,826,071)        |
| Non-controlling interests   |      | 662,588          | 523,122          | -                  | -                  |
|   |      | <b>8,367,630</b> | <b>9,074,299</b> | <b>(1,631,223)</b> | <b>(1,826,071)</b> |
| <b>Earnings per share</b>   |      |                  |                  |                    |                    |
| Basic earnings per share (sen)  | 31   | 2.45             | 3.86             |                    |                    |
| Diluted earnings per share (sen)  | 31   | 2.44             | 3.80             |                    |                    |

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| Group  | Note | Attributable to owners of the parent |                      |                       |                      |  |                         |             |                                 |                    |  |
|--|------|--------------------------------------|----------------------|-----------------------|----------------------|--|-------------------------|-------------|---------------------------------|--------------------|--|
|  |      | Non-Distributable                    |                      |                       |                      |  | Distributable           |             |                                 |                    |  |
|  |      | Share Capital<br>RM                  | Merger Reserve<br>RM | Warrant Reserve<br>RM | Other Reserves<br>RM | Foreign Currency Translation Reserve<br>RM | Retained Earnings<br>RM | Total<br>RM | Non-Controlling Interests<br>RM | Total Equity<br>RM |  |
| At 1 July 2018, as previously reported                   |      | 16,713,600                           | (15,693,600)         | -                     | -                    | -  | 22,488,030              | 23,508,030  | 229,597                         | 23,737,627         |  |
| Effect of adopting MFRS 9                                |      | -                                    | -                    | -                     | -                    | (144,802)                                  | (144,802)               | -           | -                               | (144,802)          |  |
| At 1 July 2018, as restated                              |      | 16,713,600                           | (15,693,600)         | -                     | -                    | -  | 22,343,228              | 23,363,228  | 229,597                         | 23,592,825         |  |
| Profit for the financial year                            |      | -                                    | -                    | -                     | -                    | -  | 8,568,683               | 8,568,683   | 523,122                         | 9,091,805          |  |
| Other comprehensive loss for the financial year          |      | -                                    | -                    | -                     | -                    | (17,506)                                   | -                       | (17,506)    | -                               | (17,506)           |  |
| Total comprehensive income/(loss) for the financial year |      | -                                    | -                    | -                     | -                    | (17,506)                                   | 8,568,683               | 8,551,177   | 523,122                         | 9,074,299          |  |

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

| Note  | Attributable to owners of the parent |                      |                       |                      |  |                         |             |                                 |                    |  |
|---|--------------------------------------|----------------------|-----------------------|----------------------|--|-------------------------|-------------|---------------------------------|--------------------|--|
|   | Non-Distributable                    |                      |                       |                      |  | Distributable           |             |                                 |                    |  |
|   | Share Capital<br>RM                  | Merger Reserve<br>RM | Warrant Reserve<br>RM | Other Reserves<br>RM | Foreign Currency Translation Reserve<br>RM | Retained Earnings<br>RM | Total<br>RM | Non-Controlling Interests<br>RM | Total Equity<br>RM |  |
| <b>Transactions with owners:</b>  |                                      |                      |                       |                      |  |                         |             |                                 |                    |  |
| Issuance of ordinary shares pursuant to initial public offering             | 20,613,440                           | -                    | -                     | -                    | -  | -                       | 20,613,440  | -                               | 20,613,440         |  |
| Issuance of ordinary shares pursuant to acquisition of subsidiary companies | 11,107,500                           | -                    | -                     | -                    | -  | -                       | 11,107,500  | -                               | 11,107,500         |  |
| Changes in ownership interest in a subsidiary company                       | -                                    | -                    | -                     | (6,285,523)          | -  | -                       | (6,285,523) | (714,477)                       | (7,000,000)        |  |
| Net changes of non-controlling interests                                    | -                                    | -                    | -                     | -                    | -  | -                       | -           | 478,013                         | 478,013            |  |
| Issuance of warrants  | -                                    | -                    | 61,283,200            | (61,283,200)         | -  | -                       | -           | -                               | -                  |  |
| Share issuance expenses   | (1,746,505)                          | -                    | -                     | -                    | -  | -                       | (1,746,505) | -                               | (1,746,505)        |  |
| Total transactions with owners  | 29,974,435                           | (15,693,600)         | 61,283,200            | (67,568,723)         | (17,506)                                   | 30,911,911              | 23,688,912  | (236,464)                       | 23,452,448         |  |
| At 30 June 2019   | 46,688,035                           | (15,693,600)         | 61,283,200            | (67,568,723)         | (17,506)                                   | 30,911,911              | 55,603,317  | 516,255                         | 56,119,572         |  |



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

| Group  | Note                 | Attributable to owners of the parent |                      |  |                         |             |                                 |                    |         |            |  |
|--|----------------------|--------------------------------------|----------------------|--|-------------------------|-------------|---------------------------------|--------------------|---------|------------|--|
|  |                      | Non-Distributable                    |                      |  |                         |             | Distributable                   |                    |         |            |  |
| Share Capital<br>RM  | Merger Reserve<br>RM | Warrant Reserve<br>RM                | Other Reserves<br>RM | Foreign Currency Translation Reserve<br>RM | Retained Earnings<br>RM | Total<br>RM | Non-Controlling Interests<br>RM | Total Equity<br>RM |         |            |  |
| At 1 July 2019,<br>as previously reported                      |                      | 46,688,035                           | (15,693,600)         | 61,283,200                                 | (67,568,723)            | (17,506)    | 30,911,911                      | 55,603,317         | 516,255 | 56,119,572 |  |
| Effect of adopting<br>MFRS 16                                  | 2(a)                 | -                                    | -                    | -  | -                       | -           | (8,942)                         | (8,942)            | -       | (8,942)    |  |
| At 1 July 2019, as restated                                    |                      | 46,688,035                           | (15,693,600)         | 61,283,200                                 | (67,568,723)            | (17,506)    | 30,902,969                      | 55,594,375         | 516,255 | 56,110,630 |  |
| Profit for the<br>financial year                               |                      | -                                    | -                    | -  | -                       | -           | 7,714,770                       | 7,714,770          | 662,588 | 8,377,358  |  |
| Other comprehensive<br>loss for the<br>financial year          |                      | -                                    | -                    | -  | -                       | (9,728)     | -                               | (9,728)            | -       | (9,728)    |  |
| Total comprehensive<br>income/(loss) for the<br>financial year |                      | -                                    | -                    | -  | -                       | (9,728)     | 7,714,770                       | 7,705,042          | 662,588 | 8,367,630  |  |

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

|  | Attributable to owners of the parent |                         |                          |                         |   |                            |             |  |                       |            |
|--|--------------------------------------|-------------------------|--------------------------|-------------------------|---|----------------------------|-------------|--|-----------------------|------------|
|  | Non-Distributable                    |                         |                          |                         |   | Distributable              |             |  |                       |            |
|  | Share<br>Capital<br>RM               | Merger<br>Reserve<br>RM | Warrant<br>Reserve<br>RM | Other<br>Reserves<br>RM | Foreign<br>Currency<br>Translation<br>Reserve<br>RM | Retained<br>Earnings<br>RM | Total<br>RM | Non-<br>Controlling<br>Interests<br>RM | Total<br>Equity<br>RM | Note       |
| Issuance of ordinary shares pursuant to: |                                      |                         |                          |                         |   |                            |             |  |                       |            |
| Acquisition of subsidiary companies      | 2,053,750                            | -                       | -                        | -                       | -   | -                          | 2,053,750   | 245,000                                | 2,298,750             | 16(b)(ii)  |
| Private placement                        | 512,314                              | -                       | -                        | -                       | -   | -                          | 512,314     | -                                      | 512,314               | 16(b)(i)   |
| Exercise of warrants                     | 14,500                               | -                       | (6,380)                  | 6,380                   | -   | -                          | 14,500      | -                                      | 14,500                | 16(b)(iii) |
| Total transactions with owners           | 2,580,564                            | -                       | (6,380)                  | 6,380                   | -   | -                          | 2,580,564   | 245,000                                | 2,825,564             |            |
| At 30 June 2020                          | 49,268,599                           | (15,693,600)            | 61,276,820               | (67,562,343)            | (27,234)  | 38,617,739                 | 65,879,981  | 1,423,843                              | 67,303,824            |            |

## Transactions with owners:

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

| Company   | Note                     | Non-distributable      |                          |                         |                             | Total<br>Equity<br>RM |
|---|--------------------------|------------------------|--------------------------|-------------------------|-----------------------------|-----------------------|
|   |                          | Share<br>Capital<br>RM | Warrant<br>Reserve<br>RM | Other<br>Reserves<br>RM | Accumulated<br>Losses<br>RM |                       |
| At 1 July 2018  |                          | 16,713,600             | -                        | -                       | (317,140)                   | 16,396,460            |
| Loss for the financial year, representing total comprehensive loss for the financial year |                          | -                      | -                        | -                       | (1,826,071)                 | (1,826,071)           |
| <b>Transactions with owners:</b>  |                          |                        |                          |                         |                             |                       |
| Issuance of ordinary shares pursuant to initial public offering                           | 16(a)(i)                 | 20,613,440             | -                        | -                       | -                           | 20,613,440            |
| Issuance of ordinary shares pursuant to acquisition of subsidiary companies               | 16(a)(ii),<br>16(a)(iii) | 11,107,500             | -                        | -                       | -                           | 11,107,500            |
| Share issuance expenses   |                          | (1,746,505)            | -                        | -                       | -                           | (1,746,505)           |
| Issuance of warrants  |                          | -                      | 61,283,200               | (61,283,200)            | -                           | -                     |
| Total transactions with owners  |                          | 29,974,435             | 61,283,200               | (61,283,200)            | -                           | 29,974,435            |
| At 30 June 2019   |                          | 46,688,035             | 61,283,200               | (61,283,200)            | (2,143,211)                 | 44,544,824            |

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

|  | Attributable to owners of the parent |                          |                         |                             |  | Total<br>Equity<br>RM |
|--|--------------------------------------|--------------------------|-------------------------|-----------------------------|--|-----------------------|
|  | Non-distributable                    |                          |                         |                             |  |                       |
|  | Share<br>Capital<br>RM               | Warrant<br>Reserve<br>RM | Other<br>Reserves<br>RM | Accumulated<br>Losses<br>RM |  |                       |
| <b>Company</b>   |                                      |                          |                         |                             |  |                       |
| At 1 July 2019   | 46,688,035                           | 61,283,200               | (61,283,200)            | (2,143,211)                 |  | 44,544,824            |
| Loss for the financial year, representing total<br>comprehensive loss for the financial year | -                                    | -                        | -                       | (1,631,223)                 |  | (1,631,223)           |
| <b>Transactions with owners:</b>   |                                      |                          |                         |                             |  |                       |
| Issuance of ordinary shares pursuant to:   |                                      |                          |                         |                             |  |                       |
| Acquisition of subsidiary companies  | 2,053,750                            | -                        | -                       | -                           |  | 2,053,750             |
| Private placement  | 512,314                              | -                        | -                       | -                           |  | 512,314               |
| Exercise of warrants   | 14,500                               | (14,500)                 | 14,500                  | -                           |  | 14,500                |
| Total transactions with owners   | 2,580,564                            | (14,500)                 | 14,500                  | -                           |  | 2,580,564             |
| At 30 June 2020  | 49,268,599                           | 61,268,700               | (61,268,700)            | (3,774,434)                 |  | 45,494,165            |

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

|   | Group      |            | Company     |             |
|---|------------|------------|-------------|-------------|
|   | 2020<br>RM | 2019<br>RM | 2020<br>RM  | 2019<br>RM  |
| <b>Cash Flows From</b>  |            |            |             |             |
| <b>Operating Activities</b>   |            |            |             |             |
| Profit/(Loss) before tax  | 10,782,147 | 11,414,214 | (1,632,339) | (1,824,955) |
| Adjustments for:  |            |            |             |             |
| Amortisation of intangible assets   | 174,352    | 546,846    | -           | -           |
| Depreciation of right-of-use assets   | 515,161    | -          | -           | -           |
| Bad debts written off   |            |            |             |             |
| - trade receivables   | 478,938    | 105,133    | -           | -           |
| - other receivables   | -          | 9,902      | -           | -           |
| Depreciation of property,<br>plant and equipment                              | 6,209,382  | 6,009,619  | -           | -           |
| Interest expenses   | 456,026    | 338,067    | -           | -           |
| Gain on disposal of other investment  | (2,117)    | -          | -           | -           |
| Loss/(Gain) on disposal of property,<br>plant and equipment                   | 394        | (64,040)   | -           | -           |
| Property, plant and equipment<br>written off                                  | 256,233    | 1          | -           | -           |
| Impairment losses on:   |            |            |             |             |
| -goodwill on consolidation  | 116,165    | -          | -           | -           |
| -trade receivables  | 706,747    | 518,089    | -           | -           |
| Reversal of impairment losses on<br>trade receivables                         | (497,491)  | (385,402)  | -           | -           |
| Interest income   | (169,575)  | (129,399)  | (19,268)    | (6,526)     |
| Over provision of point<br>redemption in prior year                           | -          | (1,505)    | -           | -           |
| Fair value gain on financial<br>asset at fair value through<br>profit or loss | -          | (1,729)    | -           | -           |
| Share of results of associate   | 773        | 26         | -           | -           |
| Unrealised loss/(gain) on<br>foreign exchange                                 | 905,096    | (246,579)  | -           | 10,047      |
| Operating profit/(loss) before<br>working capital changes<br>carried down     | 19,932,231 | 18,113,243 | (1,651,607) | (1,821,434) |

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

|   | Group             |                     | Company            |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>RM        | 2019<br>RM          | 2020<br>RM         | 2019<br>RM          |
| <b>Cash Flows From</b>  |                   |                     |                    |                     |
| <b>Operating Activities</b>   |                   |                     |                    |                     |
| Operating profit/(loss) before working capital changes brought down | 19,932,231        | 18,113,243          | (1,651,607)        | (1,821,434)         |
| Changes in working capital:   |                   |                     |                    |                     |
| Inventories   | (5,514,895)       | (3,656,111)         | -                  | -                   |
| Receivables   | (8,435,724)       | (9,124,522)         | 114,586            | 71,368              |
| Payables  | 18,466,420        | 229,760             | 36,644             | (296,408)           |
| Contract liabilities  | (150,116)         | 178,414             | -                  | -                   |
| Amount due from subsidiary companies                                | -                 | -                   | (1,104,092)        | (15,417,066)        |
| Amount due to associates  | 413,909           | -                   | -                  | -                   |
| Amount due to Directors   | 141,030           | 45,844              | -                  | -                   |
| Derivative financial liability                                      | -                 | (18,923)            | -                  | -                   |
|   | <u>4,920,624</u>  | <u>(12,345,538)</u> | <u>(952,862)</u>   | <u>(15,642,106)</u> |
| Cash generated from/ (used in) operations                           | 24,852,855        | 5,767,705           | (2,604,469)        | (17,463,540)        |
| Interest received   | 169,575           | 129,399             | 19,268             | 6,526               |
| Interest paid   | (456,026)         | (338,067)           | -                  | -                   |
| Tax paid  | (3,790,951)       | (3,201,650)         | -                  | -                   |
| Tax refunded  | 998,404           | 20,296              | -                  | -                   |
| Net cash from/(used in) operating activities                        | <u>21,773,857</u> | <u>2,377,683</u>    | <u>(2,585,201)</u> | <u>(17,457,014)</u> |

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

|   | Group               |                     | Company          |                   |
|---|---------------------|---------------------|------------------|-------------------|
|   | 2020<br>RM          | 2019<br>RM          | 2020<br>RM       | 2019<br>RM        |
| <b>Cash Flows From</b>  |                     |                     |                  |                   |
| <b>Investing Activities</b>   |                     |                     |                  |                   |
| Proceeds from disposal of property, plant and equipment   | 193,815             | 1,132,303           | -                | -                 |
| Acquisition of a subsidiary company   | -                   | -                   | -                | (30,800)          |
| Net cash inflows arising from incorporation of subsidiary company with non-controlling interest | 245,000             | -                   | -                | -                 |
| Acquisition of an associate   | (409,201)           | (1,167,475)         | -                | -                 |
| Proceeds from disposal of other investment  | 507,330             | (503,484)           | -                | -                 |
| Acquisition of intangible assets  | (4,568,719)         | (3,656,640)         | -                | -                 |
| Net cash inflows arising from acquisition of subsidiary companies [Note 7(a)]                   | 10,541              | 934,301             | -                | -                 |
| Purchase of property, plant and equipment [Note 4(c)]   | (9,280,511)         | (6,856,656)         | -                | -                 |
| Net cash used in investing activities   | <u>(13,301,745)</u> | <u>(10,117,651)</u> | <u>-</u>         | <u>(30,800)</u>   |
| <b>Cash Flows From</b>  |                     |                     |                  |                   |
| <b>Financing Activities</b>   |                     |                     |                  |                   |
| Decrease/(Increase) in fixed deposits pledged   | 229,161             | (280,000)           | -                | -                 |
| Proceeds from issuance of shares (Note 16)  | 2,580,564           | 20,613,440          | 2,580,564        | 20,613,440        |
| Payment of share issuance expenses  | -                   | (1,746,505)         | -                | (1,746,505)       |
| Repayment of finance lease liabilities  | -                   | (84,005)            | -                | -                 |
| Repayment of lease liabilities  | (469,478)           | -                   | -                | -                 |
| Repayment of term loans   | (13,373)            | (1,627,825)         | -                | -                 |
| Net cash from financing activities  | <u>2,326,874</u>    | <u>16,875,105</u>   | <u>2,580,564</u> | <u>18,866,935</u> |

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

|  | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2020<br>RM        | 2019<br>RM        | 2020<br>RM       | 2019<br>RM       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                    | 10,798,986        | 9,135,137         | (4,637)          | 1,379,121        |
| <b>Cash and cash equivalents at the beginning of the financial year</b>        | 23,184,583        | 14,076,447        | 1,429,193        | 50,072           |
| <b>Effect of exchange translation differences on cash and cash equivalents</b> | (9,728)           | (27,001)          | -                | -                |
| <b>Cash and cash equivalents at the end of the financial year</b>              | <u>33,973,841</u> | <u>23,184,583</u> | <u>1,424,556</u> | <u>1,429,193</u> |
| <b>Cash and cash equivalents at the end of the financial year comprises:</b>   |                   |                   |                  |                  |
| Fixed deposits with licensed banks   | 250,839           | 710,000           | -                | -                |
| Cash and bank balances   | 35,248,607        | 22,954,583        | 1,424,556        | 1,429,193        |
| Bank overdraft   | (1,274,766)       | -                 | -                | -                |
|  | <u>34,224,680</u> | <u>23,664,583</u> | <u>1,424,556</u> | <u>1,429,193</u> |
| Less: Fixed deposits pledged to licensed banks                                 | (250,839)         | (480,000)         | -                | -                |
|  | <u>33,973,841</u> | <u>23,184,583</u> | <u>1,424,556</u> | <u>1,429,193</u> |

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



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

## 1. Corporate Information

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

The principal place of business of the Company is located at No. 12, Jalan Udang Harimau 2, Kepong Business Park, 51200 Kuala Lumpur.

