DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of turnkey ASIC (application-specific integrated circuit) design services, providing data processing, data management, disk-based back-up solutions, telecommunications, office automation, network infrastructure and intelligent storage network support.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(17,911,694)	(17,124,271)
Attributable to:		
Owners of the Company	(17,911,694)	(17,124,271)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial year except 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 year. The Directors do not recommend dividend to be paid in respect of the current financial year.

SHARES AND DEBENTURES

During the financial year, the ordinary share capital of the Company was increased from 950,569,000 units to 1,058,219,000 units by way of issuance of new ordinary shares pursuant to the following:

(i) private placement of 81,000,000 new ordinary shares of RM0.0413 each;

(ii) private placement of 21,500,000 new ordinary shares of RM0.0773 each; and

(iii) 5,150,000 options exercised under ESOS at an exercise price of RM0.0443 per ordinary share.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of options pursuant to the Employee Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 17 June 2011, the Company's shareholders approved the establishment of an ESOS. The ESOS was implemented on 30 November 2011 for a period of five years and has expired on 29 November 2016. Pursuant to the Board's approval on 17 November 2016, the tenure of the ESOS has been extended for a further period of five years and will expire on 28 November 2021.

The salient features and other details of the ESOS are disclosed in Note 14(a) to the financial statements.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

	Exercise	Number of options over ordinary shares				
	price	As at				As at
Grant date	**RM**	**01.06.2019**	**Granted**	**Exercised**	**Lapsed**	**31.05.2020**
30 November 2011	0.1450	406,000	-	-	(95,000)	311,000
29 April 2020	0.0443	-	70,600,000	(5,150,000)	(500,000)	64,950,000
		406,000	70,600,000	(5,150,000)	(595,000)	65,261,000

DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Eg Kah Yee
Benny Ting Wu Hu
N. Chanthiran A/L Nagappan
Chen, Chia-Yin
Prof. Low Teck Seng

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

Shareholdings in the name of directors	Number of ordinary shares			
	As at 01.06.2019	Acquired	Sold	As at 31.05.2020
Direct interest				
Eg Kah Yee	1,500,000	-	-	1,500,000
N. Chanthiran A/L Nagappan	10,000	-	-	10,000
Indirect interest				
Eg Kah Yee *	325,869,500	-	-	325,869,500

* Deemed interest by virtue of the interest in a corporation and pursuant to Section 8 of the Companies Act 2016.

Shareholdings in the name of directors	Number of options over ordinary shares			
	As at 01.06.2019	Acquired	Exercised	As at 31.05.2020
Direct interest				
Eg Kah Yee	-	100,000	-	100,000
Benny Ting Wu Hu	250,000	350,000	-	600,000
N. Chanthiran A/L Nagappan	-	350,000	-	350,000

By virtue of their interest in shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, the Directors are deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

Other than disclosed above, the other directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Company during the financial year are disclosed in Note 25 to the financial statements.

The details of the other benefits otherwise than in cash received or receivable from the Group and the Company by the Directors of the Group and of the Company during the financial year are disclosed in Note 25 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the Directors of the Group and of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 25 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.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised at their book values 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 had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

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

(iii) 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; or

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

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

(i) any charge on the assets of the 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 in respect of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (continued)

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENT DURING THE FINANCIAL YEAR

The significant events during the financial year is disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT , Chartered Accountants have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 18 September 2020.

EG KAH YEE
Director

N. CHANTHIRAN A/L NAGAPPAN
Director

STATEMENT BY DIRECTORS

PURSUANT TP SECTION 251(2) OF THE COMPANIES ACT 2016

We, EG KAH YEE and N. CHANTHIRAN A/L NAGAPPAN, being two of the directors of KEY ASIC BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 54 to 147 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 31 May 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 18 September 2020

EG KAH YEE Director	N. CHANTHIRAN A/L NAGAPPAN Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

I, THONG KOOI PIN, being the Officer primarily responsible for the accounting records and financial management of KEY ASIC BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 147 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
THONG KOOI PIN	)	
at Puchong in the state of Selangor Darul Ehsan	)	
on 18 September 2020	)	THONG KOOI PIN

Before me,

Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEY ASIC BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KEY ASIC BERHAD, which comprise the statements of financial position as at 31 May 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 the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 147.