The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There has been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

## 2. Basis of Preparation

### (a) Statement of compliance

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Statement of compliance (Cont'd)

**Adoption of new and amended standards**

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

|   |   |
|---|---|
| MFRS 16                                       | Leases  |
| IC Interpretation 23                          | Uncertainty over Income Tax Treatments  |
| Amendments to MFRS 9                          | Prepayments Features with Negative Compensation   |
| Amendments to MFRS 119                        | Plan Amendments, Curtailment or Settlement  |
| Amendments to MFRS 128                        | Long-term interests in Associates and Joint Ventures  |
| Amendments to MFRS 15                         | Clarification to MFRS 15  |
| Amendments to MFRS 140                        | Transfers of Investment Property  |
| Annual Improvement to MFRSs 2015 - 2017 Cycle | Amendments to MFRS 3<br>Amendments to MFRS 11<br>Amendments to MFRS 112<br>Amendments to MFRS 123 |

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

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Statement of compliance (Cont'd)

**Adoption of new and amended standards (Cont'd)**

MFRS 16 Leases (Cont'd)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use (“ROU”) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 April 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 April 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Statement of compliance (Cont'd)

**Adoption of new and amended standards (Cont'd)**

MFRS 16 Leases (Cont'd)

The Group and the Company have also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group and the Company use hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification and prepaid lease payments (or land use rights) have been reclassified to ROU assets on 1 June 2019 for the Group and for the Company.

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

|                               | <b>As at<br/>30.6.2019<br/>RM</b> | <b>MFRS 16<br/>adjustments<br/>RM</b> | <b>As at<br/>1.7.2019<br/>RM</b> |
|-------------------------------|-----------------------------------|---------------------------------------|----------------------------------|
| <b>Group</b>                  |                                   |                                       |                                  |
| Property, plant and equipment | 23,571,974                        | (2,622,383)                           | 20,949,591                       |
| Right-of-Use assets           | -                                 | 2,896,350                             | 2,896,350                        |
| Financial lease liabilities   | (882,216)                         | 882,216                               | -                                |
| Lease liabilities             | -                                 | (1,165,125)                           | (1,165,125)                      |
| Retained earnings             | (30,911,911)                      | 8,942                                 | (30,902,969)                     |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Statement of compliance (Cont'd)

**Standards issued but not yet effective**

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

|   | <u>Effective dates for<br/>financial periods<br/>beginning on or after</u> |
|---|--|
| Amendments to References to the Conceptual Framework in MFRS Standards                                      | 1 January 2020   |
| Amendments to MFRS 3 Definition of a Business   | 1 January 2020   |
| Amendments to MFRS 3 Reference to the Conceptual Framework  | 1 January 2022   |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform                                    | 1 January 2020   |
| Amendments to MFRS 101 and MFRS 108 Definition of Material  | 1 January 2020   |
| Amendments to MFRS 16 Covid-19-Related Rent Concessions   | 1 June 2020  |
| MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts) | 17 August 2020   |
| MFRS 101 Classification of Liabilities as Current or Non-current - Deferral of Effective Date               | 17 August 2020   |
| MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 Interest rate benchmark reform-phase 2                         | 1 January 2021   |
| MFRS 17 Insurance Contracts   | 1 January 2023   |
| Amendments to MFRS 101 Classification of Liabilities as Current or Non-current                              | 1 January 2023   |
| Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use                         | 1 January 2022   |
| Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract                                    | 1 January 2022   |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Statement of compliance (Cont'd)

**Standards issued but not yet effective (Cont'd)**

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

|   |  | <u>Effective dates for<br/>financial periods<br/>beginning on or after</u> |
|---|--|--|
| Annual  | Amendments to MFRS 1   | 1 January 2022   |
| Improvement to<br>MFRS Standards<br>2018 – 2020 | Amendments to MFRS 9<br>Amendments to MFRS 16<br>Amendments to MFRS 141                      | 1 January 2022<br><br>1 January 2022                                       |
| Amendments to<br>MFRS 17                        | Insurance Contracts  | 1 January 2023   |
| Amendments to<br>MFRS 10 and<br>MFRS 128        | Sale of Contribution of Assets<br>between an Investor and its<br>Associates or Joint Venture | Deferred until further<br>notice   |

The Group and the Company intend to adopt the above new MFRSs, new interpretations and amendments to MFRSs when they become effective.

These new standards, amendments to published standards and interpretation will be adopted on the respective effective dates. The Group and the Company have started a preliminary assessment on the effects of the above new standard, amendments to published standards and interpretation and the impact is still being assessed.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group’s and of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

**Judgements**

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

Operating lease commitments – the Group as lessor

The Group has entered into leases on its Electronic Data Capture (“EDC”) terminals. The Group has determined that they retain all the significant risks and rewards of ownership of the equipment which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset.

Satisfaction of performance obligations in relation to contracts with customers

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group and the Company recognise revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's and by the Company's performance as the Group and the Company performs;
- (b) the Group and the Company do not create an asset with an alternative use to the Group or the Company and have an enforceable right to payment for performance completed to date; and
- (c) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

**Judgements (Cont'd)**

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

Determining the lease term of contracts with renewal and termination options – Group and the Company as lessee

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

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

**Key sources of estimation uncertainty**

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

Useful lives / depreciation of property, plant and equipment (Note 4), intangible assets (Note 5) and right-of-use ("ROU") asset (Note 6)

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount of the property, plant and equipment and right-of-use assets is disclosed in Notes 4 and 6 respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 9.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

**Key sources of estimation uncertainty (Cont'd)**

Fair value measurement of contingent consideration

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. It is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions taken into consideration include the probability of meeting each performance target and the discounted factor. The carrying amount of contingent consideration is disclosed in Note 23.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimate the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and on the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

Determination of transactions prices

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

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

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for trade receivables is disclosed in Note 11.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

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

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

### **Key sources of estimation uncertainty (Cont'd)**

#### Discount rate used in leases

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

#### Income taxes

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

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 30 June 2020, the Group has tax recoverable of RM1,663,631 (2019: RM1,015,799) and tax payable of RM925,268 (2019: RM683,157) respectively. The Company has tax payable of RMNil (2019: RM1,116).

#### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 39(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

### 3. Significant Accounting Policies

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

#### (a) Basis of consolidation

##### (i) Subsidiary companies

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

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Revenue Harvest Sdn. Bhd., which was accounted for under the merger method of accounting as the business combination of this subsidiary company involved an entity under common control.

Under the merger method of accounting, the results of subsidiary company are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

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

##### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies (Cont'd)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(a) Basis of consolidation (Cont'd)**

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

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

- (iii) Disposal of subsidiary companies

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

- (iv) Goodwill on consolidation

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

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

**(b) Investment in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

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

#### (b) Investment in associates (Cont'd)

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statement of the associate is prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(b) Investment in associates (Cont'd)**

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

**(c) Foreign currency translation****(i) Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations

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

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

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(d) Property, plant and equipment (Cont'd)****(i) Recognition and measurement (Cont'd)**

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

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

Depreciation is recognised in the profit or loss on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(iii) Depreciation (Cont'd)

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

|  |                                 |
|--|---------------------------------|
| Freehold building                        | 50 years                        |
| Leasehold building                       | Over the remaining lease period |
| Computer, software and testing equipment | 2 to 4 years                    |
| EDC terminals                            | 5 years                         |
| Motor vehicles                           | 5 to 7 years                    |
| Office equipment, furniture and fittings | 4 to 10 years                   |
| Renovation                               | 10 years                        |
| IT equipment                             | 3 years                         |
| Product development                      | 5 years                         |

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

Leasehold land

The above accounting policies for property, plant and equipment applies to leasehold land until 30 June 2019. The leasehold land was depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 July 2019, the Group and the Company have reclassified the carrying amount of the leasehold land to ROU ("right-of-use") assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(f) to the financial statements.

(e) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(e) Intangible assets (Cont'd)**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) on impairment of non-financial assets for intangible assets.

**(f) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee***Policy applicable from 1 July 2019***

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(f) Leases (Cont'd)

As lessee (Cont'd)

*Policy applicable from 1 July 2019 (Cont'd)*

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

|                    |                                 |
|--------------------|---------------------------------|
| Motor vehicles     | Over the remaining lease period |
| Leasehold building | Over the remaining lease period |
| Office             | Over the remaining lease period |

The ROU assets are subject to impairment.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 20203. **Significant Accounting Policies (Cont'd)**

## (f) Leases (Cont'd)

As lessee (Cont'd)***Policy applicable from 1 July 2019 (Cont'd)***

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

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

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

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

***Policy applicable before 1 July 2019***

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

## (i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(f) Leases (Cont'd)

As lessee (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(g) Financial assets**Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified into the following categories:

**(i) Financial assets at amortised cost**

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(g) Financial assets (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

For purposes of subsequent measurement, financial assets are classified into the following categories: (Cont'd)

(i) Financial assets at amortised cost (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiary companies and cash and bank balances.

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

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through other comprehensive income

The Group and the Company have not designated any financial assets at FVTOCI.

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(g) Financial assets (Cont'd)**Regular way purchase or sale of financial assets

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

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

**(h) Financial liabilities**Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

The Group's and the Company's financial liabilities include trade and other payables, amount due to a subsidiary company, amount due to associates, amount due to Directors and loans and borrowings.

Financial instrument categories and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

**(i) Financial liabilities at amortised costs**

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(h) Financial liabilities (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

The subsequent measurement of financial liabilities depends on their classification as follows: (Cont'd)

(i) Financial liabilities at amortised cost (Cont'd)

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to Directors and loans and borrowings.

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

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

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

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(i) Financial guarantee contracts (Cont'd)**

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date, and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

**(j) Offsetting of financial instruments**

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

**(k) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost is determined on first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

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

##### (l) Cash and cash equivalents

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

##### (m) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to customers for which the Group has received the consideration or has billed to the customer. The contract liabilities of the Group comprise of deferred revenue where the Group has billed or has collected the payment before services are provided to the customers.

##### (n) Impairment of assets

###### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**3. Significant Accounting Policies (Cont'd)****(n) Impairment of assets (Cont'd)****(i) Non-financial assets (Cont'd)**

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

**(ii) Financial assets**

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

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

##### (n) Impairment of assets (Cont'd)

##### (ii) Financial assets (Cont'd)

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

##### (o) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

##### (p) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(q) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

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

(r) Revenue recognition

(i) Revenue from contracts with customers

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

(a) Sales of goods

The Group is involved in the trading of EDC terminals. Sales are recognised in the accounting period when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(r) Revenue recognition (Cont'd)

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

(b) Sales of airtime

The Group, being a distributor in the sales of prepaid airtime top-ups, is in substance acting as an agent for the operators. The revenue associated with the sales of prepaid airtime top-ups to end-users is recognised on a net basis, which represents the margin earned. The revenue is recognised at a point in time when the sales of prepaid airtime top-ups has been transferred to the customer and coincides with the delivery of prepaid airtime top-ups and acceptance by customers.

(c) Rendering of services

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

(d) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(e) Service maintenance fee

Service maintenance fee is accounted for on a straight-line basis over the services term of an ongoing services.

(ii) Rental of EDC terminals

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(s) **Borrowing costs**

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

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

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

(t) **Income taxes**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(t) Income taxes (Cont'd)

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

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

(u) Segments reporting

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

(v) Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

4. Property, Plant and Equipment

|   | At Cost  |  |                                   |   |                 |                |                      |                          |
|---|--|--|-----------------------------------|---|-----------------|----------------|----------------------|--------------------------|
|   | At 1 July 2019,<br>as previously<br>reported<br>RM | Effect of<br>adoption<br>MFRS 16<br>RM | At 1 July 2019,<br>restated<br>RM | Acquisition<br>through<br>business<br>combination<br>RM | Additions<br>RM | Disposal<br>RM | Written<br>off<br>RM | At<br>30 June 2020<br>RM |
| <b>Group<br/>2020</b>                       |  |  |                                   |   |                 |                |                      |                          |
| Freehold land                               | 5,123,757  | -                                      | 5,123,757                         | -   | -               | -              | -                    | 5,123,757                |
| Freehold and leasehold<br>buildings         | 3,250,000  | (1,750,000)                            | 1,500,000                         | -   | -               | -              | -                    | 1,500,000                |
| Computer, software and<br>testing equipment | 4,392,257  | -                                      | 4,392,257                         | 8,702   | 4,054,896       | (158,220)      | (30,898)             | 8,266,737                |
| EDC terminals                               | 21,168,791   | -                                      | 21,168,791                        | -   | 2,962,851       | (11,553)       | -                    | 24,120,089               |
| Motor vehicles                              | 1,722,895  | (1,110,456)                            | 612,439                           | -   | -               | (45,000)       | -                    | 567,439                  |
| Office equipment,<br>furniture and fittings | 653,427  | -                                      | 653,427                           | 19,006  | 235,119         | -              | -                    | 907,552                  |
| Renovation                                  | 1,097,816  | -                                      | 1,097,816                         | -   | 544,787         | -              | -                    | 1,642,603                |
| Capital work-in-progress                    | 427,699  | -                                      | 427,699                           | -   | 1,482,858       | -              | (28,722)             | 1,881,835                |
| IT equipment                                | -  | -                                      | -                                 | 72,980  | -               | -              | -                    | 72,980                   |
| Product development                         | -  | -                                      | -                                 | 196,613   | -               | -              | (196,613)            | -                        |
|   | 37,836,642   | (2,860,456)                            | 34,976,186                        | 297,301   | 9,280,511       | (214,773)      | (256,233)            | 44,082,992               |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

|  | Accumulated Depreciation                  |                               |                             |   |                                   |             | Carrying Amount |
|--|---|-------------------------------|-----------------------------|---|-----------------------------------|-------------|-----------------|
|  | At 1 July 2019, as previously reported RM | Effect of adoption MFRS 16 RM | At 1 July 2019, restated RM | Acquisition through business combination RM | Charged for the financial year RM | Disposal RM |                 |
| <b>Group 2020</b>                        |   |                               |                             |   |                                   |             |                 |
| Freehold land                            | -   | -                             | -                           | -   | -                                 | -           | 5,123,757       |
| Freehold and leasehold buildings         | 228,261                                   | (83,261)                      | 145,000                     | -   | 30,000                            | -           | 1,325,000       |
| Computer, software and testing equipment | 2,994,161                                 | -                             | 2,994,161                   | 4,203                                       | 1,804,591                         | -           | 3,463,782       |
| EDC terminals                            | 9,634,756                                 | -                             | 9,634,756                   | -   | 4,116,055                         | (7,064)     | 10,376,342      |
| Motor vehicles                           | 549,027                                   | (154,812)                     | 394,215                     | -   | 89,312                            | (13,500)    | 97,412          |
| Office equipment, furniture and fittings | 403,827                                   | -                             | 403,827                     | 4,174                                       | 62,689                            | -           | 436,862         |
| Renovation                               | 454,636                                   | -                             | 454,636                     | -   | 100,653                           | -           | 1,087,314       |
| Capital work-in-progress                 | -   | -                             | -                           | -   | -                                 | -           | 1,881,835       |
| IT equipment                             | -   | -                             | -                           | 35,976                                      | 6,082                             | -           | 30,922          |
| Product development                      | -   | -                             | -                           | -   | -                                 | -           | -               |
|  | 14,264,668                                | (238,073)                     | 14,026,595                  | 44,353                                      | 6,209,382                         | (20,564)    | 23,823,226      |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

|   | At Cost                 |  |                 |                |                   |                          |
|---|-------------------------|--|-----------------|----------------|-------------------|--------------------------|
|   | At<br>1 July 2018<br>RM | Acquisition<br>through business<br>combination<br>RM | Additions<br>RM | Disposal<br>RM | Written off<br>RM | At<br>30 June 2019<br>RM |
| <b>Group</b>                                |                         |  |                 |                |                   |                          |
| <b>2019</b>                                 |                         |  |                 |                |                   |                          |
| Freehold land                               | 5,123,757               | -  | -               | -              | -                 | 5,123,757                |
| Freehold and leasehold buildings            | 3,250,000               | -  | -               | -              | -                 | 3,250,000                |
| Computer, software and<br>testing equipment | 3,142,764               | 129,263  | 1,122,390       | (2,160)        | -                 | 4,392,257                |
| EDC terminals                               | 23,171,444              | -  | 5,065,692       | (1,201,838)    | (5,866,507)       | 21,168,791               |
| Motor vehicles                              | 1,028,265               | 45,000   | 649,630         | -              | -                 | 1,722,895                |
| Office equipment, furniture<br>and fittings | 436,410                 | 209,322  | 7,695           | -              | -                 | 653,427                  |
| Renovation                                  | 906,726                 | 39,540   | 151,550         | -              | -                 | 1,097,816                |
| Capital work-in-progress                    | -                       | -  | 427,699         | -              | -                 | 427,699                  |
|   | 37,059,366              | 423,125  | 7,424,656       | (1,203,998)    | (5,866,507)       | 37,836,642               |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

|   | Accumulated Depreciation |  |  |                |                   | Carrying Amount          |                          |
|---|--------------------------|--|--|----------------|-------------------|--------------------------|--------------------------|
|   | At<br>1 July 2018<br>RM  | Acquisition<br>through business<br>combination<br>RM | Charged for<br>the financial<br>year<br>RM | Disposal<br>RM | Written off<br>RM | At<br>30 June 2019<br>RM | At<br>30 June 2019<br>RM |
| <b>Group</b>                                |                          |  |  |                |                   |                          |                          |
| <b>2019</b>                                 |                          |  |  |                |                   |                          |                          |
| Freehold land                               | -                        | -  | -  | -              | -                 | -                        | 5,123,757                |
| Freehold and leasehold buildings            | 180,095                  | -  | 48,166                                     | -              | -                 | 228,261                  | 3,021,739                |
| Computer, software and<br>testing equipment | 925,187                  | 28,831   | 2,061,272                                  | (60)           | -                 | 3,015,230                | 1,377,027                |
| EDC terminals                               | 12,077,127               | -  | 3,538,741                                  | (135,675)      | (5,866,506)       | 9,613,687                | 11,555,104               |
| Motor vehicles                              | 346,960                  | 3,750  | 198,317                                    | -              | -                 | 549,027                  | 1,173,868                |
| Office equipment, furniture<br>and fittings | 306,792                  | 21,051   | 75,984                                     | -              | -                 | 403,827                  | 249,600                  |
| Renovation                                  | 362,275                  | 5,222  | 87,139                                     | -              | -                 | 454,636                  | 643,180                  |
| Capital work-in-progress                    | -                        | -  | -  | -              | -                 | -                        | 427,699                  |
|   | 14,198,436               | 58,854   | 6,009,619                                  | (135,735)      | (5,866,506)       | 14,264,668               | 23,571,974               |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Assets pledged as securities to a licensed bank

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 18(a) are as follows:

|                    | <b>Group</b> |             |
|--------------------|--------------|-------------|
|                    | <b>2020</b>  | <b>2019</b> |
|                    | <b>RM</b>    | <b>RM</b>   |
| Freehold land      | 5,123,757    | 5,123,757   |
| Freehold building  | 1,325,000    | 1,355,000   |
| Leasehold building | -            | 1,666,739   |
|                    | 6,448,757    | 8,145,496   |

(b) Assets held under finance leases

As at 30 June 2020, the net carrying amount of leased motor vehicles of the Group was RMNil (2019: RM955,645). Leased assets are pledged as security for the related finance lease liabilities.

(c) The aggregate additional cost for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

|                               | <b>Group</b> |             |
|-------------------------------|--------------|-------------|
|                               | <b>2020</b>  | <b>2019</b> |
|                               | <b>RM</b>    | <b>RM</b>   |
| Aggregate costs               | 9,280,511    | 7,424,656   |
| Less: Finance lease financing | -            | (568,000)   |
| Cash payments                 | 9,280,511    | 6,856,656   |

(d) Change in estimate

During the financial year, the Group conducted a review of the useful live of software. In view of the operating efficiency, change in the business environment and the update and enhancement of the software, hence, the remaining useful life of the software are expected to extend from 2 to 3 years as at 1 July 2019 to 5 years as at 30 June 2020.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(d) Change in estimate (Cont'd)

The effect of above change on depreciation expense, recognised in administrative expenses, in the current and future period is as follows:

|  | 2020<br>RM | 2021<br>RM  |
|--|------------|-------------|
| Increase/(Decrease) in<br>amortisation expense |            |             |
| - Other expense                                | 1,539,342  | (1,539,342) |

5. **Intangible Assets**

|                                 | Software<br>RM    | Capital work-<br>in-progress<br>RM | Total<br>RM       |
|---------------------------------|-------------------|------------------------------------|-------------------|
| <b>Group</b>                    |                   |                                    |                   |
| <b>2020</b>                     |                   |                                    |                   |
| <b>At Cost</b>                  |                   |                                    |                   |
| At 1 July 2019                  | 9,323,294         | -                                  | 9,323,294         |
| Additions                       | 3,780,523         | 788,196                            | 4,568,719         |
| At 30 June 2020                 | <u>13,103,817</u> | <u>788,196</u>                     | <u>13,892,013</u> |
| <b>Accumulated Amortisation</b> |                   |                                    |                   |
| At 1 July 2019                  | 4,745,136         | -                                  | 4,745,136         |
| Charge for the financial year   | 174,352           | -                                  | 174,352           |
| At 30 June 2020                 | <u>4,919,488</u>  | <u>-</u>                           | <u>4,919,488</u>  |
| <b>Carrying Amount</b>          |                   |                                    |                   |
| At 30 June 2020                 | <u>8,184,329</u>  | <u>788,196</u>                     | <u>8,972,525</u>  |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

|                                 | <b>Software<br/>RM</b> | <b>Capital work-<br/>in-progress<br/>RM</b> | <b>Total<br/>RM</b> |
|---------------------------------|------------------------|---|---------------------|
| <b>Group</b>                    |                        |   |                     |
| <b>2019</b>                     |                        |   |                     |
| <b>At Cost</b>                  |                        |   |                     |
| At 1 July 2018                  | 5,666,654              | -   | 5,666,654           |
| Additions                       | 3,656,640              | -   | 3,656,640           |
| At 30 June 2019                 | 9,323,294              | -   | 9,323,294           |
| <b>Accumulated Amortisation</b> |                        |   |                     |
| At 1 July 2018                  | 4,198,290              | -   | 4,198,290           |
| Charge for the financial year   | 546,846                | -   | 546,846             |
| At 30 June 2019                 | 4,745,136              | -   | 4,745,136           |
| <b>Carrying Amount</b>          |                        |   |                     |
| At 30 June 2019                 | 4,578,158              | -   | 4,578,158           |

Software

Software mainly represents the costs incurred in respect of the completed development costs and development in progress on payment gateway for both online and offline.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of development expenditures at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generated unit ("CGU:") and was based on the following assumptions:

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 5% (2019: 5%); and
- (iii) Pre-tax discount rate of 8.5% (2019: 8.5%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Recoverable amount on value in use (Cont'd)

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

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amount.

(b) Change in estimate

During the financial year, the Group conducted a review of the useful live of software. In view of the operating efficiency, change in the business environment and the update and enhancement of the software, hence, the remaining useful life of the software are expected to extend from 2 to 3 years as at 1 July 2019 to 5 years as at 30 June 2020.

The effect of above change on depreciation expense, recognised in administrative expenses, in the current and future period is as follows:

|  | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024 and</b> |
|--|-------------|-------------|-------------|-------------|-----------------|
|  | <b>RM</b>   | <b>RM</b>   | <b>RM</b>   | <b>RM</b>   | <b>After</b>    |
|  |             |             |             |             | <b>RM</b>       |
| Increase/(Decrease) in<br>amortisation expense |             |             |             |             |                 |
| - Other expense                                | 174,352     | 174,352     | 174,352     | 174,352     | (697,408)       |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

6. **Right-of-uses Assets**

|                                 | <b>Leasehold<br/>Building<br/>RM</b> | <b>Motor<br/>Vehicle<br/>RM</b> | <b>Office<br/>RM</b> | <b>Total<br/>RM</b> |
|---------------------------------|--------------------------------------|---------------------------------|----------------------|---------------------|
| <b>Group</b>                    |                                      |                                 |                      |                     |
| <b>2020</b>                     |                                      |                                 |                      |                     |
| <b>At Cost</b>                  |                                      |                                 |                      |                     |
| At 1 July 2019                  | -                                    | -                               | -                    | -                   |
| Effect of adoption of MFRS 16   | 1,750,000                            | 1,110,456                       | 642,620              | 3,503,076           |
| At 1 July 2019, restated        | 1,750,000                            | 1,110,456                       | 642,620              | 3,503,076           |
| Additions                       | -                                    | 484,487                         | 492,705              | 977,192             |
| At 30 June 2020                 | 1,750,000                            | 1,594,943                       | 1,135,325            | 4,480,268           |
| <b>Accumulated Amortisation</b> |                                      |                                 |                      |                     |
| At 1 July 2019                  | -                                    | -                               | -                    | -                   |
| Effect of adoption of MFRS 16   | 83,261                               | 154,812                         | 368,653              | 606,726             |
| Charge for the financial year   | 18,166                               | 191,266                         | 305,729              | 515,161             |
| At 30 June 2020                 | 101,427                              | 346,078                         | 674,382              | 1,121,887           |
| <b>Carrying Amount</b>          |                                      |                                 |                      |                     |
| At 30 June 2020                 | 1,648,573                            | 1,248,865                       | 460,943              | 3,358,381           |

Included in the above, motor vehicle with carrying amount of RM484,487 of the Group are pledged as securities for the related lease liabilities as disclosed in Notes 19 and 20.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. Investment in Subsidiary Companies

|                                 | Company    |            |
|---------------------------------|------------|------------|
|                                 | 2020<br>RM | 2019<br>RM |
| <b>Unquoted shares, at cost</b> |            |            |
| In Malaysia                     | 16,693,600 | 16,693,600 |
| Outside Malaysia                | 30,800     | 30,800     |
|                                 | 16,724,400 | 16,724,400 |

Details of the subsidiary companies are as follows:

| Name of company                       | Place of<br>business/<br>Country of<br>incorporation | Effective interest<br>(%) |      | Principal activities   |
|---------------------------------------|--|---------------------------|------|--|
|                                       |  | 2020                      | 2019 |  |
| <b><i>Direct holding</i></b>          |  |                           |      |  |
| Revenue Harvest<br>Sdn. Bhd. ("RHSB") | Malaysia   | 100                       | 100  | Distribution and maintenance of EDC terminals, provision of merchant acquisition services, provision of electronic transaction processing services, investment holding company and provision of money lending services |
| Revenue Harvest<br>Pte. Ltd. *        | Singapore  | 100                       | 100  | Investment holding   |
| <b><i>Indirect holding</i></b>        |  |                           |      |  |
| <i>Subsidiary companies of RHSB</i>   |  |                           |      |  |
| Revenue Commerce<br>Sdn. Bhd.         | Malaysia   | 100                       | 100  | Distribution and maintenance of EDC terminals, provision of merchant acquisition services, as well as the provision of electronic transaction processing services  |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

| Name of company                         | Place of<br>business/<br>Country of<br>incorporation | Effective interest<br>(%) |      | Principal activities  |
|---|--|---------------------------|------|---|
|   |  | 2020                      | 2019 |   |
| <b><i>Indirect holding</i></b>          |  |                           |      |   |
| <i>Subsidiary companies<br/>of RHSB</i> |  |                           |      |   |
| Revenue Solution<br>Sdn. Bhd.           | Malaysia   | 100                       | 100  | Distribution and<br>maintenance of EDC<br>terminals, provision of<br>merchant acquisition<br>services, as well as the<br>provision of electronic<br>transaction processing<br>services                            |
| Revenue Techpark<br>Sdn. Bhd.           | Malaysia   | 100                       | 100  | Engaged in research and<br>development, sale and<br>licensing of software,<br>as well as the development,<br>maintenance and provision<br>of support services for the<br>payment infrastructure and<br>technology |
| Revenue Safe Nets<br>Sdn. Bhd.          | Malaysia   | 100                       | 100  | Sale and provision of<br>maintenance services for<br>information technology<br>hardware and software,<br>sale and maintenance of<br>EDC terminals   |
| Revenue Privilege<br>Card Sdn. Bhd.     | Malaysia   | 100                       | 100  | Business in selling of<br>incentive reward points<br>for gift redemption and<br>e-commerce platform   |
| Next Revenue<br>Sdn. Bhd.               | Malaysia   | 100                       | 100  | Dormant   |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

| Name of company  | Place of<br>business/<br>Country of<br>incorporation | Effective interest<br>(%) |      | Principal activities   |
|--|--|---------------------------|------|--|
|  |  | 2020                      | 2019 |  |
| <b><i>Indirect holding</i></b>   |  |                           |      |  |
| <i>Subsidiary companies<br/>of RHSB</i>  |  |                           |      |  |
| Anypay Sdn. Bhd.   | Malaysia   | 70                        | 70   | Engaged in e-commerce,<br>software and mobile<br>application development<br>on digital payment   |
| Buymall Services<br>Sdn. Bhd.  | Malaysia   | 51                        | 51   | Engaged in provision of<br>procurement services of<br>consumer goods from<br>e-commerce websites   |
| Revenue Secure<br>Sdn. Bhd. ("RseSB")  | Malaysia   | 51                        | -    | Engage in research,<br>development, deployment<br>of secured card issuing<br>technology, provision of<br>consultancy services on<br>card programming and<br>computer technology<br>with encryption and high<br>end security features for<br>all kinds of application |
| <b><i>Indirect holding</i></b>   |  |                           |      |  |
| <i>Subsidiary company<br/>of RseSB</i>   |  |                           |      |  |
| Dax Venture<br>Sdn. Bhd.   | Malaysia   | 51                        | -    | Engage in the business<br>of digital platform and<br>e-services  |
| <i>Indirect holding subsidiary<br/>subsidiary companies of<br/>Dax Venture Sdn. Bhd.</i> |  |                           |      |  |
| Rentdax Sdn. Bhd.  | Malaysia   | 51                        | -    | Dormant  |
| Loandax Sdn. Bhd.  | Malaysia   | 51                        | -    | Dormant  |

\* Subsidiary company not audited by UHY

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**7. Investment in Subsidiary Companies (Cont'd)****(a) Acquisition of subsidiary companies**In the previous financial year**(1) Next Revenue Sdn. Bhd. (“NRSB”)**

On 28 August 2018, RHSB, a wholly-owned subsidiary company of the Company, incorporated a wholly-owned subsidiary company, NRSB with cash subscription of RM5,000,000 comprising of 5,000,000 ordinary shares.

**(2) Revenue Harvest Pte. Ltd. (“RHPL”)**

On 26 October 2018, the Company incorporated a wholly-owned subsidiary company, RHPL, under the Singapore Companies Act with paid up share capital of SGD 10,000 comprising of 10,000 ordinary shares.

**(3) Anypay Sdn. Bhd. (“ASB”)**

On 26 March 2019, RHSB, a wholly-owned subsidiary company of the Company entered into a conditional share sale agreement (“SSA”) with Tan Lip Han and Low Chung Ming (“the Vendors”) for an acquisition of 70% of issued share capital in ASB, for a purchase consideration of RM4,900,000 to be satisfied via the issuance of 3,916,866 new ordinary shares in the Company (“Anypay Consideration Shares”) at an issue price of RM1.251 per share.

The purchase consideration is to be satisfied in the following manners:

**(i) Tranche 1**

A sum of RM2,450,000 of the purchase consideration, being the first tranche purchase consideration, is payable to the Vendors no later than the completion date of ASB’s SSA by way of issuance of 1,958,434 Anypay Consideration Shares.

**(ii) Tranche 2**

A sum of RM1,225,000 of the purchase consideration, being the second tranche purchase consideration, is payable to the Vendors by way of issuance of 979,216 Anypay Consideration Shares, within 14 days after 31 August 2019.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

(3) Anypay Sdn. Bhd. ("ASB") (Cont'd)

The purchase consideration is to be satisfied in the following manners:  
(Cont'd)

(iii) Tranche 3

A sum of RM1,225,000 of the purchase consideration, being the third tranche purchase consideration, is payable to the Vendors within fourteen (14) days after the issue date of the Audited Profit After Tax ("PAT") by way of issuance of 979,216 Anypay Consideration Shares, subject to an adjustment in case that PAT guarantee of ASB for the financial year ending 31 August 2020 of RM1,250,000, could not be met.

The acquisition had been completed during the financial year. Consequently, ASB became 70% owned indirect subsidiary company of the Company.

(4) Buymall Services Sdn. Bhd. ("BSSB")

On 26 March 2019, RHSB, a wholly-owned subsidiary company of the Company, entered into a conditional SSA with Fabian Kong Yu Kiong, Gan Swan Kiat and Chung Wai Fong ("the Vendors") for an acquisition of 51% of issued share capital in BSSB, for a purchase consideration of RM3,315,000 to be satisfied via the issuance of 2,649,880 new ordinary shares in the Company ("Buymall Consideration Shares") at an issue price of RM1.251 per share.

The purchase consideration is to be satisfied in the following manners:

(i) Tranche 1

A sum of RM1,657,500 of the purchase consideration, being the first tranche purchase consideration, is payable to the Vendors no later than the completion date of BSSB's SSA by way of issuance of 1,324,940 Buymall Consideration Shares.

(ii) Tranche 2

A sum of RM828,750 of the purchase consideration, being the second tranche purchase consideration, is payable to the Vendors by way of issuance of 662,470 Buymall Consideration Shares, within 14 days after 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020**7. Investment in Subsidiary Companies (Cont'd)****(a) Acquisition of subsidiary companies (Cont'd)**In the previous financial year (Cont'd)**(4) Buymall Services Sdn. Bhd. (“BSSB”) (Cont'd)**

The purchase consideration is to be satisfied in the following manners:  
(Cont'd)

**(iii) Tranche 3**

A sum of RM828,750 of the purchase consideration, being the third tranche purchase consideration, is payable to the Vendors within fourteen (14) days after the issue date of the PAT by way of issuance of 662,470 Buymall Consideration Shares, subject to an adjustment in case that PAT guarantee of BSSB for the financial year ending 30 September 2020 of RM800,000, could not be met.

The acquisition had been completed during the financial year. Consequently, BSSB became 51% owned indirect subsidiary company of the Company.

During the financial year**(5) Revenue Secure Sdn. Bhd.**

On 16 August 2019, RHSB, a wholly-owned subsidiary company of the Company incorporated a 51% owned subsidiary company, RseSB with cash subscription of RM 255,000 comprising of 255,000 ordinary shares.