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 31 May 2020, and of their financial performance and the 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 of 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
(a) Assessment of impairment on intangible assets	
Refer to Note 3.5 & 3.6 - Significant accounting policies, Note 4.2.3 - Significant accounting judgements, estimates and assumptions and Note 6 - Intangible assets.	Our audit procedures in relation to the valuation of intellectual property and software licenses rights are as follows:-
As at 31 May 2020, the Group's and the Company's carrying amount of intangible assets are RM15,799,617 and RM15,751,795. We emphasised on this account balance due to the significance of the carrying amount of the intangible assets, which represented 54% and 64.8% of the Group's and of the Company's total assets as at 31 May 2020, and significant assumptions and judgements involved in deriving the recoverable amount calculations and assumptions supporting the underlying cash flow projections include sales, gross profit margin, discount rate and operating expenses of the intellectual property and software licenses rights. The Group engaged an independent valuer to carry out a formal valuation of the Group's cash-generating unit for the purpose of assessing impairment on the intangible assets. When estimating the value of the intangible assets, discounted cash flow method is applied as the primary basis of valuation.	(i) evaluate the independent external valuers' competency, capabilities and objectivity which included consideration of their qualifications and experiences; (ii) review the valuation report and discuss with the independent valuers on the valuation approach and the significant judgement they made, including selection of comparable listed companies for application of price-to-earnings multiple method; (iii) understanding the scope and purpose of the valuation and assessing whether any matters that might have affected their objectivity or limited the scope of their work; and (iv) assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the industry.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
(b) Impairment of trade receivables *Refer to Note 3.10 - Significant accounting policies, Note 4.2.5 – Significant Accounting Judgements, Estimates and Assumptions and Note 10 - Trade Receivables.* Trade receivables are significant to the Group as these represent approximately 6% (2019: 28%) of the total assets. The key associated risk is the recoverability of the trade receivables as the recoverability of trade receivables required management judgment and estimation in determining the adequacy of the impairment loss associated with each individual trade receivables.	Our audit procedures included, among others: (i) reviewed the receivables aging analysis and tested the reliability thereof; (ii) evaluated subsequent year end receipts and the recoverability of the outstanding trade receivables; (iii) enquired the management pertaining to the recoverability of significant and overdue debts; (iv) evaluated the basis and evidence used by the management for the impairment test and adequacy of allowance for impairment made; (v) assessed the reasonableness of the Group's expected credit loss (ECL) model by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group; and (vi) identified any loss events subsequent to the end of the reporting period for indications of increase in credit risk.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
(c) Significant foreign component *Refer to Note 3.19 - Significant accounting policies, and Note 28– Segment Information.* For the financial year ended 31 May 2020, the significant subsidiary, Key ASIC Incorporation, a company incorporated in Republic of China, Taiwan, contributed 92% (2019: 64%) of total revenue of the Group. The subsidiary also accounted for approximately 21% of total assets of the Group as at 31 May 2020. The financial statements of the significant subsidiary were audited by component auditors ("CA"). We focus on this area due to the significance of the subsidiary's financial contribution and operation to the Group. As we are responsible for the direction, supervision and performance of the group audit, such reference to the CA does not diminish our sole responsibility for the group audit opinion.	Our audit procedures included, among others: (i) obtained an understanding of and assessing the CA's: - professional competence; - operating environment; and - compliance with ethical requirements relevant to the group audit. (ii) Communicating and discussing with the CA on: - identified audit risks, conclusions and responses to such risk; - audit approach; - component materiality; - other significant matters relevant to the group audit; and - overall findings and results of the CA's work (iii) inquired management of the subsidiary on the latest status and business development plan; (iv) inquired component auditors on potential deficiencies in internal controls and fraud risk; (v) reviewed audit working papers prepared by component auditors and assessed sufficiency and appropriateness of audit procedures performed;

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
(c) Significant foreign component (continued)	Our audit procedures included, among others: (vi) performed additional procedures on significant account balances and class of transactions, where necessary; and (vii) reviewed deliverables from component auditors in response to the Group Audit Instructions and assessed the impact on the Group financial statements.

Report on the Audit of the Financial Statements (continued)

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 information included in the annual report which we obtained prior to the date of this auditors' 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 the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine 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.

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(i) 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.

(ii) 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 the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Report on the Audit of the Financial Statements (continued)

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

(v) 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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Report on the Audit of the Financial Statements (continued)

Other Matters

1. 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.

2. The financial statements of the Company as at 31 May 2019, were audited by another firm of auditors whose report dated 19 September 2019, expressed an unmodified opinion on those statements.

CAS MALAYSIA PLT
[No. (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

KONG JUNE HON
[No. 03258/05/2022(J)]
Chartered Accountant

Date: 18 September 2020

Puchong

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2020

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
NON-CURRENT ASSETS					
Plant and equipment	5	662,000	629,625	375,530	416,113
Intangible assets	6	15,799,617	16,994,966	15,751,795	16,994,966
Right-of-use assets	7	1,159,403	-	496,349	-
Investment in subsidiary companies	8	-	-	331,887	331,883
		17,621,020	17,624,591	16,955,561	17,742,962
CURRENT ASSETS					
Inventories	9	842,288	1,006,392	-	-
Trade receivables	10	1,618,959	11,285,869	351,430	10,272,072
Other receivables	11	556,648	762,560	378,932	593,045
Amount due from subsidiary companies	12	-	-	1,095,529	119,825
Tax recoverable		20	-	-	-
Cash and bank balances		8,593,562	9,077,505	5,523,972	6,623,415
		11,611,477	22,132,326	7,349,863	17,608,357
TOTAL ASSETS		29,232,497	39,756,917	24,305,424	35,351,319

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

(CONT'D)

	Note	Group 2020 RM	Group 2019 RM Restated	Company 2020 RM	Company 2019 RM Restated
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	35,256,392	29,991,642	35,256,392	29,991,642
Reserves	14	(14,923,865)	1,864,032	(16,673,501)	(1,214,275)
Total equity attributable to owners of the Company		20,332,527	31,855,674	18,582,891	28,777,367
NON-CURRENT LIABILITIES					
Deferred taxation	15	6,246	567,980	-	567,857
Lease liabilities	7	683,807	-	266,889	-
		690,053	567,980	266,889	567,857
CURRENT LIABILITIES					
Trade payables	16	5,527,172	4,406,115	3,657,378	4,089,790
Other payables	16	1,389,188	2,195,981	759,356	1,185,138
Amount due to a subsidiary company	12	-	-	4	-
Amount due to a director	17	782,027	478,982	782,027	478,982
Lease liabilities	7	493,478	-	238,826	-
Provision for taxation		18,052	252,185	18,053	252,185
		8,209,917	7,333,263	5,455,644	6,006,095
TOTAL LIABILITIES		8,899,970	7,901,243	5,722,533	6,573,952
TOTAL EQUITY AND LIABILITIES		29,232,497	39,756,917	24,305,424	35,351,319

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	18	11,324,195	24,009,460	1,006,418	8,863,235
Cost of sales	19	(8,616,920)	(14,459,578)	(551,884)	(2,358,824)
GROSS PROFIT		2,707,275	9,549,882	454,534	6,504,411
Other operating income	20	36,306	903,438	52,710	1,035,842
Administrative expenses		(14,191,637)	(10,569,229)	(13,685,316)	(2,606,108)
Other operating expenses		(7,224,560)	(1,131,720)	(4,732,156)	(5,654,966)
Finance cost	21	(35,291)	-	(16,032)	-
LOSS BEFORE TAXATION	22	(18,707,907)	(1,247,629)	(17,926,260)	(720,821)
Taxation	23	796,213	(803,991)	801,989	(820,042)
LOSS AFTER TAXATION		(17,911,694)	(2,051,620)	(17,124,271)	(1,540,863)
Other comprehensive (expense)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(541,248)	738,714	-	-
Other comprehensive (expense)/income for the year, net of tax		(541,248)	738,714	-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		(18,452,942)	(1,312,906)	(17,124,271)	(1,540,863)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(CONT'D)

		Group	
		2020	2019
	Note	RM	RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:			
Owners of the company		(17,911,694)	(2,051,620)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:			
Owners of the company		(18,452,942)	(1,312,906)
Basic loss per share attributable to owners of the company (sen)			
- Basic	26 (a)	(1.87)	(0.22)
- Diluted	26 (b)	(1.80)	(0.22)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

2020 Group	Attributable to owners of the Company				
	Non-distributable			Distributable	
	Share capital RM	Share option RM	Foreign Exchange reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Balance as at 1 June 2019	29,991,642	38,469	93,707	1,731,856	31,855,674
Loss for the financial year	-	-	-	(17,911,694)	(17,911,694)
Other comprehensive expense, net of tax	-	-	(541,248)	-	(541,248)
Total comprehensive expense for the financial year	-	-	(541,248)	(17,911,694)	(18,452,942)
Transaction with owner					
Issuance of ordinary shares:					
- private placement	5,007,250	-	-	-	5,007,250
- pursuant to exercise of ESOS	257,500	(29,355)	-	-	228,145
Share option granted under ESOS	-	1,694,400	-	-	1,694,400
Lapsed share options	-	(18,650)	-	18,650	-
Balance as at 31 May 2020	35,256,392	1,684,864	(447,541)	(16,161,188)	20,332,527