**(6) Dax Venture Sdn. Bhd.**

On 1 April 2020, RseSB, a 51% owned subsidiary company of the Company entered into a conditional share sale agreement (“SSA”) with Unity One Venture Sdn. Bhd., Chang Chew Soon and Hor Shoon Chan to acquire 5,000,000 ordinary shares in (“Dax Venture”) for a total consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

|   | <b>2020</b> | <b>2019</b>      |
|---|-------------|------------------|
|   | <b>RM</b>   | <b>RM</b>        |
| <u>Fair value of consideration transferred</u>                |             |                  |
| Purchase consideration settled in cash                        | 1           | -                |
| Equity instruments issued                                     | -           | 4,107,500        |
| Contingent consideration<br>recognised as at acquisition date | -           | 4,060,545        |
| Total consideration transferred                               | <u>1</u>    | <u>8,168,045</u> |

Fair value of identifiable assets acquired and liabilities assumed

|   | <b>2020</b>     | <b>2019</b>      |
|---|-----------------|------------------|
|   | <b>RM</b>       | <b>RM</b>        |
| Property, plant and equipment             | 252,948         | 364,271          |
| Investment in subsidiary companies        | -               | -                |
| Inventories                               | -               | 762,000          |
| Trade receivables                         | -               | 175,141          |
| Other receivables                         | 1,600           | 58,669           |
| Tax recoverable                           | -               | 713              |
| Cash and bank balances                    | 10,542          | 934,301          |
| Trade payables                            | -               | (243,489)        |
| Other payables                            | (326,254)       | (580,068)        |
| Tax payable                               | -               | (82,299)         |
| Deferred tax                              | -               | (10,000)         |
| Total identifiable assets and liabilities | <u>(61,164)</u> | <u>1,379,239</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

Net cash inflows arising from acquisition of subsidiary companies

|  | <b>2020</b>     | <b>2019</b>      |
|--|-----------------|------------------|
|  | <b>RM</b>       | <b>RM</b>        |
| Purchase consideration settled in cash   | 1               | -                |
| Less: Cash and cash equivalents acquired | <u>(10,542)</u> | <u>(934,301)</u> |
|  | <u>(10,541)</u> | <u>(934,301)</u> |

Goodwill arising from business combination

|   | <b>2020</b>   | <b>2019</b>        |
|---|---------------|--------------------|
|   | <b>RM</b>     | <b>RM</b>          |
| Fair value of consideration transferred   | 1             | 8,168,045          |
| Fair value of identifiable assets acquired<br>and liabilities assumed   | <u>61,164</u> | <u>(1,379,239)</u> |
|   | 61,165        | 6,788,806          |
| Non-controlling interests,<br>based on their proportionate interest<br>in the recognised amounts of the assets<br>and liabilities of the acquiree | <u>20,000</u> | <u>478,013</u>     |
| Goodwill arising from business combination  | <u>81,165</u> | <u>7,266,819</u>   |

Acquisition-related costs

The Group incurred acquisition-related costs of RM361,478 related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in the profit or loss.

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary companies have contributed RMNil and RM207,125 (2019:RM486,870 and RM40,241) to the Group's revenue and profit for the financial year and other comprehensive income respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year would have been RM75,362,712 and RM7,655,553 (2019:RM2,455,007 and RM267,142) respectively.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. Investment in Subsidiary Companies (Cont'd)

(b) Material partly owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

| Name of company                 | Proportion of ownership, interest and voting rights held by non-controlling interests |      | Profit allocated to non-controlling interests |         | Accumulated Non-controlling interests |         |
|---------------------------------|---|------|---|---------|---------------------------------------|---------|
|                                 | 2020  | 2019 | 2020  | 2019    | 2020                                  | 2019    |
|                                 | %   | %    | RM  | RM      | RM                                    | RM      |
| Anypay Sdn. Bhd.                | 30  | 30   | 418,989                                       | 338     | 731,665                               | 312,676 |
| Buymall Services Sdn. Bhd.      | 49  | 49   | 141,466                                       | 37,904  | 345,045                               | 203,579 |
| Revenue Safe Nets Sdn. Bhd.     | -   | -    | -   | 484,880 | -                                     | -       |
| Revenue Secure Sdn. Bhd.        | 51  | -    | 211,435                                       | -       | 456,435                               | -       |
| Dax Vecture Sdn. Bhd.           | 51  | -    | (109,302)                                     | -       | (109,302)                             | -       |
| Total non-controlling interests |   |      |   |         | 1,423,843                             | 516,255 |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. Investment in Subsidiary Companies (Cont'd)

(b) Material partly owned subsidiary companies (Cont'd)

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amount before inter-company elimination) are as follows:

(i) Summarised Statements of Financial Position

|                         | Anypay Sdn. Bhd. |           | Buymall Services Sdn. Bhd. |           | Revenue Secure Sdn. Bhd. |      | Dax Venture Sdn. Bhd. |      |
|-------------------------|------------------|-----------|----------------------------|-----------|--------------------------|------|-----------------------|------|
|                         | 2020             | 2019      | 2020                       | 2019      | 2020                     | 2019 | 2020                  | 2019 |
|                         | RM               | RM        | RM                         | RM        | RM                       | RM   | RM                    | RM   |
| Non-current assets      | 166,233          | 27,703    | 1,061,353                  | 353,689   | 1,559,052                | -    | 48,578                | -    |
| Current assets          | 5,123,238        | 1,674,436 | 1,324,731                  | 941,160   | 809,729                  | -    | 4,928                 | -    |
| Non-current liabilities | (132,383)        | -         | (223,114)                  | (18,611)  | (2,025)                  | -    | -                     | -    |
| Current liabilities     | (2,718,621)      | (659,885) | (1,462,309)                | (860,770) | 1,435,257                | -    | 318,639               | -    |
| Net assets              | 2,438,467        | 1,042,254 | 700,661                    | 415,468   | 3,802,013                | -    | 372,145               | -    |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

(b) Material partly owned subsidiary companies (Cont'd)

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amount before inter-company elimination) are as follows: (Cont'd)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

|  | Anypay Sdn. Bhd. |         | Buymall Services Sdn. Bhd. |           | Revenue Secure Sdn. Bhd. |      | Dax Venture Sdn. Bhd. |      |
|--|------------------|---------|----------------------------|-----------|--------------------------|------|-----------------------|------|
|  | 2020             | 2019    | 2020                       | 2019      | 2020                     | 2019 | 2020                  | 2019 |
|  | RM               | RM      | RM                         | RM        | RM                       | RM   | RM                    | RM   |
| Revenue                                    | 2,379,991        | 761,728 | 5,884,035                  | 3,768,230 | 693,000                  | -    | -                     | -    |
| Total comprehensive for the financial year | 1,396,630        | 271,500 | 288,706                    | 151,160   | 431,499                  | -    | (945,312)             | -    |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. Investment in Subsidiary Companies (Cont'd)

(b) Material partly owned subsidiary companies (Cont'd)

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amount before inter-company elimination) are as follows: (Cont'd)

(iii) Summarised Statements of Cash Flows

|   | Anypay Sdn. Bhd. |         | Buymall Services Sdn. Bhd. |           | Revenue Secure Sdn. Bhd. |      | Dax Venture Sdn. Bhd. |      |
|---|------------------|---------|----------------------------|-----------|--------------------------|------|-----------------------|------|
|   | 2020             | 2019    | 2020                       | 2019      | 2020                     | 2019 | 2020                  | 2019 |
|   | RM               | RM      | RM                         | RM        | RM                       | RM   | RM                    | RM   |
| Net cash from operating activities            | 2,401,695        | 85,208  | 1,019,449                  | 307,218   | 90,432                   | -    | (609,295)             | -    |
| Net cash used in investing activities         | (10,721)         | (7,311) | (391,686)                  | (165,605) | (1,559,293)              | -    | (181,724)             | -    |
| Net cash (used in)/ from financing activities | (31,591)         | 75,000  | (186,994)                  | -         | 1,595,114                | -    | 400,000               | -    |
| Net increase in cash and cash equivalents     | 2,359,383        | 152,897 | 440,769                    | 141,613   | 126,253                  | -    | (391,019)             | -    |



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

7. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of non-controlling interests

In the previous year, on 15 April 2019, RHSB, a wholly-owned subsidiary company of the Company, acquired additional 25% equity interest in Revenue Safe Nets Sdn. Bhd. ("RSNSB") for EM7,000,000 by way of issuance of 5,867,560 new ordinary shares in the Company at an issue price of RM1,193 per share, increasing its ownership from 75% to 100%.

There was no acquisition during the financial year.

8. **Investment in Associates**

|                                   | <b>Group</b>     |                  |
|-----------------------------------|------------------|------------------|
|                                   | <b>2020</b>      | <b>2019</b>      |
|                                   | <b>RM</b>        | <b>RM</b>        |
| <b>Outside Malaysia</b>           |                  |                  |
| Unquoted shares, at cost          | 1,576,650        | 1,167,475        |
| Share of post acquisition reserve | (773)            | (26)             |
|                                   | <u>1,575,877</u> | <u>1,167,449</u> |

Details of the associates is as follows:

| Name of company                                     | Place of<br>business/<br>Country of<br>incorporation | Effective interest<br>(%) |      | Principal activities   |
|---|--|---------------------------|------|--|
|   |  | 2020                      | 2019 |  |
| <b>Direct holding</b>                               |  |                           |      |  |
| <i>Associate of Revenue Harvest Pte. Ltd.</i>       |  |                           |      |  |
| PT Sarana<br>Pembayaran<br>Syariah *# ("PT Sarana") | Indonesia  | 20                        | 20   | Provision of computer<br>facility management and<br>service provider of<br>payment solutions and<br>system |
| Revenue Link<br>Company Limited *#                  | Myanmar  | 30                        | -    | Dormant  |

\* *not audited by UHY*

# *the financial information disclosed is based on management accounts*

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

8. **Investment in Associates (Cont'd)**

(a) Acquisition of associates

On 13 September 2019, Revenue Harvest Pte. Ltd. (“RHPL”), a wholly-owned subsidiary company of the Company, had jointly incorporated an entity in Myanmar, Revenue Link Company Limited with paid-up share capital of MMK 150,000,000 (approximately RM409,201).

In the previous financial year, RHPL had entered into an agreement to acquire 4,000 ordinary shares, representing 20% equity interest in PT Sarana for a total consideration of RM1,167,475 only on 16 November 2018. The acquisition was completed on 28 December 2018 and consequently, PT Sarana became an indirect associate of the Company.

(b) Summarised financial information of the Group’s material associates are set out below:

Summarised statement of financial position

|                   | <b>Revenue Link</b> | <b>PT Sarana</b> |                  |
|-------------------|---------------------|------------------|------------------|
|                   | <b>2020</b>         | <b>2020</b>      | <b>2019</b>      |
|                   | <b>RM</b>           | <b>RM</b>        | <b>RM</b>        |
| Non-current asset | -                   | 332,830          | 9,250            |
| Current assets    | 1,571,000           | 5,663,092        | 5,850,619        |
| Net assets        | <u>1,571,000</u>    | <u>5,995,922</u> | <u>5,859,869</u> |

Summarised statement of profit or loss and other comprehensive income

|                             | <b>Revenue Link</b> | <b>PT Sarana</b> |              |
|-----------------------------|---------------------|------------------|--------------|
|                             | <b>2020</b>         | <b>2020</b>      | <b>2019</b>  |
|                             | <b>RM</b>           | <b>RM</b>        | <b>RM</b>    |
| Loss for the financial year | <u>-</u>            | <u>(3,864)</u>   | <u>(129)</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

9. **Goodwill on Consolidation**

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2020</b>      | <b>2019</b>      |
|   | <b>RM</b>        | <b>RM</b>        |
| At 1 July   | 9,950,796        | 2,683,977        |
| Addition through business combination [Note 7(a)] | 61,165           | 7,266,819        |
| Impairment during the financial year              | (116,165)        | -                |
| At 30 June  | <u>9,895,796</u> | <u>9,950,796</u> |

Movements for accumulated impairment losses are as follows:

|                                      | <b>Group</b>   |             |
|--------------------------------------|----------------|-------------|
|                                      | <b>2020</b>    | <b>2019</b> |
|                                      | <b>RM</b>      | <b>RM</b>   |
| At 1 July                            | -              | -           |
| Impairment during the financial year | 116,165        | -           |
| At 30 June                           | <u>116,165</u> | <u>-</u>    |

Goodwill acquired through business combination has been allocated to the following CGUs as follows:

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>EDC Terminal</b>            |                  |                  |
| Revenue Solution Sdn Bhd       | 2,048,996        | 2,048,996        |
| <b>Solutions and services</b>  |                  |                  |
| Anypay Sdn Bhd                 | 4,146,467        | 4,146,467        |
| Buymall Sdn Bhd                | 3,120,352        | 3,120,352        |
| Revenue Privilege Card Sdn Bhd | 634,981          | 634,981          |
| Net Carrying Amount            | <u>9,950,796</u> | <u>9,950,796</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

9. **Goodwill on Consolidation (Cont'd)**

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to the Group's cash-generating unit ("CGU") which is the Group's principal activities as below:

EDC Terminal

Distribution and maintenance of Electronic Data Capture ("EDC") terminals, provision of merchant acquisition services, provision of electronic transaction processing services, provision of procurement services of consumer goods from e-commerce website and provision of e-commerce, software and mobile application development on digital payment.

Solutions and Services

Provision of solutions and services in relation to;

- (i) payment gateway, payment network security, payment infrastructure
- (ii) digital payment solutions and services; and
- (iii) procurement services of consumer goods from e-commerce websites, provision of cross border logistics and last mile delivery in Malaysia.

(b) Key assumptions used to determine recoverable amount

For the purpose of impairment testing, the recoverable amount of goodwill at the reporting date was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the CGU and was based on the following assumptions:

Pre-tax cash flow projection based on the most recent financial budgets covering a five years period (2019: five years period).

|                        | EDC Terminal |      | Solutions and Services |        |
|------------------------|--------------|------|------------------------|--------|
|                        | 2020         | 2019 | 2020                   | 2019   |
| Growth rate            | 5%           | 5%   | 5%                     | 5%     |
| Budgeted gross margins | 35%          | 35%  | 33-52%                 | 33-52% |
| Pre-tax discount rate  | 8.5%         | 8.5% | 8.5%                   | 8.5%   |

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

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

9. **Goodwill on Consolidation (Cont'd)**

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

10. **Inventories**

|                 | <b>Group</b>     |                  |
|-----------------|------------------|------------------|
|                 | <b>2020</b>      | <b>2019</b>      |
|                 | <b>RM</b>        | <b>RM</b>        |
| <b>At cost</b>  |                  |                  |
| EDC terminals   | 7,735,492        | 3,675,813        |
| Prepaid airtime | 2,197,515        | 742,299          |
|                 | <u>9,933,007</u> | <u>4,418,112</u> |

11. **Trade Receivables**

|                                     | <b>Group</b>      |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>2020</b>       | <b>2019</b>       |
|                                     | <b>RM</b>         | <b>RM</b>         |
| Trade receivables                   | 25,444,242        | 18,635,175        |
| Less: Accumulated impairment losses | (782,764)         | (573,508)         |
|                                     | <u>24,661,478</u> | <u>18,061,667</u> |

Trade receivables are non-interest bearing and are generally on 30 days (2019: 30 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

### 11. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

|                              | <b>Lifetime<br/>allowance<br/>RM</b> | <b>Credit<br/>impaired<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> |
|------------------------------|--------------------------------------|-----------------------------------|----------------------------------|
| <b>Group</b>                 |                                      |                                   |                                  |
| At 1 July 2019               | 60,885                               | 512,623                           | 573,508                          |
| Impairment losses recognised | 491,376                              | 215,371                           | 706,747                          |
| Impairment losses reversed   | -                                    | (497,491)                         | (497,491)                        |
| At 30 June 2020              | <u>552,261</u>                       | <u>230,503</u>                    | <u>782,764</u>                   |
| At 1 July 2018               | -                                    | 296,019                           | 296,019                          |
| Effect of adopting MFRS 9    | 144,802                              | -                                 | 144,802                          |
| Impairment losses recognised | 5,326                                | 512,763                           | 518,089                          |
| Impairment losses reversed   | (89,243)                             | (296,159)                         | (385,402)                        |
| At 30 June 2019              | <u>60,885</u>                        | <u>512,623</u>                    | <u>573,508</u>                   |

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The ageing analysis of trade receivables at the end of the reporting period are as follows:

|                        | <b>Gross<br/>amount<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> | <b>Net<br/>amount<br/>RM</b> |
|------------------------|--------------------------------|----------------------------------|------------------------------|
| <b>Group</b>           |                                |                                  |                              |
| <b>2020</b>            |                                |                                  |                              |
| Not past due           | 17,134,509                     | (246,270)                        | 16,888,239                   |
| Past due               |                                |                                  |                              |
| Less than 30 days      | 936,042                        | (9,378)                          | 926,664                      |
| 31 to 60 days          | 598,123                        | (11,364)                         | 586,759                      |
| 61 to 90 days          | 124,873                        | (2,374)                          | 122,499                      |
| More than 90 days      | 6,420,192                      | (282,875)                        | 6,137,317                    |
|                        | 8,079,230                      | (305,991)                        | 7,773,239                    |
| <b>Credit impaired</b> |                                |                                  |                              |
| Individually impaired  | 230,503                        | (230,503)                        | -                            |
|                        | <u>25,444,242</u>              | <u>(782,764)</u>                 | <u>24,661,478</u>            |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

11. Trade Receivables (Cont'd)

The ageing analysis of trade receivables at the end of the reporting period are as follows:

|                           | <b>Gross<br/>amount<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> | <b>Net<br/>amount<br/>RM</b> |
|---------------------------|--------------------------------|----------------------------------|------------------------------|
| <b>Group</b>              |                                |                                  |                              |
| <b>2019</b>               |                                |                                  |                              |
| Not past due nor impaired | 13,834,625                     | (28,256)                         | 13,806,369                   |
| Past due but not impaired |                                |                                  |                              |
| Less than 30 days         | 1,814,100                      | (8,026)                          | 1,806,074                    |
| 31 to 60 days             | 754,075                        | (6,338)                          | 747,737                      |
| 61 to 90 days             | 215,338                        | (808)                            | 214,530                      |
| More than 90 days         | 1,504,414                      | (17,457)                         | 1,486,957                    |
|                           | 4,287,927                      | (32,629)                         | 4,255,298                    |
| <b>Credit impaired</b>    |                                |                                  |                              |
| Individually impaired     | 512,623                        | (512,623)                        | -                            |
|                           | <u>18,635,175</u>              | <u>(573,508)</u>                 | <u>18,061,667</u>            |

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

As at 30 June 2020, trade receivables of the Group of RM7,773,239 (2019: RM4,255,298) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that is individually assessed to be impaired amounting to RM230,503 (2019: RM512,623), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The Group's credit exposure is concentrated mainly on 3 debtors (2019: 3 debtors), which accounted for 69% (2019: 69%) of total trade receivables as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

12. **Other Receivables**

|                   | <b>Group</b>     |                  | <b>Company</b> |                |
|-------------------|------------------|------------------|----------------|----------------|
|                   | <b>2020</b>      | <b>2019</b>      | <b>2020</b>    | <b>2019</b>    |
|                   | <b>RM</b>        | <b>RM</b>        | <b>RM</b>      | <b>RM</b>      |
| Other receivables | 255,253          | 235,256          | -              | -              |
| Deposits          | 645,806          | 385,015          | 1,000          | 1,000          |
| Prepayments       | 1,905,854        | 1,006,109        | 44,107         | 158,693        |
| GST receivables   | 311,041          | 342,255          | -              | -              |
|                   | <u>3,117,954</u> | <u>1,968,635</u> | <u>45,107</u>  | <u>159,693</u> |

13. **Amount Due from/(to) Subsidiary Companies**

These represent unsecured, non-interest bearing advances and are repayable on demand.