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

(CONT'D)

2019 Group	Attributable to owners of the Company				
	Non-distributable			Distributable	
	Share capital RM	Share option RM	Foreign exchange reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM
Balance as at 1 June 2018	67,471,642	38,469	(645,007)	(42,216,524)	24,648,580
Loss for the financial year	-	-	-	(2,051,620)	(2,051,620)
Other comprehensive income, net of tax	-	-	738,714	-	738,714
Total comprehensive income/(expense) for the financial year	-	-	738,714	(2,051,620)	(1,312,906)
Transaction with owner					
Issuance of ordinary shares:					
- private placement	8,520,000	-	-	-	8,520,000
Capital reduction	(46,000,000)	-	-	46,000,000	-
Balance as at 31 May 2019	29,991,642	38,469	93,707	1,731,856	31,855,674

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

(CONT'D)

2020	**Attributable to owners of the Company**			
	Non-distributable		**Distributable**	
Company	**Share capital RM**	**Share option RM**	**Accumulated losses RM**	**Total RM**
Balance as at 1 June 2019	29,991,642	38,469	(1,252,744)	28,777,367
Total comprehensive expense for the financial year	-	-	(17,124,271)	(17,124,271)
Transaction with owner				
Issuance of ordinary shares:				
- private placement	5,007,250	-	-	5,007,250
- pursuant to exercise of ESOS	257,500	(29,355)	-	228,145
Share option granted under ESOS	-	1,694,400	-	1,694,400
Lapsed share options	-	(18,800)	18,800	-
Balance as at 31 May 2020	35,256,392	1,684,714	(18,358,215)	18,582,891

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

(CONT'D)

2019 Company	Attributable to owners of the Company: Non-distributable: Share capital RM	Attributable to owners of the Company: Non-distributable: Share option RM	Attributable to owners of the Company: Distributable: Accumulated losses RM	Total RM
Balance as at 1 June 2018	67,471,642	38,469	(45,711,881)	21,798,230
Total comprehensive expense for the financial year	-	-	(1,540,863)	(1,540,863)
Transaction with owner				
Issuance of ordinary shares:				
- private placement	8,520,000	-	-	8,520,000
Capital reduction	(46,000,000)	-	46,000,000	-
Balance as at 31 May 2019	29,991,642	38,469	(1,252,744)	28,777,367

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(18,707,907)	(1,247,629)	(17,926,260)	(720,821)
Adjustments for:					
Amortisation of intangible assets	6	1,250,484	1,243,170	1,243,170	1,243,170
Depreciation of plant and equipment	5	187,897	171,363	95,603	41,843
Depreciation of right-of-use asset	7	461,783	-	218,394	-
Impairment loss on trade receivables	10	10,046,839	1,131,720	10,044,435	1,131,720
Write off of other receivables		31,250	36,288	31,250	-
Interest income	20	(21,777)	(77,571)	(19,124)	(75,219)
Interest expense on lease liability	21	35,291	-	16,032	-
Inventories written off	9	59,306	200,992	-	-
ESOS expenses		1,694,400	-	1,694,400	-
Net foreign exchange differences		(575,907)	-	-	-
Net unrealised loss/(gain) on foreign exchanges	22	79,411	(263,701)	132,671	(278,271)
Plant and equipment written off		-	11	-	11
Payables written back		-	(72,776)	-	(72,776)
Reversal of impairment loss on trade receivables		-	(8,869)	-	-
Operating (loss)/profit before working capital changes		(5,458,930)	1,112,998	(4,469,429)	1,269,657
Decrease/(increase) in inventories		104,798	(81,341)	-	-
Increase in receivables		(339,252)	(576,477)	(196,454)	(3,221,155)
Increase/(decrease) in payables		349,417	(1,488,694)	(775,207)	1,295,465

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Cash used in operations		(5,343,967)	(1,033,514)	(5,441,090)	(656,033)
Interest received		21,777	77,571	19,124	75,219
Income tax paid		-	(2,231)	-	(2,426)
Net cash used in operating activities		(5,322,190)	(958,174)	(5,421,966)	(583,240)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	5	(205,661)	(401,351)	(55,020)	(376,997)
Purchase of intangible assets	6	(55,535)	-	-	-
Net cash used in investing activities		(261,196)	(401,351)	(55,020)	(376,997)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares					
- private placement		5,007,250	8,520,000	5,007,250	8,520,000
- pursuant to exercise of ESOS		228,145	-	228,145	-
Advance from directors		303,045	266,285	303,045	266,285
Advance to subsidiary companies		-	-	(947,429)	(1,109,237)
Repayment to subsidiary companies		-	-	-	(332,259)
Repayment of lease liabilities	7	(458,418)	-	(225,060)	-
Net cash generated from financing activities		5,080,022	8,786,285	4,365,951	7,344,789