14. **Other Investment**

|   | <b>Group</b> |                |
|---|--------------|----------------|
|   | <b>2020</b>  | <b>2019</b>    |
|   | <b>RM</b>    | <b>RM</b>      |
| <b>Financial asset at fair value through profit or loss</b> |              |                |
| Unit trust  | -            | 505,213        |
|   | <u>-</u>     | <u>505,213</u> |

The fair value of the unit trust was determined by reference to the quoted price in the share market.

15. **Fixed Deposits with Licensed Banks**

Fixed deposits of the Group with licensed banks amounting to RM490,000 (2019: RM480,000) are pledged as security for acting as the bank's Master Merchant.

The fixed deposits of the Group are subject to interest at rates ranging from 3.15% to 3.20% (2019: 3.15% to 3.20%) per annum and have maturity period ranging from 30 days to 365 days (2019: 30 days to 365 days).



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

16. Share Capital

|  | Note                             | Group and Company  |                    |                   |                   |
|--|----------------------------------|--------------------|--------------------|-------------------|-------------------|
|  |                                  | Number of shares   |                    | Amount            |                   |
|  |                                  | 2020<br>Units      | 2019<br>Units      | 2020<br>RM        | 2019<br>RM        |
| <b>Issued and fully paid ordinary shares</b> |                                  |                    |                    |                   |                   |
| At 1 July                                    |                                  | 231,998,934        | 167,136,000        | 46,688,035        | 16,713,600        |
| Issuance of ordinary shares                  |                                  |                    |                    |                   |                   |
| - for initial public offering                | (a)(i)                           | -                  | 55,712,000         | -                 | 20,613,440        |
| - acquisition of subsidiary companies        | (a)(ii),<br>(a)(iii),<br>(b)(ii) | 1,641,686          | 9,150,934          | 2,053,750         | 11,107,500        |
| Pursuant to Private Placement                | (b)(i)                           | 423,400            | -                  | 512,314           | -                 |
| Exercise of warrants                         | (b)(iii)                         | 11,600             | -                  | 14,500            | -                 |
| Issuance of bonus share                      | b(iv)                            | 155,766,542        | -                  | -                 | -                 |
| Share issuance expenses                      |                                  | -                  | -                  | -                 | (1,746,505)       |
| At 30 June                                   |                                  | <u>389,842,162</u> | <u>231,998,934</u> | <u>49,268,599</u> | <u>46,688,035</u> |

- (a) In the previous financial year, the Company increased its issued and paid up share capital from RM16,713,600 to RM46,688,035 by way of issuance of 64,862,934 new ordinary shares as follows:
- (i) 55,712,000 new ordinary shares at an issue price of RM0.37 each for a total cash consideration of RM20,613,440 pursuant to the initial public offering of the Company on the ACE Market of Bursa Malaysia Securities Berhad.
  - (ii) 5,867,560 new ordinary shares at an issue price of RM1.193 each for a total consideration of RM7,000,000 for the acquisition of remaining non-controlling interests of an indirect subsidiary company as disclosed in Note 7(c).
  - (iii) 3,283,374 new ordinary shares at an issue price of RM1.251 each for a total consideration of RM4,107,500 for the acquisition of indirect subsidiary companies as disclosed in Note 7(a).

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

- (b) During the financial year, the Company increased its issued and paid up share capital from RM46,688,035 to RM49,268,599 by way of issuance of 157,843,228 new ordinary shares as follows:
- (i) The issuance of 423,400 new ordinary shares for a total cash consideration of RM512,314 through Special Issue at an issue price of RM1.21 per ordinary share;
  - (ii) 1,641,686 new ordinary shares at an issue price of RM1.251 each for a total consideration of RM2,053,750 for the acquisition of indirect subsidiary companies as disclosed in Note 7(a);
  - (iii) 11,600 new ordinary shares pursuant to the conversion of Warrants 2019/2024 at the exercise price of RM1.25; and
  - (iv) 155,766,542 new ordinary shares were issued pursuant to bonus issue on the basis of two new ordinary shares for every three existing shares.

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

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

17. **Reserves**

|                                       | Note | Group               |                     | Company      |              |
|---------------------------------------|------|---------------------|---------------------|--------------|--------------|
|                                       |      | 2020<br>RM          | 2019<br>RM          | 2020<br>RM   | 2019<br>RM   |
| Merger reserve                        | (a)  | (15,693,600)        | (15,693,600)        | -            | -            |
| Warrant reserve                       | (b)  | 61,276,820          | 61,283,200          | 61,268,700   | 61,283,200   |
| Other reserves                        | (c)  | (67,562,343)        | (67,568,723)        | (61,268,700) | (61,283,200) |
| Foreign currency translation reserves | (d)  | (27,234)            | (17,506)            | -            | -            |
|                                       |      | <u>(22,006,357)</u> | <u>(21,996,629)</u> | <u>-</u>     | <u>-</u>     |

- (a) Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiary company acquired under the merger method of accounting.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

17. Reserves (Cont'd)

(b) Warrant reserve

This represents the fair value of the warrants issued and is non-distributable.

On 22 January 2019, the Company had issued 111,424,000 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll executed on 27 December 2018 and each warrant entitles the registered holder the right at any time during the exercise period from 15 January 2019 to 14 January 2024 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM1.25 each.

On 24 December 2019, the exercise price of the warrants was adjusted from RM1.25 to RM0.75 and 74,274,056 additional warrants were issued to the existing holders of Warrants 2019/2024 based on the ratio of two additional warrants for every three warrants held by the existing holders of Warrants.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 30 June 2020, the total number of warrants that remain unexercised were 185,686,456 units (2019: 111,412,800 units).

(c) Other reserves

Other reserves comprise of the followings:

(i) the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid; and

(ii) fair value of warrants issued.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

18. **Bank Borrowings**

|                     | <b>Group</b> |             |
|---------------------|--------------|-------------|
|                     | <b>2020</b>  | <b>2019</b> |
|                     | <b>RM</b>    | <b>RM</b>   |
| <b>Secured</b>      |              |             |
| Term loans          | 5,346,602    | 5,359,975   |
| Bank overdraft      | 1,274,766    | -           |
|                     | 6,621,368    | 5,359,975   |
| <b>Analysed as:</b> |              |             |
| <b>Non-Current</b>  |              |             |
| Term loans          | 5,169,116    | 5,197,513   |
| <b>Current</b>      |              |             |
| Term loans          | 177,486      | 162,462     |
| Bank overdraft      | 1,274,766    | -           |
|                     | 1,452,252    | 162,462     |
|                     | 6,621,368    | 5,359,975   |

The term loans and bank overdraft are secured by the followings:

- (a) legal charge over freehold land and building and leasehold building as disclosed in Notes 5 and 6; and
- (b) joint and several guarantee by certain Directors of the Company.

The interest rates per annum at the reporting date are as follows:

|                | <b>Group</b> |             |
|----------------|--------------|-------------|
|                | <b>2020</b>  | <b>2019</b> |
|                | <b>%</b>     | <b>%</b>    |
| Term loans     | 5.10         | 4.42        |
| Bank overdraft | 10.75        | -           |
|                | 10.75        | -           |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

18. **Bank Borrowings (Cont'd)**

Maturity of bank borrowings is as follows:

|                              | <b>Group</b>     |                  |
|------------------------------|------------------|------------------|
|                              | <b>2020</b>      | <b>2019</b>      |
|                              | <b>RM</b>        | <b>RM</b>        |
| Within one year              | 1,452,252        | 162,462          |
| Between one and two years    | 180,642          | 170,095          |
| Between two and three years  | 190,073          | 178,086          |
| Between three and four years | 199,996          | 186,453          |
| Between four and five years  | 210,438          | 195,213          |
| After five years             | 4,387,967        | 4,467,666        |
|                              | <u>6,621,368</u> | <u>5,359,975</u> |

19. **Finance Lease Liabilities**

|  | <b>Group</b>   |
|--|----------------|
|  | <b>2019</b>    |
|  | <b>RM</b>      |
| <b>Minimum lease payments</b>                      |                |
| Within one year                                    | 188,436        |
| Later than one year and not later than two years   | 188,436        |
| Later than two years and not later than five years | 489,727        |
| Later than five years                              | 129,202        |
|  | <u>995,801</u> |
| Less: Future finance charges                       | (113,585)      |
| Present value of minimum lease payments            | <u>882,216</u> |
| <b>Present value of minimum lease payments</b>     |                |
| Within one year                                    | 152,745        |
| Later than one year and not later than two years   | 160,146        |
| Later than two years and not later than five years | 448,129        |
| Later than five years                              | 121,196        |
|  | <u>882,216</u> |
| <b>Analysed as:</b>                                |                |
| Repayable within twelve months                     | 152,745        |
| Repayable after twelve months                      | 729,471        |
|  | <u>882,216</u> |

In the previous financial year, the Group leased motor vehicles under finance lease (Note 4) There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

20. **Lease Liabilities**

|  | <b>2020<br/>RM</b>      |
|--|-------------------------|
| <b>Group</b>   |                         |
| At 1 July  | -                       |
| Effect of adoptions MFRS 16  | 1,165,125               |
| At 1 July 2019, restated   | <u>1,165,125</u>        |
| Additions  | 947,389                 |
| Payment  | (469,478)               |
| At 30 June   | <u><u>1,643,036</u></u> |
| <br><b>Presented as:</b>   |                         |
| Non-current  | 937,982                 |
| Current  | 705,054                 |
|  | <u><u>1,643,036</u></u> |
| <br><b>The maturity analysis of lease liabilities of the Group<br/>at the end of reporting period:</b> |                         |
| Within one year  | 653,616                 |
| Later than one year and not later than two years   | 569,520                 |
| Later than two year and not later than five years  | 433,301                 |
| Later than five years  | 155,642                 |
|  | <u>1,812,079</u>        |
| Less: Future finance charges   | (169,043)               |
| Present value of lease liabilities   | <u><u>1,643,036</u></u> |

The Group leases various offices and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

21. **Deferred Tax Liabilities**

|  | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2020</b>    | <b>2019</b>    |
|  | <b>RM</b>      | <b>RM</b>      |
| At 1 July                                | 659,158        | 367,190        |
| Acquisition through business combination | -              | 10,000         |
| Recognised in profit or loss (Note 30)   | 101,125        | 76,802         |
| (Over)/Under provision in prior years    | (83,162)       | 205,166        |
| At 30 June                               | <u>677,121</u> | <u>659,158</u> |

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

|                          | <b>Group</b>   |                |
|--------------------------|----------------|----------------|
|                          | <b>2020</b>    | <b>2019</b>    |
|                          | <b>RM</b>      | <b>RM</b>      |
| Deferred tax liabilities | 897,860        | 668,558        |
| Deferred tax assets      | (220,739)      | (9,400)        |
|                          | <u>677,121</u> | <u>659,158</u> |

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

|                                      | <b>Unabsorbed<br/>capital<br/>allowances</b> | <b>Others</b>  | <b>Total</b>   |
|--------------------------------------|--|----------------|----------------|
|                                      | <b>RM</b>                                    | <b>RM</b>      | <b>RM</b>      |
| <b>Group</b>                         |  |                |                |
| <b>Deferred tax liabilities</b>      |  |                |                |
| At 1 July 2019                       | 608,453                                      | 60,105         | 668,558        |
| Recognised in profit or loss         | 278,090                                      | (69,942)       | 208,148        |
| Under/(Over) provision in prior year | 21,154                                       | -              | 21,154         |
| At 30 June 2020                      | <u>907,697</u>                               | <u>(9,837)</u> | <u>897,860</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

|   | <b>Accelerated<br/>capital<br/>allowances<br/>RM</b> | <b>Others<br/>RM</b> | <b>Total<br/>RM</b> |
|---|--|----------------------|---------------------|
| <b>Group</b>                                |  |                      |                     |
| <b>Deferred tax liabilities</b>             |  |                      |                     |
| At 1 July 2018                              | 367,190  | -                    | 367,190             |
| Acquisition through business<br>combination | 10,000   | -                    | 10,000              |
| Recognised in profit or loss                | (1,793)  | 87,995               | 86,202              |
| Under/(Over) provision in prior year        | 233,056  | (27,890)             | 205,166             |
| At 30 June 2019                             | <u>608,453</u>                                       | <u>60,105</u>        | <u>668,558</u>      |
| <br>  |  |                      |                     |
|   | <b>Unabsorbed<br/>capital<br/>allowances<br/>RM</b>  | <b>Others<br/>RM</b> | <b>Total<br/>RM</b> |
| <b>Group</b>                                |  |                      |                     |
| <b>Deferred tax assets</b>                  |  |                      |                     |
| At 1 July 2019                              | -  | (9,400)              | (9,400)             |
| Recognised in profit or loss                | (213,467)  | 2,128                | (211,339)           |
| At 30 June 2020                             | <u>(213,467)</u>                                     | <u>(7,272)</u>       | <u>(220,739)</u>    |
| <br>  |  |                      |                     |
| At 1 July 2018                              | -  | -                    | -                   |
| Recognised in profit or loss                | -  | (9,400)              | (9,400)             |
| At 30 June 2019                             | <u>-</u>   | <u>(9,400)</u>       | <u>(9,400)</u>      |

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

|                               | <b>Group</b>       |                    |
|-------------------------------|--------------------|--------------------|
|                               | <b>2020<br/>RM</b> | <b>2019<br/>RM</b> |
| Unabsorbed capital allowances | 265,150            | 163,746            |
| Others                        | 472,800            | 669,866            |
|                               | <u>737,950</u>     | <u>833,612</u>     |

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or it has arisen in subsidiary companies that have a recent history of losses.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

With effect from year of assessment 2019, the unabsorbed tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

22. **Trade Payables**

The normal trade credit terms granted to the Group is 30 days (2019: 30 days) depending on the terms of the contracts.

23. **Other Payables**

|                          | <b>Group</b>     |                   | <b>Company</b> |               |
|--------------------------|------------------|-------------------|----------------|---------------|
|                          | <b>2020</b>      | <b>2019</b>       | <b>2020</b>    | <b>2019</b>   |
|                          | <b>RM</b>        | <b>RM</b>         | <b>RM</b>      | <b>RM</b>     |
| Other payables           | 2,331,757        | 2,751,065         | 81,217         | 52,573        |
| Accruals                 | 1,793,225        | 1,364,326         | 49,000         | 41,000        |
| Deposits                 | 2,421,499        | 2,352,721         | -              | -             |
| GST payables             | 148,737          | 126,921           | -              | -             |
| Provision                | 6,535            | -                 | -              | -             |
| SST payable              | 177,086          | -                 | -              | -             |
| Contingent consideration | 2,006,795        | 4,060,545         | -              | -             |
|                          | <u>8,885,634</u> | <u>10,655,578</u> | <u>130,217</u> | <u>93,573</u> |

Contingent consideration relates to contingent consideration payable arising from acquisition of subsidiary companies as disclosed in Note 5(a). There have been no changes in the fair value of the contingent consideration since the acquisition date.

24. **Contract Liabilities**

|                  | <b>Group</b>   |                |
|------------------|----------------|----------------|
|                  | <b>2020</b>    | <b>2019</b>    |
|                  | <b>RM</b>      | <b>RM</b>      |
| Deferred revenue | <u>490,015</u> | <u>640,131</u> |

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

25. **Amount Due to Associates**

This represents unsecured, non-interest bearing advances and is repayable on demand.

26. **Amount Due to Directors**

This represents unsecured, non-interest bearing advances and is repayable on demand.