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Net (decrease)/increase in cash and cash equivalents		(503,364)	7,426,760	(1,111,035)	6,384,552
Cash and cash equivalents as at beginning of the financial year		9,077,505	1,367,466	6,623,415	238,306
Effects of exchange rate changes on cash and cash equivalents		19,421	283,279	11,592	557
Cash and cash equivalents as at end of the financial year		8,593,562	9,077,505	5,523,972	6,623,415
Cash and cash equivalents comprise of:					
Cash and bank balances		8,593,562	9,077,505	5,523,972	6,623,415

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

1. GENERAL INFORMATION

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

The Company's registered office is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 6th Floor, Unit 3, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 31 May 2020 do not include other entities.

The Company is principally engaged in the business of turnkey ASIC (application specific integrated circuit) design services, providing data processing, data management, disk-based back-up solutions, telecommunications, office automation, network infrastructure and intelligent storage network support.

The principal activities of its subsidiary companies are set out in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 September 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 ("CA 2016") in Malaysia.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the changes stated in Note 2.4.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.2 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 June 2019:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements
MFRS 16	Leases
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle	

The adoption of the above pronouncements did not have material impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payments
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 14	Regulatory Deferral Accounts

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.3 Standards issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2020 (continued)

Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Cost
Annual Improvements to MFRS Standards 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Leases

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture
Annual Improvements to MFRS Standards 2018-2020 Cycle	

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.3 Standards issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The Directors do not expect any material impact to the financial statements of the above pronouncements.

2.4 Changes in accounting policies and disclosures

In the current year, the Group and the Company have applied MFRS 16 which is effective for an annual period that begins on or after 1 June 2019. Several other amendment and interpretations are also applied for the first time in 2019, but do not have a material effect on the financial statements of the Group and the Company. The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The changes of the new standards are described below:

2.4.1 MFRS 16 Leases

The Group and the Company changed their accounting policies on leases at the date of initial application of 1 June 2019 by applying modified retrospective approach. As permitted by the Standard, the Group and the Company have elected not to restate comparative information, which continues to be reported under MFRS 117. Under this method, the cumulative effect of adopting MFRS 16 where the Group is a lessee will be recognised in equity as an adjustment to the opening balance of retained earnings as at 1 June 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures (continued)

2.4.1 MFRS 16 Leases (continued)

Under MFRS 16, it eliminates the classification of leases by the lessee as either finance leases or operating leases. It requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

(b) The Group and the Company as lessee

The Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

Under MFRS 16, it requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The Group recognises right-of-use assets and lease liabilities for those leases which had previously been classified as operating leases under the principles of MFRS 117. However, the Group has elected not to recognise right-of-use assets and liabilities for leases of low-value assets. The Group also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months from the date of initial application. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company has elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 June 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures (continued)

2.4.1 MFRS 16 Leases (continued)

For the first time application of MFRS 16, the Group has elected to apply the following practical expedients on a lease-by-lease basis:

(i) The use of single discount rate to those portfolio of leases with reasonably similar characteristics;

(ii) Lease contracts with lease term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;

(iii) The exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application; and

(iv) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of MFRS 16 impacts the Group's performance in the current financial year as follows:-

(i) Statement of profit and loss and other comprehensive income

Leasing expenses that previously being included under operating cost within Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") were replaced by interest expense in respect of lease liability and amortisation of right-of-use asset.

(ii) Statement of financial position

Under MFRS 16, for those leases which has previously been classified as operating leases under the principles of MFRS 117, in relation to single on-balance sheet model, assets and liabilities are increased due to the recognition of right-of-use asset and lease liabilities as at the date of initial application.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Changes in accounting policies and disclosures (continued)

2.4.1 MFRS 16 Leases (continued)

(iii) Statement of cash flows

The rental payments paid for operating lease which are previously recorded within cash flow from operating activities were reclassified as cash flow from financing activities for repayment of principal and interest portion of lease liabilities.

In summary, the adoption of MFRS 16 Leases has the following impact:

(a) To the Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 May 2020:

	Group 2020 RM	Company 2020 RM
Depreciation of right-of-use assets (included in other operating expenses)	461,783	218,394
Interest on lease liabilities (included in finance cost)	35,291	16,032
Expense related to short-term leases (included in other operating expenses)	19,642	19,642
	516,716	254,068

(b) To the Statement of Cash Flows for the financial year ended 31 May 2020:

At the end of the financial year, the Group and the Company had total cash outflow for leases of RM458,418 and RM225,060.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 May 2020.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealized gain or loss transactions between Group and subsidiary companies are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 3.3.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

3.3 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Business combination and goodwill (continued)

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be 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 changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Business combination and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Depreciation on the property, plant and equipment are calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Computers	5 years
Furniture and fittings	10 years
Office equipment	2 to 10 years
Renovation	10 years
Tool equipment	5 years
Machinery	3 to 5 years
Leasehold improvement	5 years

Depreciation of an asset begins when it is ready for its intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Plant and equipment (continued)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

3.5 Intangible assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

(a) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the assets under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the assets under development.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible assets (continued)

(a) Research and development expenditure (continued)

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

(b) Intellectual property and software licenses rights

Intellectual property that are acquired by the Group and by the Company, which have useful lives of 25 years, are reviewed annually for impairment and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(c) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives
Development costs	Unit of production	5 years
Intellectual property and software licenses rights	Straight-line	25 years

3.6 Impairment of non-financial assets

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

For plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment of non-financial assets (continued)

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

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

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

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short term funding requirements. These also include bank overdrafts that form an integral part of the Group's cash management.

3.9 Financial assets

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.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refer 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

3.9.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) 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.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables, and amount owing from subsidiaries and amount owing from related parties.

3.9.2 Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(b) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

3.9.2 Financial assets at FVOCI (continued)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company did not hold any debt instruments at FVOCI at the current and previous financial year.

Equity instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocable elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

3.9.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

3.9.3 Financial assets at FVTPL (continued)

This category includes derivative instruments and listed equity investments which had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group and the Company do not have any financial assets at FVTPL at the current and previous financial year end.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the rights to receive cash flows from the asset are transferred or all the risk and rewards are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. ECL 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 Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

3.11.1 Financial liabilities at FVTPL

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

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

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

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

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

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

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial liabilities (continued)

3.11.2 Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

3.12 Leases

Current financial year

3.12.1 Leases in which the Group is a lessee

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

Current financial year (continued)

3.12.1 Leases in which the Group is a lessee (continued)

(a) Right-Of-Use Assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group and the Company are reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Building	3 years

(b) Lease Liabilities

The Group and the Company recognise lease liability, which is measured at the present value of the lease payments to be made over the lease term, at the commencement date. The lease payments include fixed payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, less lease incentives receivable. The lease payments also include the exercise price of purchase option if the Group and the Company are reasonably certain to exercise, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

Current financial year (continued)

3.12.1 Leases in which the Group is a lessee (continued)

(b) Lease Liabilities (continued)

The lease payments are discounted using incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured in order to reflect any reassessment or lease modifications.

(c) Short-term leases and leases of low-value assets

The Group and the Company elected to apply exemption to those short term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group and the Company are reasonably certain to exercise that option.

Under some of the leases, the Group and the Company are offered with the option to extend the lease term for additional two to five years. The Group and the Company apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. 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 the option to renew or not to terminate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

Previous financial year

3.12.1 Leases in which the Group is a lessee (continued)

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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.

(b) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.14 Income tax

3.14.1 Current tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Income tax (continued)

3.14.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Provisions

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

Provisions are reviewed at each financial year end 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.

The Group and the Company typically provide warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3.16 Revenue recognition and other income

Revenue is measure at the fair value of consideration received or receivable. The Group and the Company recognise revenue as follows:

3.16.1 Sales of hardware and software

Revenue from the sale of hardware for a fixed fee shall be recognised when control over the hardware is transferred to customer at a point in time. For hardware sales, transfer of control is usually deemed to occur upon delivery of products and customer acceptances. Software licences may be provided to the customer at a point in time, activated or ready to be activated by the customer at a later stage, therefore revenue is recognised when customer obtains control of the software.