27. **Revenue**

|  | <b>Group</b>         |                      |
|--|----------------------|----------------------|
|  | <b>2020</b>          | <b>2019</b>          |
|  | <b>RM</b>            | <b>RM</b>            |
| <b>Revenue from contracts with customers</b>     |                      |                      |
| Gross receivables from electronic transactions   | 778,322,540          | 669,756,774          |
| Less: Gross payables for electronic transactions | <u>(767,567,620)</u> | <u>(654,779,110)</u> |
| Net receivables from electronic transactions     | 10,754,920           | 14,977,664           |
| Payment gateway                                  | 5,469,705            | 4,766,876            |
| Sales of EDC terminals                           | 25,348,128           | 21,493,000           |
| Project revenue                                  | 105,556              | 430,831              |
| Software development                             | 167,787              | 608,978              |
| Service rendered                                 | 5,884,036            | 755,929              |
| Sale of prepaid airtime                          | 4,232,478            | 144,781              |
| Service maintenance fee                          | <u>3,668,476</u>     | <u>3,265,112</u>     |
|  | 55,631,086           | 46,443,171           |
| <b>Other revenue</b>                             |                      |                      |
| Rental of EDC terminals                          | 21,884,113           | 11,538,665           |
| Other  | -                    | -                    |
|  | <u>77,515,199</u>    | <u>57,981,836</u>    |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

27. Revenue (Cont'd)

|  | Group      |            |
|--|------------|------------|
|  | 2020       | 2019       |
|  | RM         | RM         |
| <b>Revenue from contracts with customers</b> |            |            |
| - Sales of goods and prepaid airtime         | 29,580,606 | 21,637,781 |
| - Rendering of services                      | 26,050,480 | 24,805,390 |
|  | 55,631,086 | 46,443,171 |
| <b>Timing of revenue recognition</b>         |            |            |
| At a point in time                           | 51,962,610 | 43,178,059 |
| Over time                                    | 3,668,476  | 3,265,112  |
| Total revenue from contracts with customers  | 55,631,086 | 46,443,171 |

Set below is the disaggregation of the Group's revenue from contracts with customers:

|   | EDC<br>terminals<br>RM | Electronic<br>transaction<br>processing<br>RM | Solutions<br>and<br>services<br>RM | Total<br>RM |
|---|------------------------|---|------------------------------------|-------------|
| <b>Group</b>                                      |                        |   |                                    |             |
| <b>2020</b>                                       |                        |   |                                    |             |
| <b>Type of goods<br/>and services</b>             |                        |   |                                    |             |
| Sale of goods                                     | 25,348,128             | -   | 4,232,478                          | 29,580,606  |
| Rendering of services                             | -                      | 16,224,625                                    | 9,825,855                          | 26,050,480  |
| Total revenue from<br>contracts with<br>customers | 25,348,128             | 16,224,625                                    | 14,058,333                         | 55,631,086  |
| <b>Geographical market</b>                        |                        |   |                                    |             |
| Malaysia  | 25,348,128             | 16,224,625                                    | 14,058,333                         | 55,631,086  |
|   | 25,348,128             | 16,224,625                                    | 14,058,333                         | 55,631,086  |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

27. Revenue (Cont'd)

|   | <b>EDC<br/>terminals<br/>RM</b> | <b>Electronic<br/>transaction<br/>processing<br/>RM</b> | <b>Solutions<br/>and<br/>services<br/>RM</b> | <b>Total<br/>RM</b> |
|---|---------------------------------|---|--|---------------------|
| <b>Group</b>                                |                                 |   |  |                     |
| <b>2020</b>                                 |                                 |   |  |                     |
| <b>Timing of revenue recognition</b>        |                                 |   |  |                     |
| At a point in time                          | 25,348,128                      | 16,224,625  | 10,389,857                                   | 51,962,610          |
| Over time                                   | -                               | -   | 3,668,476                                    | 3,668,476           |
| Total revenue from contracts with customers | <u>25,348,128</u>               | <u>16,224,625</u>                                       | <u>14,058,333</u>                            | <u>55,631,086</u>   |
| <b>2019</b>                                 |                                 |   |  |                     |
| <b>Type of goods and services</b>           |                                 |   |  |                     |
| Sale of goods                               | 21,493,000                      | -   | 144,781                                      | 21,637,781          |
| Rendering of services                       | -                               | 19,744,540  | 5,060,850                                    | 24,805,390          |
| Total revenue from contracts with customers | <u>21,493,000</u>               | <u>19,744,540</u>                                       | <u>5,205,631</u>                             | <u>46,443,171</u>   |
| <b>Geographical market</b>                  |                                 |   |  |                     |
| Malaysia                                    | 21,493,000                      | 19,744,540  | 5,019,903                                    | 46,257,443          |
| United States                               | -                               | -   | 185,728                                      | 185,728             |
|   | <u>21,493,000</u>               | <u>19,744,540</u>                                       | <u>5,205,631</u>                             | <u>46,443,171</u>   |
| <b>Timing of revenue recognition</b>        |                                 |   |  |                     |
| At a point in time                          | 21,493,000                      | 19,744,540  | 1,940,519                                    | 43,178,059          |
| Over time                                   | -                               | -   | 3,265,112                                    | 3,265,112           |
| Total revenue from contracts with customers | <u>21,493,000</u>               | <u>19,744,540</u>                                       | <u>5,205,631</u>                             | <u>46,443,171</u>   |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

28. **Finance Costs**

|                              | <b>Group</b>   |                |
|------------------------------|----------------|----------------|
|                              | <b>2020</b>    | <b>2019</b>    |
|                              | <b>RM</b>      | <b>RM</b>      |
| <b>Interest expenses on:</b> |                |                |
| Bank overdraft               | 80,663         | 33,317         |
| Banker acceptance            | 69,681         | -              |
| Finance lease                | -              | 26,409         |
| Lease liabilities            | 64,192         | -              |
| Term loans                   | 241,490        | 278,341        |
|                              | <u>456,026</u> | <u>338,067</u> |

29. **Profit/(Loss) before Tax**

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

|   | <b>Group</b> |             | <b>Company</b> |             |
|---|--------------|-------------|----------------|-------------|
|   | <b>2020</b>  | <b>2019</b> | <b>2020</b>    | <b>2019</b> |
|   | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Auditors' remuneration  |              |             |                |             |
| - statutory   | 161,414      | 104,300     | 43,000         | 35,000      |
| - under provision in prior year   | 13,720       | -           | -              | -           |
| - non-statutory   | 5,000        | 5,000       | 5,000          | 5,000       |
| Amortisation of right-of-use assets                                     | 515,161      | -           | -              | -           |
| Bad debts written off   |              |             |                |             |
| - trade receivables   | 478,938      | 105,133     | -              | -           |
| - other receivables   | -            | 9,902       | -              | -           |
| Depreciation of property, plant and equipment                           | 6,209,382    | 6,556,465   | -              | -           |
| Fair value gain on financial asset at fair value through profit or loss | -            | (1,729)     | -              | -           |
| Non-executive Directors' remuneration                                   |              |             |                |             |
| - fees  | 194,700      | 132,000     | 189,368        | 132,000     |
| - other emoluments  | 33,000       | 18,000      | 33,000         | 18,000      |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

29. **Profit/(Loss) before Tax (Cont'd)**

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Impairment losses on:   |            |            |            |            |
| -goodwill on consolidation                                      | 116,165    | -          | -          | -          |
| -trade receivables  | 706,747    | 518,089    | -          | -          |
| Reversal of impairment losses on<br>trade receivables           | (497,491)  | (385,402)  | -          | -          |
| (Gain)/Loss on foreign exchange:                                |            |            |            |            |
| - realised  | (60,035)   | 230,871    | (3,749)    | -          |
| - unrealised  | 905,094    | (246,579)  | -          | 10,047     |
| Lease expenses relating to:                                     |            |            |            |            |
| - low-value asset   | 15,171     | -          | -          | -          |
| -short-term leases  | 2,187,339  | -          | -          | -          |
| Rental expenses:  |            |            |            |            |
| - office/space  | -          | 392,516    | -          | -          |
| - leased equipment  | -          | 164,817    | -          | -          |
| Bad debts recovered   | (19,982)   | (3,960)    | -          | -          |
| Loss/(Gain) on disposal of property,<br>plant and equipment     | 394        | (64,040)   | -          | -          |
| Property, plant and equipment<br>written off                    | 256,233    | 1          | -          | -          |
| Interest income   | (169,575)  | (129,399)  | (19,268)   | (6,526)    |
| Reversal of over provision of<br>point redemption in prior year | -          | (1,505)    | -          | -          |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

30. **Taxation**

|   | <b>Group</b>     |                  | <b>Company</b> |              |
|---|------------------|------------------|----------------|--------------|
|   | <b>2020</b>      | <b>2019</b>      | <b>2020</b>    | <b>2019</b>  |
|   | <b>RM</b>        | <b>RM</b>        | <b>RM</b>      | <b>RM</b>    |
| <b>Tax expenses recognised in profit or loss</b>              |                  |                  |                |              |
| <b>Malaysian income tax</b>                                   |                  |                  |                |              |
| Current tax provision   | 2,150,027        | 2,113,228        | -              | 1,116        |
| Under/(Over) provision in prior years                         | 236,799          | (72,787)         | (1,116)        | -            |
|   | <u>2,386,826</u> | <u>2,040,441</u> | <u>(1,116)</u> | <u>1,116</u> |
| <b>Deferred tax (Note 21)</b>                                 |                  |                  |                |              |
| Relating to origination and reversal of temporary differences | 95,340           | 76,802           | -              | -            |
| (Over)/Under provision in prior years                         | (77,377)         | 205,166          | -              | -            |
|   | <u>17,963</u>    | <u>281,968</u>   | <u>-</u>       | <u>-</u>     |
|   | <u>2,404,789</u> | <u>2,322,409</u> | <u>(1,116)</u> | <u>1,116</u> |

Malaysian income tax is calculated at the statutory tax rate of 24% (2019:24%) on the balance of chargeable income) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

### 30. Taxation (Cont'd)

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

|  | Group             |                   | Company            |                    |
|--|-------------------|-------------------|--------------------|--------------------|
|  | 2020<br>RM        | 2019<br>RM        | 2020<br>RM         | 2019<br>RM         |
| <b>Profit/(Loss) before tax</b>                                    | <u>10,782,147</u> | <u>11,414,214</u> | <u>(1,632,339)</u> | <u>(1,824,955)</u> |
| At Malaysian statutory tax rate of 24% (2019: 24%)                 | 2,587,715         | 2,739,411         | (391,761)          | (437,989)          |
| Tax incentive arising from differential tax rate of 18% (2019:18%) | (78,366)          | (35,418)          | -                  | (372)              |
| Effect of different tax rate in other jurisdictions                | -                 | 9,449             | -                  | -                  |
| Expenses not deductible for tax purposes                           | 1,289,038         | 1,074,175         | 397,521            | 440,197            |
| Effect on income not subject to tax                                | (41,220)          | (94,768)          | (5,760)            | (720)              |
| Effect on Income exempted under pioneer status                     | (1,720,661)       | (1,587,172)       | -                  | -                  |
| Deferred tax assets not recognised                                 | 194,249           | 88,672            | -                  | -                  |
| Utilisation of brought forward tax losses                          | 14,612            | (4,319)           | -                  | -                  |
| (Over)/Under provision in prior years                              |                   |                   |                    |                    |
| - income tax   | 236,799           | (72,787)          | (1,116)            | -                  |
| - deferred tax   | <u>(77,377)</u>   | <u>205,166</u>    | <u>-</u>           | <u>-</u>           |
| Tax expenses for the financial year                                | <u>2,404,789</u>  | <u>2,322,409</u>  | <u>(1,116)</u>     | <u>1,116</u>       |

An indirect subsidiary company of the Company was granted pioneer status by Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act, 1986 on 13 July 2016. By virtue of this pioneer status, the indirect subsidiary company's statutory income from pioneer activities during the pioneer period is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders. This status exempts 100% of the statutory income. The exemption expires on 12 July 2021.



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

30. **Taxation (Cont'd)**

The Group has unutilised tax losses and unutilised capital allowances amounting to approximately RM2,772,200 and RM136,827 (2019: RM2,068,460 and RM136,827) respectively, available for carry forward to set-off against future taxable profits. The said amount is subject to approval by the tax authorities.

31. **Basic Earnings Per Share**

(a) Basic earnings per share

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

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2020</b>  | <b>2019</b> |
| Profit for the financial year, attributable to owners of the parent (RM) | 7,714,770    | 8,568,683   |
| Weighted average number of ordinary shares in issue:                     |              |             |
| Issued ordinary shares at 1 July   | 231,998,934  | 167,136,000 |
| Effect of ordinary shares issued during the financial year               | 82,598,629   | 54,822,777  |
| Weighted average number of ordinary shares as at 30 June                 | 314,597,563  | 221,958,777 |
| Basic earnings per ordinary share (sen)                                  | 2.45         | 3.86        |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

31. **Basic Earnings Per Share (Cont'd)**

(b) Diluted earnings per share

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

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2020</b>  | <b>2019</b> |
| Profit for the financial year, attributable to owners of the parent (RM)                       | 7,714,770    | 8,568,683   |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 314,597,563  | 221,958,777 |
| Adjusted for:  |              |             |
| Effect of conversion of warrants   | *            | *           |
| Contingently issuable ordinary shares for acquisition of subsidiary companies                  | 1,641,686    | 3,283,372   |
| Weighted average number of ordinary shares as at 30 June                                       | 316,239,249  | 225,242,149 |
| Diluted earnings per ordinary share (sen)  | 2.44         | 3.80        |

\* The number of shares under warrants was not taken into account in the computation of diluted earnings per share as the warrants do not have any dilutive effect on weighted average number of ordinary shares.

32. **Staff Costs**

|                                      | <b>Group</b> |             |
|--------------------------------------|--------------|-------------|
|                                      | <b>2020</b>  | <b>2019</b> |
|                                      | <b>RM</b>    | <b>RM</b>   |
| Fees                                 | 288,000      | 45,600      |
| Salaries, wages and other emoluments | 14,226,220   | 10,906,140  |
| Defined contribution plans           | 1,640,621    | 1,228,399   |
| Social security contributions        | 124,745      | 72,493      |
| Others                               | 301,214      | 527,959     |
| Benefit-in-kind                      | 211,580      | 197,073     |
|                                      | 16,792,380   | 12,977,664  |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

32. **Staff Costs (Cont'd)**

Included in staff costs is aggregate amount of remuneration received by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

|                               | <b>Group</b>     |                  |
|-------------------------------|------------------|------------------|
|                               | <b>2020</b>      | <b>2019</b>      |
|                               | <b>RM</b>        | <b>RM</b>        |
| Fees                          | -                | 45,600           |
| Salaries and other emoluments | 2,487,999        | 2,248,578        |
| Defined contribution plans    | 298,560          | 268,820          |
| Social security contributions | 3,315            | 3,499            |
| Others                        | 379              | 400              |
| Benefit-in-kind               | 211,580          | 197,073          |
|                               | <u>3,001,834</u> | <u>2,763,970</u> |

33. **Financial Guarantees**

|  | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2020</b>    | <b>2019</b>    |
|  | <b>RM</b>      | <b>RM</b>      |
| <b>Secured</b>   |                |                |
| Performance guarantee given to Payment Network<br>Malaysia Sdn. Bhd. | <u>490,000</u> | <u>470,000</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

34. **Reconciliation of Liabilities Arising from Financing Activities**

The table below show the detail changes in the liabilities of the Group arising from financing activities:

|                           | Note | At 1 July,<br>as previously<br>reported<br>RM | Effect of<br>adopting<br>MFRS 16<br>RM | At 1 July,<br>restated<br>RM | Financing<br>cash<br>flows (i)<br>RM | New<br>finance<br>lease<br>[Note 4(c)]<br>RM | At<br>30 June<br>RM |
|---------------------------|------|---|--|------------------------------|--------------------------------------|--|---------------------|
| <b>Group<br/>2020</b>     |      |   |  |                              |                                      |  |                     |
| Term loans                | 18   | 5,359,975                                     | -                                      | 5,359,975                    | (13,373)                             | -  | 5,346,602           |
| Finance lease liabilities | 19   | 882,216                                       | (882,216)                              | -                            | -                                    | -  | -                   |
| Lease liabilities         | 20   | -   | 1,165,125                              | 1,165,125                    | (469,478)                            | 947,389                                      | 1,643,036           |
|                           |      | 6,242,191                                     | 282,909                                | 6,525,100                    | (482,851)                            | 947,389                                      | 6,989,638           |
|                           |      |   |  |                              |                                      |  |                     |
|                           |      |   |  |                              |                                      |  |                     |
| <b>2019</b>               |      |   |  |                              |                                      |  |                     |
| Term loans                | 18   |   |  | 6,987,800                    | (1,627,825)                          | -  | 5,359,975           |
| Finance lease liabilities | 19   |   |  | 398,221                      | (84,005)                             | 568,000                                      | 882,216             |
|                           |      |   |  | 7,386,021                    | (1,711,830)                          | 568,000                                      | 6,242,191           |

(i) The cash flows from bank overdraft, term loans and finance lease liabilities make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

35. **Capital Commitment**

|                                       | <b>2020</b> | <b>Group</b> | <b>2019</b> |
|---------------------------------------|-------------|--------------|-------------|
|                                       | <b>RM</b>   |              | <b>RM</b>   |
| <b>Authorised and contracted for:</b> |             |              |             |
| Purchase of software                  | 887,000     |              | 1,484,000   |

36. **Operating Lease Commitment – As Lessee**

The future minimum lease payments payable under non-cancellable operating lease are:

|   | <b>Group</b>   |
|---|----------------|
|   | <b>2019</b>    |
|   | <b>RM</b>      |
| Within one year                                     | 241,987        |
| Later than one year but not later than two years    | 35,160         |
| Later than two years but not later than three years | 3,600          |
|   | <u>280,747</u> |

The Group leases a number of offices under non-cancellable operating lease agreements. The lease terms are between 1 to 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. None of the leases includes contingent rentals.

37. **Related Party Disclosures**

(a) Identifying related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

37. **Related Party Disclosures (Cont'd)**

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the Group and the Company do not have any transaction with related party during the financial year.

(c) Compensation of key management personnel

Remunerations of the Directors and other members of key management are as follows:

|                               | <b>Group</b>     |                  |
|-------------------------------|------------------|------------------|
|                               | <b>2020</b>      | <b>2019</b>      |
|                               | <b>RM</b>        | <b>RM</b>        |
| Salaries and other emoluments | 3,361,654        | 3,324,574        |
| Defined contribution plans    | 393,108          | 386,399          |
| Social security contributions | 6,394            | 8,166            |
| Others                        | 663              | 866              |
| Benefit-in-kind               | 211,580          | 197,073          |
|                               | <u>3,973,399</u> | <u>3,917,078</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

38. **Segment Information**

The main business segments of the Group comprise the followings:

|                                   |   |  |
|-----------------------------------|---|--|
| EDC terminals                     | : | Distribution, deployment and maintenance of EDC terminals  |
| Electronic transaction processing | : | Provision of electronic transaction processing services for credit/debit cards and electronic money payment scheme, where the Group acts as Acquirer, Master Merchant or Third-Party Payment Processor |
| Solutions and services            | : | Provision of solutions and services in relation to payment gateway, payment network security and payment infrastructure  |
|                                   | : | Provision of digital payment solutions and services such as mobile top up, phone bill payment, utilities bill payment, game credits, entertainment and ticketing services                              |
|                                   | : | Provision of procurement services of consumer goods from e-commerce websites, provision of cross border logistics and last mile delivery in Malaysia   |

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit of each segment and is measured consistently with gross profit in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

38. Segment Information (Cont'd)

|   | EDC<br>terminals<br>RM | Electronic<br>transaction<br>processing<br>RM | Solutions<br>and<br>services<br>RM | Total<br>RM  |
|---|------------------------|---|------------------------------------|--------------|
| <b>2020</b>                                     |                        |   |                                    |              |
| Total revenue                                   | 74,131,360             | 16,713,387                                    | 26,394,337                         | 117,239,084  |
| Inter-segment revenue                           | (26,899,120)           | (488,762)                                     | (12,336,003)                       | (39,723,885) |
| Revenue from                                    |                        |   |                                    |              |
| external customers                              | 47,232,240             | 16,224,625                                    | 14,058,334                         | 77,515,199   |
| Cost of sales                                   | (28,334,533)           | (5,578,465)                                   | (6,035,687)                        | (39,948,685) |
| Segment gross profit                            | 18,897,707             | 10,646,160                                    | 8,022,647                          | 37,566,514   |
| Other income                                    |                        |   |                                    | 915,573      |
| Administrative expenses                         |                        |   |                                    | (27,006,263) |
| Net loss on impairment of financial instruments |                        |   |                                    | (236,878)    |
| Finance costs                                   |                        |   |                                    | (456,026)    |
| Profit before tax                               |                        |   |                                    | 10,782,147   |
| Taxation  |                        |   |                                    | (2,404,789)  |
| Profit for the financial year                   |                        |   |                                    | 8,377,358    |
| <b>2019</b>                                     |                        |   |                                    |              |
| Total revenue                                   | 52,448,485             | 19,744,540                                    | 15,735,463                         | 87,928,488   |
| Inter-segment revenue                           | (17,760,480)           | -   | (12,186,172)                       | (29,946,652) |
| Revenue from                                    |                        |   |                                    |              |
| external customers                              | 34,688,005             | 19,744,540                                    | 3,549,291                          | 57,981,836   |
| Cost of sales                                   | (20,543,630)           | (4,737,137)                                   | (837,182)                          | (26,117,949) |
| Segment gross profit                            | 14,144,375             | 15,007,403                                    | 2,712,109                          | 31,863,887   |
| Other income                                    |                        |   |                                    | 524,736      |
| Administrative expenses                         |                        |   |                                    | (20,505,358) |
| Net loss on impairment of financial instruments |                        |   |                                    | (130,958)    |
| Finance costs                                   |                        |   |                                    | (338,067)    |
| Share of results of an associate, net of tax    |                        |   |                                    | (26)         |
| Profit before tax                               |                        |   |                                    | 11,414,214   |
| Taxation  |                        |   |                                    | (2,322,409)  |
| Profit for the financial year                   |                        |   |                                    | 9,091,805    |



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

Adjustments and eliminations

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Interest income, finance costs, depreciation and amortisation and other non-cash items are not allocated to individual segments as the underlying instruments are managed on a group basis.
- (iii) current taxes and deferred tax liabilities are not allocated to individual segments as the underlying instruments are managed on a group basis.

Geographic information

Revenue based on the geographical location of customers are as follows:

|                                  | <b>2020</b>       | <b>2019</b>       |
|----------------------------------|-------------------|-------------------|
|                                  | <b>RM</b>         | <b>RM</b>         |
| Malaysia                         | 77,515,199        | 57,796,108        |
| United States of America ("USA") | -                 | 185,728           |
|                                  | <u>77,515,199</u> | <u>57,981,836</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

Major customers

Revenue from major customers with revenue equal or more than 10% of the Group's revenue is as follows:

|           | Segment  | Revenue    |            |
|-----------|--|------------|------------|
|           |  | 2020<br>RM | 2019<br>RM |
| Company A | Electronic transaction processing  | 6,226,419  | 10,845,200 |
| Company B | EDC terminals and electronic transaction processing                            | 4,666,374  | 3,485,638  |
| Company C | EDC terminals and electronic transaction processing and solutions and services | 16,765,421 | 14,278,828 |
| Company D | EDC terminals and electronic transaction processing                            | 16,959,539 | 9,292,205  |
| Company E | EDC terminals and electronic transaction processing                            | 8,116,690  | 5,755,956  |
|           |  | 52,734,443 | 43,657,827 |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

39. **Financial Instruments**

(a) Classification of financial instruments

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

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

|                                    | <b>Financial<br/>assets<br/>measured at<br/>amortised<br/>costs<br/>RM</b> | <b>Financial<br/>liability<br/>measured at<br/>amortised<br/>costs<br/>RM</b> | <b>Total<br/>carrying<br/>amount<br/>RM</b> |
|------------------------------------|--|---|---|
| <b>Group</b>                       |  |   |   |
| <b>2020</b>                        |  |   |   |
| <b>Financial assets</b>            |  |   |   |
| Trade receivables                  | 24,661,478   | -   | 24,661,478                                  |
| Other receivables                  | 901,059  | -   | 901,059                                     |
| Fixed deposits with licensed banks | 250,839  | -   | 250,839                                     |
| Cash and bank balances             | 35,248,607   | -   | 35,248,607                                  |
|                                    | <u>61,061,983</u>  | <u>-</u>  | <u>61,061,983</u>                           |
| <b>Financial liabilities</b>       |  |   |   |
| Trade payables                     | -  | 35,276,260  | 35,276,260                                  |
| Other payables                     | -  | 8,553,276   | 8,553,276                                   |
| Amount due to Directors            | -  | 264,886   | 264,886                                     |
| Amount due to associates           | -  | 413,909   | 413,909                                     |
| Bank borrowings                    | -  | 6,621,368   | 6,621,368                                   |
| Lease liabilities                  | -  | 1,643,036   | 1,643,036                                   |
|                                    | <u>-</u>   | <u>52,772,735</u>   | <u>52,772,735</u>                           |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Classification of financial instruments (Cont'd)

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

|                                       | <b>Financial<br/>asset<br/>measured at<br/>FVTPL<br/>RM</b> | <b>Financial<br/>assets<br/>measured at<br/>amortised cost<br/>RM</b> | <b>Financial<br/>liabilities<br/>measured at<br/>amortised cost<br/>RM</b> | <b>Total<br/>carrying<br/>amount<br/>RM</b> |
|---------------------------------------|---|---|--|---|
| <b>2019</b>                           |   |   |  |   |
| <b>Financial assets</b>               |   |   |  |   |
| Trade receivables                     | -   | 18,061,667  | -  | 18,061,667                                  |
| Other receivables                     | -   | 620,271   | -  | 620,271                                     |
| Other investment                      | 505,213   | -   | -  | 505,213                                     |
| Fixed deposits with<br>licensed banks | -   | 710,000   | -  | 710,000                                     |
| Cash and bank<br>balances             | -   | 22,954,583  | -  | 22,954,583                                  |
|                                       | <u>505,213</u>  | <u>42,346,521</u>   | <u>-</u>   | <u>42,851,734</u>                           |
| <b>Financial liabilities</b>          |   |   |  |   |
| Trade payables                        | -   | -   | 13,778,743   | 13,778,743                                  |
| Other payables                        | -   | -   | 10,528,657   | 10,528,657                                  |
| Amount due to<br>Directors            | -   | -   | 123,856  | 123,856                                     |
| Bank borrowings                       | -   | -   | 5,359,975  | 5,359,975                                   |
| Finance lease<br>payables             | -   | -   | 882,216  | 882,216                                     |
|                                       | <u>-</u>  | <u>-</u>  | <u>30,673,447</u>  | <u>30,673,447</u>                           |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Classification of financial instruments (Cont'd)

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

|                                      | <b>Financial<br/>assets<br/>measured at<br/>amortised cost<br/>RM</b>      |
|--------------------------------------|--|
| <b>Company</b>                       |  |
| <b>2020</b>                          |  |
| <b>Financial assets</b>              |  |
| Other receivables                    | 1,000  |
| Amount due from subsidiary companies | 27,594,319   |
| Cash and bank balances               | 1,424,556  |
|                                      | <u>29,019,875</u>  |
|                                      |  |
|                                      | <b>Financial<br/>liabilities<br/>measured at<br/>amortised cost<br/>RM</b> |
| <b>Financial liabilities</b>         |  |
| Amount due to a subsidiary company   | 164,000  |
| Other payables                       | 130,217  |
|                                      | <u>294,217</u>   |
|                                      |  |
|                                      | <b>Financial<br/>assets<br/>measured at<br/>amortised cost<br/>RM</b>      |
| <b>2019</b>                          |  |
| <b>Financial assets</b>              |  |
| Other receivables                    | 1,000  |
| Amount due from subsidiary companies | 26,326,227   |
| Cash and bank balances               | 1,429,193  |
|                                      | <u>27,756,420</u>  |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

(a) Classification of financial instruments (Cont'd)

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

|                            | <b>Financial liabilities<br/>measured at<br/>amortised cost<br/>RM</b> |
|----------------------------|--|
| <b>Company</b>             |  |
| <b>2019</b>                |  |
| <b>Financial liability</b> |  |
| Other payables             | 93,573   |

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, deposits with banks and financial guarantees provided to a bank for bank guarantee facility granted to certain subsidiary companies. The Company's exposure to credit risk arises principally from amount due from subsidiary companies and deposits with banks. There are no significant changes as compared to prior periods.

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(i) Credit risk (Cont'd)

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

At each reporting date, the Group assesses whether any of the receivables are credit impaired.

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk. The Group has no significant concentration of credit risk except as disclosed in Note 11. The Company has no significant concentration of credit risk except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(ii) Liquidity risk (Cont'd)

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

| Group<br>2020                               | On demand                 |           | 1 to 2      |           | 2 to 5      |            | After 5     |    | Total                           |                                   |
|---|---------------------------|-----------|-------------|-----------|-------------|------------|-------------|----|---------------------------------|-----------------------------------|
|   | or within 1<br>year<br>RM | RM        | years<br>RM | RM        | years<br>RM | RM         | years<br>RM | RM | contractual<br>cash flows<br>RM | Total<br>carrying<br>amount<br>RM |
| <b>Non-derivative financial liabilities</b> |                           |           |             |           |             |            |             |    |                                 |                                   |
| Trade payables                              | 35,276,260                | -         | -           | -         | -           | -          | -           | -  | 35,276,260                      | 35,276,260                        |
| Other payables                              | 8,553,276                 | -         | -           | -         | -           | -          | -           | -  | 8,553,276                       | 8,553,276                         |
| Amount due to Directors                     | 264,886                   | -         | -           | -         | -           | -          | -           | -  | 264,886                         | 264,886                           |
| Amount due to associate                     | 413,909                   | -         | -           | -         | -           | -          | -           | -  | 413,909                         | 413,909                           |
| Bank borrowings                             | 1,713,991                 | 439,225   | 1,317,645   | 6,165,969 | 9,636,830   | 6,621,368  |             |    | 1,812,079                       | 1,643,036                         |
| Lease liabilities                           | 653,616                   | 569,520   | 433,301     | 155,642   | 490,000     |            |             |    |                                 |                                   |
| Financial guarantee                         | 490,000                   | -         | -           | -         | -           | -          | -           | -  | 490,000                         | -                                 |
|   | 47,365,938                | 1,008,745 | 1,750,946   | 6,321,611 | 56,447,240  | 52,772,735 |             |    |                                 |                                   |



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(ii) Liquidity risk (Cont'd)

|   | On demand<br>or within 1<br>year<br>RM | 1 to 2<br>years<br>RM | 2 to 5<br>years<br>RM | After 5<br>years<br>RM | Total<br>contractual<br>cash flows<br>RM | Total<br>carrying<br>amount<br>RM |
|---|--|-----------------------|-----------------------|------------------------|--|-----------------------------------|
| <b>Group</b>                                |  |                       |                       |                        |  |                                   |
| <b>2019</b>                                 |  |                       |                       |                        |  |                                   |
| <b>Non-derivative financial liabilities</b> |  |                       |                       |                        |  |                                   |
| Trade payables                              | 13,778,743                             | -                     | -                     | -                      | 13,778,743                               | 13,778,743                        |
| Other payables                              | 10,528,657                             | -                     | -                     | -                      | 10,528,657                               | 10,528,657                        |
| Amount due to Directors                     | -                                      | -                     | -                     | -                      | -  | 123,856                           |
| Bank borrowings                             | 405,624                                | 405,624               | 1,216,872             | 6,253,370              | 8,281,490                                | 5,359,975                         |
| Finance lease liabilities                   | 188,436                                | 188,436               | 489,727               | 129,202                | 995,801                                  | 882,216                           |
| Financial guarantee                         | 470,000                                | -                     | -                     | -                      | 470,000                                  | -                                 |
|   | 25,371,460                             | 594,060               | 1,706,599             | 6,382,572              | 34,054,691                               | 30,673,447                        |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(ii) Liquidity risk (Cont'd)

|   | On demand<br>or within 1<br>year<br>RM | 1 to 2<br>years<br>RM | 2 to 5<br>years<br>RM | After 5<br>years<br>RM | Total<br>contractual<br>cash flows<br>RM | Total<br>carrying<br>amount<br>RM |
|---|--|-----------------------|-----------------------|------------------------|--|-----------------------------------|
| <b>Company</b>                              |  |                       |                       |                        |  |                                   |
| <b>2020</b>                                 |  |                       |                       |                        |  |                                   |
| <b>Non-derivative financial liabilities</b> |  |                       |                       |                        |  |                                   |
| Amount due to subsidiary companies          | 164,000                                | -                     | -                     | -                      | 164,000                                  | 164,000                           |
| Other payables                              | 130,217                                | -                     | -                     | -                      | 130,217                                  | 130,217                           |
|   | 294,217                                | -                     | -                     | -                      | 294,217                                  | 294,217                           |
| <b>2019</b>                                 |  |                       |                       |                        |  |                                   |
| <b>Non-derivative financial liability</b>   |  |                       |                       |                        |  |                                   |
| Other payables                              | 93,573                                 | -                     | -                     | -                      | 93,573                                   | 93,573                            |

The Group provides secured financial guarantee to a licensed bank in respect of bank guarantee facilities granted to subsidiary companies and monitors on an ongoing basis the performance of the subsidiary company. As at reporting date, there is no indication that the subsidiary companies would default.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

#### 39. Financial Instruments (Cont'd)

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

##### (iii) Market risks

##### (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (“USD”), Chinese Renminbi (“RMB”), Singapore Dollar (“SGD”) and Euro (“Euro”).

In order to mitigate the Group’s foreign currency risk, the Group continues to monitor its exposure to foreign currency movements on a regular basis in order for the management to assess on the need to utilise financial instruments to hedge its currency exposure, taking into account factors such as the foreign currency involved, exposure periods and transaction costs.

The carrying amounts of the Group’s foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

|                        | USD<br>RM           | RMB<br>RM      | Denominated in |                |                | Total<br>RM         |
|------------------------|---------------------|----------------|----------------|----------------|----------------|---------------------|
|                        |                     |                | SGD<br>RM      | Euro<br>RM     |                |                     |
| <b>2020</b>            |                     |                |                |                |                |                     |
| <b>Group</b>           |                     |                |                |                |                |                     |
| Cash and bank balances | 2,600,701           | 503,182        | 8,588          | -              | -              | 3,112,471           |
| Trade payables         | (26,866,760)        | -              | -              | -              | -              | (26,866,760)        |
| Other payables         | -                   | -              | -              | 173,181        | 173,181        | 173,181             |
|                        | <u>(24,266,059)</u> | <u>503,182</u> | <u>8,588</u>   | <u>173,181</u> | <u>173,181</u> | <u>(23,581,108)</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(iii) Market risks

(a) Foreign currency risk

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

|                        | 2020                | Denominated in |              |                  |                  |                     | Total |
|------------------------|---------------------|----------------|--------------|------------------|------------------|---------------------|-------|
|                        |                     | USD<br>RM      | RMB<br>RM    | SGD<br>RM        | Euro<br>RM       | RM                  |       |
| <b>Group</b>           |                     |                |              |                  |                  |                     |       |
| Trade receivables      | 289,345             | -              | -            | -                | -                | 289,345             |       |
| Cash and bank balances | 464,425             | 844,558        | 8,588        | -                | -                | 1,317,571           |       |
| Trade payables         | (12,888,253)        | -              | -            | -                | -                | (12,888,253)        |       |
| Other payables         | (21,494)            | -              | -            | -                | (280,144)        | (301,638)           |       |
|                        | <u>(12,155,977)</u> | <u>844,558</u> | <u>8,588</u> | <u>(280,144)</u> | <u>(280,144)</u> | <u>(11,582,975)</u> |       |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

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

|              |                      | <b>2020</b>       |                      | <b>2019</b>       |
|--------------|----------------------|-------------------|----------------------|-------------------|
|              | <b>Change in</b>     | <b>Effect</b>     | <b>Change in</b>     | <b>Effect</b>     |
|              | <b>currency rate</b> | <b>on profit</b>  | <b>currency rate</b> | <b>on profit</b>  |
|              |                      | <b>before tax</b> |                      | <b>before tax</b> |
|              |                      | <b>RM</b>         |                      | <b>RM</b>         |
| <b>Group</b> |                      |                   |                      |                   |
| USD          | Strengthened by 1%   | (242,661)         | Strengthened by 1%   | (121,560)         |
|              | Weakened by 1%       | <u>242,661</u>    | Weakened by 1%       | <u>121,560</u>    |
| RMB          | Strengthened by 1%   | 5,032             | Strengthened by 1%   | 8,446             |
|              | Weakened by 1%       | <u>(5,032)</u>    | Weakened by 1%       | <u>(8,446)</u>    |
| SGD          | Strengthened by 1%   | 86                | Strengthened by 1%   | 86                |
|              | Weakened by 1%       | <u>(86)</u>       | Weakened by 1%       | <u>(86)</u>       |
| Euro         | Strengthened by 1%   | 1,732             | Strengthened by 1%   | (2,801)           |
|              | Weakened by 1%       | <u>(1,732)</u>    | Weakened by 1%       | <u>2,801</u>      |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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

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

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

|                                    | <b>Group</b>       |                    |
|------------------------------------|--------------------|--------------------|
|                                    | <b>2020</b>        | <b>2019</b>        |
|                                    | <b>RM</b>          | <b>RM</b>          |
| <b>Fixed rate instruments</b>      |                    |                    |
| Fixed deposits with licensed banks | 250,839            | 710,000            |
| Finance lease liabilities          | -                  | (882,216)          |
| Lease liabilities                  | 1,643,036          | -                  |
|                                    | <u>1,893,875</u>   | <u>(172,216)</u>   |
| <b>Floating rate instruments</b>   |                    |                    |
| Bank overdraft                     | (1,274,766)        | -                  |
| Term loans                         | (5,346,602)        | (5,359,975)        |
|                                    | <u>(6,621,368)</u> | <u>(5,359,975)</u> |

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM66,214 (2019: RM53,600), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instrument. This investments is classified as financial assets at fair value through profit or loss.