3.16.2 Contract income

Revenue from contract income is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in its revenue arrangements because its typically control the goods and services before transferring them to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition (continued)

3.16.3 Rendering services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided at the end of the reporting period.

3.16.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3.17 Employee benefits

3.17.1 Short term employee benefits

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

3.17.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Foreign currency

3.18.1 Functional and presentation currency

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

3.18.2 Foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on 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 translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.20 Contingent liabilities

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial year end.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associated of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

3.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

3.23 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of ESOS into ordinary shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting 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 amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, there were no critical judgements made by management on the amounts recognised in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.2.1 Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within a range of 2 to 10 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's plant and equipment at the reporting date is disclosed in Note 5.

4.2.2 Amortisation of intangible assets

The costs of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates.

The carrying amounts of the Group's and of the Company's intangible assets at the reporting date are disclosed in Note 6 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.3 Impairment of non-financial assets

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

4.2.4 Income taxes

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

4.2.5 Provision for expected credit losses of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 10.

5. PLANT AND EQUIPMENT

Group

2020	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Tool equipment RM	Machinery RM	Leasehold improvement RM	Total RM
At cost								
Balance as at 1 June 2019	2,767,917	1,015,001	1,131,444	484,072	1,426,404	1,578,751	178,496	8,582,085
Additions	53,130	6,050	146,481	-	-	-	-	205,661
Exchange differences	39,982	17,378	95,259	-	-	145,282	16,426	314,327
Balance as at 31 May 2020	2,861,029	1,038,429	1,373,184	484,072	1,426,404	1,724,033	194,922	9,102,073
Accumulated depreciation								
Balance as at 1 June 2019	2,377,277	947,198	1,098,057	460,484	1,422,037	1,480,068	167,339	7,952,460
Charge for the financial year	92,180	1,451	25,366	4,015	2,151	59,985	2,749	187,897
Exchange differences	38,004	11,687	95,000	-	-	139,476	15,549	299,716
Balance as at 31 May 2020	2,507,461	960,336	1,218,423	464,499	1,424,188	1,679,529	185,637	8,440,073
Net carrying amounts								
Balance as at 31 May 2020	353,568	78,093	154,761	19,573	2,216	44,504	9,285	662,000

5. PLANT AND EQUIPMENT (continued)

Group

	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Tool equipment RM	Machinery RM	Leasehold improvement RM	Total RM
At cost								
Balance as at 1 June 2018	2,932,508	1,004,960	1,125,330	484,072	1,426,404	1,570,074	177,680	8,721,028
Additions	367,897	18,597	14,857	-	-	-	-	401,351
Write off	(534,475)	-	-	-	-	-	-	(534,475)
Exchange differences	1,987	(8,556)	(8,743)	-	-	8,677	816	(5,819)
Balance as at 31 May 2019	2,767,917	1,015,001	1,131,444	484,072	1,426,404	1,578,751	178,496	8,582,085
Accumulated depreciation								
Balance as at 1 June 2018	2,901,987	928,346	1,034,737	455,910	1,412,577	1,414,814	164,490	8,312,861
Charge for the financial year	61,667	1,574	26,199	4,574	9,460	65,364	2,525	171,363
Write off	(534,464)	-	-	-	-	-	-	(534,464)
Exchange differences	(51,913)	17,278	37,121	-	-	(110)	324	2,700
Balance as at 31 May 2019	2,377,277	947,198	1,098,057	460,484	1,422,037	1,480,068	167,339	7,952,460
Net carrying amounts								
Balance as at 31 May 2019	390,640	67,803	33,387	23,588	4,367	98,683	11,157	629,625

5. PLANT AND EQUIPMENT (continued)

Company

2020	**Computers RM**	**Furniture and fittings RM**	**Office equipment RM**	**Renovation RM**	**Tool equipment RM**	**Total RM**
At cost						
Balance as at 1 June 2019	2,329,946	21,074	96,288	484,072	1,426,404	4,357,784
Additions	46,170	6,050	2,800	-	-	55,020
Balance as at 31 May 2020	2,376,116	27,124	99,088	484,072	1,426,404	4,412,804
Accumulated depreciation						
Balance as at 1 June 2019	1,966,466	15,398	77,286	460,484	1,422,037	3,941,671
Charge for the financial year	82,622	985	5,829	4,015	2,152	95,603
Balance as at 31 May 2020	2,049,088	16,383	83,115	464,499	1,424,189	4,037,274
Net carrying amounts						
Balance as at 31 May 2020	327,028	10,741	15,973	19,573	2,215	375,530