(c) Fair value of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The carrying amount of long-term floating rate loans and borrowings approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

39. Financial Instruments (Cont'd)

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

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

| Group                                   | Fair value of financial instruments carried at fair value |               |               | Fair value of financial instruments not carried at fair value |               |               | Total fair value | Carrying amount |
|---|---|---------------|---------------|---|---------------|---------------|------------------|-----------------|
|   | Level 1<br>RM   | Level 2<br>RM | Level 3<br>RM | Level 1<br>RM   | Level 2<br>RM | Level 3<br>RM |                  |                 |
| <b>2020</b>                             |   |               |               |   |               |               |                  |                 |
| <b>Financial liability</b>              |   |               |               |   |               |               |                  |                 |
| Bank borrowings                         | -   | -             | -             | -   | 5,169,116     | -             | 5,169,116        | 5,169,116       |
| Lease liabilities (non-current)         | -   | -             | -             | -   | 1,004,028     | -             | 1,004,028        | 937,982         |
| <b>2019</b>                             |   |               |               |   |               |               |                  |                 |
| <b>Financial asset</b>                  |   |               |               |   |               |               |                  |                 |
| Other investment                        | 505,213   | -             | -             | -   | -             | -             | 505,213          | 505,213         |
| <b>Financial liability</b>              |   |               |               |   |               |               |                  |                 |
| Bank borrowings                         | -   | -             | -             | -   | 5,197,513     | -             | 5,197,513        | 5,197,513       |
| Finance lease liabilities (non-current) | -   | -             | -             | -   | 669,350       | -             | 669,350          | 729,471         |



NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

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

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

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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

(iv) Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2020

#### 40. Capital Management

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

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

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at the end of the reporting period are as follows:

|  | <b>Group</b>        |                     | <b>Company</b>     |                    |
|--|---------------------|---------------------|--------------------|--------------------|
|  | <b>2020</b>         | <b>2019</b>         | <b>2020</b>        | <b>2019</b>        |
|  | <b>RM</b>           | <b>RM</b>           | <b>RM</b>          | <b>RM</b>          |
| Total loans and borrowings                               | 8,264,404           | 6,242,191           | -                  | -                  |
| Less: Cash and cash equivalents (exclude bank overdraft) | (35,248,607)        | (23,184,583)        | (1,424,556)        | (1,429,193)        |
| Total excess funds                                       | <u>(26,984,203)</u> | <u>(16,942,392)</u> | <u>(1,424,556)</u> | <u>(1,429,193)</u> |
| Total equity   | <u>67,303,824</u>   | <u>56,119,572</u>   | <u>45,494,165</u>  | <u>44,544,824</u>  |
| Gearing ratio (times)                                    | <u>*</u>            | <u>*</u>            | <u>*</u>           | <u>*</u>           |

\* Gearing ratio is not applicable to the Group and to the Company as the cash and cash equivalents as at 30 June 2020 and 30 June 2019 was sufficient to cover the entire borrowings obligation.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2020

#### 41. Subsequent Events

On 29 April 2020, Revenue Harvest Sdn. Bhd., a wholly owned subsidiary company of the Company had entered into a Share Sale Agreement ("SSA") with Hong You Loong, Chiah Mon Why and Tang Wee Huang for the purchase of 80% equity interest of Scanpay Sdn. Bhd. ("Scanpay") for a purchase consideration of RM1,000,000. Scanpay is principally engaged in electronic commerce services which shall include online and electronic payment services (electronic money issuance) and Scanpay is a licensed E-money issuer under BNM. The acquisition was completed on 18 September 2020.

On 10 August 2020, Revenue Harvest Sdn, Bhd, a wholly owned subsidiary company of the Company, had entered into a Share Sale Agreement ("SSA") with Tan Sze Hoo for the purchase of 40% equity interest of Wannatalk Malaysia Sdn. Bhd. ("Wannatalk"), for a purchase consideration of RM5,000,000. Wannatalk is principally engaged in the provision and development of Artificial-Intelligence ("AI")-powered chatbot and messaging platform ("Wannatalk Chatbot"), AI-powered smart content repository ("Firebox"), facial recognition-centered products and services ("Facecard") and AI-powered big data mining and fraud detection software ("Grayfox"). The acquisition was completed on 1 October 2020.

#### 42. Significant Event

The emergence of novel Coronavirus ("Covid-19") since early 2020 that caused travel restrictions and lockdown to be effectuated in Malaysia and other precautionary measures being imposed by the government has brought disruption in the Group's business operations. The Group is cognizant of the challenges posed by these developing events and is actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of Covid-19 to minimize the impact of Covid-19 on its business operations, if any that will be reflected in the 2021's annual financial statements.

#### 43. Comparative Information

Certain comparatives have been reclass to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 30 June 2020.

#### 44. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 October 2020.

## LIST OF PROPERTIES

| Postal Address  | Description of Property/<br>Existing Use                    | Registered Owner        | Land Area/<br>Built-up Area   | Tenure                           | Date of Purchase  | Age of Building (Years) | Carrying Amount as at 30 June 2020 (RM) |
|---|---|-------------------------|-------------------------------|----------------------------------|-------------------|-------------------------|---|
| No. 12, Jalan Udang Harimau 2, Kepong Business Park, 51200 Kuala Lumpur                     | 2 ½-storey detached commercial building/<br>Head Office     | Revenue Harvest Sdn Bhd | 13,380/<br>12,076 square feet | Freehold                         | 15 September 2014 | 8                       | 6,448,757                               |
| No. 25, Jalan Pertama 4, Pusat Dagangan Danga Utama, 81200, Johor Bahru, Johor Darul Takzim | 3-storey shop office with mezzanine floor/<br>Branch Office | Revenue Harvest Sdn Bhd | 1,760/ 6,000 square feet      | Leasehold expiring 13 April 2111 | 30 December 2014  | 7                       | 1,648,573                               |

## ANALYSIS OF SHAREHOLDINGS

### AS AT 25 SEPTEMBER 2020

#### SHARE CAPITAL

|                               |   |                                       |
|-------------------------------|---|---------------------------------------|
| Total Number of Issued Shares | : | 394,811,562                           |
| Class of Shares               | : | Ordinary Shares                       |
| Voting Rights                 | : | One vote for each ordinary share held |

#### DISTRIBUTION OF SHAREHOLDINGS AS AT 25 SEPTEMBER 2020

| Size of Holding                          | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shares Held |
|--|---------------------|-------------------|--------------------|------------------|
| 1 – 99                                   | 744                 | 4.66              | 35,721             | 0.01             |
| 100 – 1,000                              | 3,658               | 22.93             | 2,485,797          | 0.63             |
| 1,001 – 10,000                           | 9,059               | 56.79             | 41,001,158         | 10.38            |
| 10,001 – 100,000                         | 2,287               | 14.34             | 66,083,730         | 16.74            |
| 100,001 to less than 5% of issued shares | 200                 | 1.25              | 125,531,034        | 31.80            |
| 5% and above of issued shares            | 4                   | 0.03              | 159,674,122        | 40.44            |
| <b>Total</b>                             | <b>15,952</b>       | <b>100.00</b>     | <b>394,811,562</b> | <b>100.00</b>    |

#### DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 25 September 2020 are as follows: -

| No. | Name of Directors         | Direct Interest | No. of shares held |                   | % |
|-----|---------------------------|-----------------|--------------------|-------------------|---|
|     |                           |                 | %                  | Indirect Interest |   |
| 1   | Nor Azzam Bin Abdul Jalil | 250,333         | 0.06               | -                 | - |
| 2   | Ng Chee Siong             | 54,717,086      | 13.86              | -                 | - |
| 3   | Ng Shih Chiow             | 55,381,723      | 14.03              | -                 | - |
| 4   | Ng Shih Fang              | 54,881,722      | 13.90              | -                 | - |
| 5   | Lai Wei Keat              | 4,500,000       | 1.14               | -                 | - |
| 6   | Ooi Guan Hoe              | 116,666         | 0.03               | -                 | - |
| 7   | Ng Chee Keong             | -               | -                  | -                 | - |
| 8   | Loo Jo Anne               | -               | -                  | -                 | - |

#### SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company as at 25 September 2020 and their shareholdings are as follows: -

| No. | Name of Substantial Shareholders  | Direct Interest | No. of shares held |                   | % |
|-----|---|-----------------|--------------------|-------------------|---|
|     |   |                 | %                  | Indirect Interest |   |
| 1   | Ng Chee Siong   | 54,717,086      | 13.86              | -                 | - |
| 2   | Ng Shih Chiow   | 55,381,723      | 14.03              | -                 | - |
| 3   | Ng Shih Fang  | 54,881,722      | 13.90              | -                 | - |
| 4   | CIMB Group Nominees (Tempatan) Sdn Bhd<br>CIMB Commerce Trustee Berhad –<br>Kenanga Growth Fund | 29,107,800      | 7.37               | -                 | - |

## ANALYSIS OF SHAREHOLDINGS AS AT 25 SEPTEMBER 2020

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 SEPTEMBER 2020)

| No. | Name of Shareholders   | No. of Shares | %     |
|-----|--|---------------|-------|
| 1   | NG SHIH CHIOW  | 55,381,723    | 14.03 |
| 2   | NG SHIH FANG   | 42,215,056    | 10.69 |
| 3   | NG CHEE SIONG  | 32,969,543    | 8.35  |
| 4   | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND   | 29,107,800    | 7.37  |
| 5   | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR NG CHEE SIONG (PB)  | 14,647,543    | 3.71  |
| 6   | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR NG SHIH FANG (PB)   | 12,666,666    | 3.21  |
| 7   | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB BANK FOR NG CHEE SIONG (PBCL-0G0925)  | 7,100,000     | 1.80  |
| 8   | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC STRATEGIC SMALLCAP FUND   | 4,734,000     | 1.20  |
| 9   | AMANAHRAYA TRUSTEES BERHAD<br>PMB SHARIAH AGGRESSIVE FUND  | 4,721,500     | 1.20  |
| 10  | PERTUBUHAN PELADANG KEBANGSAAN (NAFAS)   | 3,800,000     | 0.96  |
| 11  | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH<br>OPPORTUNITIES FUND (50156 TR01) | 3,584,900     | 0.91  |
| 12  | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC GROWTH BALANCED FUND  | 3,170,233     | 0.80  |
| 13  | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC SELECT TREASURES EQUITY FUND  | 3,084,833     | 0.78  |
| 14  | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND<br>(50154 TR01)         | 3,046,333     | 0.77  |
| 15  | AMANAHRAYA TRUSTEES BERHAD<br>PMB SHARIAH GROWTH FUND  | 2,950,000     | 0.75  |
| 16  | AMANAHRAYA TRUSTEES BERHAD<br>PB SMALLCAP GROWTH FUND  | 2,811,000     | 0.71  |
| 17  | LAI WEI KEAT   | 2,500,000     | 0.63  |
| 18  | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAN SEE MIN (E-KUG)  | 2,000,000     | 0.51  |
| 19  | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LAI WEI KEAT   | 2,000,000     | 0.51  |

## ANALYSIS OF SHAREHOLDINGS AS AT 25 SEPTEMBER 2020

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D) (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 SEPTEMBER 2020)

| No. | Name of Shareholders   | No. of Shares | %    |
|-----|--|---------------|------|
| 20  | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEGGED SECURITIES ACCOUNT FOR LOW CHUNG MING(E-SS2)             | 1,813,983     | 0.46 |
| 21  | UNIVERSAL TRUSTEE (MALAYSIA) BERHAD<br>KENANGA ISLAMIC FUND  | 1,374,566     | 0.35 |
| 22  | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEGGED SECURITIES ACCOUNT FOR FONG MING SANG (E-SDK)            | 1,300,000     | 0.33 |
| 23  | AMANAHRAYA TRUSTEES BERHAD<br>PB ISLAMIC SMALLCAP FUND   | 1,270,000     | 0.32 |
| 24  | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEGGED SECURITIES ACCOUNT FOR THEE KIM YONG                       | 1,249,500     | 0.32 |
| 25  | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>RAKUTEN TRADE SDN BHD FOR FABIAN KONG YU KIONG                  | 1,235,198     | 0.31 |
| 26  | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD<br>CIMB ISLAMIC TRUSTEE BHD FOR BIMB I TACTICAL FUND          | 1,038,300     | 0.26 |
| 27  | LIM YENG NEE   | 1,010,000     | 0.26 |
| 28  | UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)           | 960,666       | 0.24 |
| 29  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>MAYBANK TRUSTEES BERHAD FOR KENANGA ONEPRS GROWTH FUND (420119) | 851,733       | 0.22 |
| 30  | TAN TECK LOONG   | 834,000       | 0.21 |

## ANALYSIS OF WARRANTS HOLDINGS

### AS AT 25 SEPTEMBER 2020

Issued Size : 185,686,456 Warrants 2019/2024 issued pursuant to the Bonus Issue of Warrants  
 Number of Warrants Holders : 4,551

#### DISTRIBUTION OF WARRANTS HOLDINGS AS AT 25 SEPTEMBER 2020

| Size of Holding                            | No. of Warrants Holders | % of Warrants Holders | No. of Warrants Held | % of Warrants Held |
|--|-------------------------|-----------------------|----------------------|--------------------|
| 1 – 99                                     | 696                     | 15.30                 | 43,557               | 0.02               |
| 100 – 1,000                                | 483                     | 10.61                 | 313,195              | 0.17               |
| 1,001 – 10,000                             | 1,778                   | 39.07                 | 9,884,039            | 5.32               |
| 10,001 – 100,000                           | 1,396                   | 30.67                 | 46,947,091           | 25.28              |
| 100,001 to less than 5% of issued warrants | 195                     | 4.28                  | 51,806,277           | 27.90              |
| 5% and above of issued warrants            | 3                       | 0.07                  | 76,692,297           | 41.31              |
| <b>Total</b>                               | <b>4,551</b>            | <b>100.00</b>         | <b>185,686,456</b>   | <b>100.00</b>      |

#### DIRECTORS' WARRANTS HOLDINGS

The Directors' Warrants holdings based on the Register of Directors' Warrants holdings of the Company as at 25 September 2020 are as follows: -

| No. | Name of Directors         | Direct Interest | No. of warrants Held |                   | % |
|-----|---------------------------|-----------------|----------------------|-------------------|---|
|     |                           |                 | %                    | Indirect Interest |   |
| 1   | Nor Azzam Bin Abdul Jalil | -               | -                    | -                 | - |
| 2   | Ng Chee Siong             | 20,143,907      | 10.85                | -                 | - |
| 3   | Ng Shih Chiow             | 28,274,195      | 15.23                | -                 | - |
| 4   | Ng Shih Fang              | 28,274,195      | 15.23                | -                 | - |
| 5   | Lai Wei Keat              | -               | -                    | -                 | - |
| 6   | Ooi Guan Hoe              | -               | -                    | -                 | - |
| 7   | Ng Chee Keong             | -               | -                    | -                 | - |
| 8   | Loo Jo Anne               | -               | -                    | -                 | - |

#### SUBSTANTIAL WARRANTS HOLDERS

The substantial warrants holders (holding 5% or more of the issued capital) based on the Register of Substantial Warrants holders of the Company as at 25 September 2020 and their warrants holdings are as follows: -

| No. | Name of Substantial Warrants holders | Direct Interest | No. of warrants Held |                   | % |
|-----|--------------------------------------|-----------------|----------------------|-------------------|---|
|     |                                      |                 | %                    | Indirect Interest |   |
| 1   | Ng Chee Siong                        | 20,143,907      | 10.85                | -                 | - |
| 2   | Ng Shih Chiow                        | 28,274,195      | 15.23                | -                 | - |
| 3   | Ng Shih Fang                         | 28,274,195      | 15.23                | -                 | - |



## ANALYSIS OF WARRANTS HOLDINGS AS AT 25 SEPTEMBER 2020

### LIST OF TOP 30 LARGEST WARRANTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 SEPTEMBER 2020)

| No. | Name of Warrants holders  | No. of Warrants | %     |
|-----|---|-----------------|-------|
| 1   | NG SHIH CHIOW   | 28,274,195      | 15.23 |
| 2   | NG SHIH FANG  | 28,274,195      | 15.23 |
| 3   | NG CHEE SIONG   | 20,143,907      | 10.85 |
| 4   | THAM KAH FOOK   | 2,221,900       | 1.20  |
| 5   | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CONSOLIDATED CHAN REALTY SDN.BHD (E-KUG) | 1,795,100       | 0.97  |
| 6   | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR THEE KIM YONG                              | 1,600,000       | 0.86  |
| 7   | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEO PUI MENG                            | 1,280,000       | 0.69  |
| 8   | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LOW WEI NGEE (7002796)            | 850,000         | 0.46  |
| 9   | TAN ENG BOON  | 825,500         | 0.44  |
| 10  | LIM YENG NEE  | 750,000         | 0.40  |
| 11  | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN (MY2268)                  | 740,000         | 0.40  |
| 12  | CHUA TECK KIM   | 700,000         | 0.38  |
| 13  | TAN YIK SIN   | 700,000         | 0.38  |
| 14  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>SIAW LIM LOONG   | 679,000         | 0.37  |
| 15  | SIM CHONG YUNG  | 650,033         | 0.35  |
| 16  | ANG ZHI YI  | 650,000         | 0.35  |
| 17  | YEAP TECK HOOI  | 619,000         | 0.33  |
| 18  | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SOON THIAM YEW (AMPANG-CL)             | 508,900         | 0.27  |
| 19  | CHEN KOK BONG   | 507,000         | 0.27  |
| 20  | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG KOK BOON                     | 500,000         | 0.27  |

## ANALYSIS OF WARRANTS HOLDINGS AS AT 25 SEPTEMBER 2020

### LIST OF TOP 30 LARGEST WARRANTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 25 SEPTEMBER 2020)

| No. | Name of Warrants holders   | No. of Warrants | %    |
|-----|--|-----------------|------|
| 21  | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>VALUE VENTURES CAPITAL SDN BHD (7007151)                | 500,000         | 0.27 |
| 22  | BOON SIN MOUI  | 500,000         | 0.27 |
| 23  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>LOH YI HAU  | 500,000         | 0.27 |
| 24  | TAN LIP HAN  | 500,000         | 0.27 |
| 25  | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR GOAI TECK YU (E-BPT/BPR)        | 475,000         | 0.26 |
| 26  | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR CHUNG WAI FONG (7003642) | 453,200         | 0.24 |
| 27  | LAU SAM SIONG  | 450,000         | 0.24 |
| 28  | TING JIN CHUAN   | 439,233         | 0.24 |
| 29  | TEH LIANG HOW  | 430,000         | 0.23 |
| 30  | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>AMBANK (M) BERHAD FOR SATHYA SEELAN A/L CHELLIAH (8333-1402)    | 419,093         | 0.23 |

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