5. PLANT AND EQUIPMENT (continued)

Company

2019	**Computers RM**	**Furniture and fittings RM**	**Office equipment RM**	**Renovation RM**	**Tool equipment RM**	**Total RM**
At cost						
Balance as at 1 June 2018	2,496,524	15,574	92,688	484,072	1,426,404	4,515,262
Additions	367,897	5,500	3,600	-	-	376,997
Write off	(534,475)	-	-	-	-	(534,475)
Balance as at 31 May 2019	2,329,946	21,074	96,288	484,072	1,426,404	4,357,784
Accumulated depreciation						
Balance as at 1 June 2018	2,481,031	14,795	69,979	455,910	1,412,577	4,434,292
Charge for the financial year	19,899	603	7,307	4,574	9,460	41,843
Write off	(534,464)	-	-	-	-	(534,464)
Balance as at 31 May 2019	1,966,466	15,398	77,286	460,484	1,422,037	3,941,671
Net carrying amounts						
Balance as at 31 May 2019	363,480	5,676	19,002	23,588	4,367	416,113

6. INTANGIBLE ASSETS

Group

2020	Development cost RM	Intellectual property and software licenses rights RM	Total RM
Cost			
Balance as at 1 June 2019	8,494,954	64,349,394	72,844,348
Additions	55,535	-	55,535
Write off	-	(192,507)	(192,507)
Exchange differences	2,560	894,659	897,219
Balance as at 31 May 2020	8,553,049	65,051,546	73,604,595
Less: Accumulated amortisation			
Balance as at 1 June 2019	8,494,953	24,224,401	32,719,354
Charge for the financial year	7,314	1,243,170	1,250,484
Write off	-	(192,507)	(192,507)
Exchange differences	2,960	521,907	524,867
Balance as at 31 May 2020	8,505,227	25,796,971	34,302,198
Less: Accumulated impairment loss			
Balance as at 1 June 2019	-	23,130,028	23,130,028
Exchange differences	-	372,752	372,752
Balance as at 31 May 2020	-	23,502,780	23,502,780

6. **INTANGIBLE ASSETS** (continued)

Group

2019	**Development cost RM**	**Intellectual property and software licenses rights RM**	**Total RM**
Cost			
Balance as at 1 June 2018	8,494,991	64,362,350	72,857,341
Exchange differences	(37)	(12,956)	(12,993)
Balance as at 31 May 2019	8,494,954	64,349,394	72,844,348
Less: Accumulated amortisation			
Balance as at 1 June 2018	8,494,990	22,988,789	31,483,779
Charge for the financial year	-	1,243,170	1,243,170
Exchange differences	(37)	(7,558)	(7,595)
Balance as at 31 May 2019	8,494,953	24,224,401	32,719,354
Less: Accumulated impairment loss			
Balance as at 1 June 2018	-	23,135,426	23,135,426
Exchange differences	-	(5,398)	(5,398)
Balance as at 31 May 2019	-	23,130,028	23,130,028
Net carrying amounts			
Balance as at 31 May 2020	47,822	15,751,795	15,799,617
Balance as at 31 May 2019	1	16,994,965	16,994,966

6. INTANGIBLE ASSETS (continued)

Company

2020	Development cost RM	Intellectual property and software licenses rights RM	Total RM
Cost			
Balance as at 1 June 2019	8,467,128	54,627,347	63,094,475
Balance as at 31 May 2020	8,467,128	54,627,347	63,094,475
Less: Accumulated amortisation			
Balance as at 1 June 2019	8,467,127	18,552,960	27,020,087
Charge for the financial year	-	1,243,170	1,243,170
Balance as at 31 May 2020	8,467,127	19,796,130	28,263,257
Less: Accumulated impairment loss			
Balance as at 1 June 2019	-	19,079,422	19,079,422
Balance as at 31 May 2020	-	19,079,422	19,079,422
2019			
Cost			
Balance as at 1 June 2018 and 31 May 2019	8,467,128	54,627,347	63,094,475
Less: Accumulated amortisation			
Balance as at 1 June 2018	8,467,127	17,309,790	25,776,917
Charge for the financial year	-	1,243,170	1,243,170
Balance as at 31 May 2019	8,467,127	18,552,960	27,020,087
Less: Accumulated impairment loss			
Balance as at 1 June 2018 and 31 May 2019	-	19,079,422	19,079,422

6. INTANGIBLE ASSETS (continued)

Company

2019	**Development cost RM**	**Intellectual property and software licenses rights RM**	**Total RM**
Net carrying amounts			
Balance as at 31 May 2020	1	15,751,795	15,751,796
Balance as at 31 May 2019	1	16,994,965	16,994,966

Assessment of impairment on intangible assets

The Group has engaged an independent valuer to carry out a formal valuation of the cash-generating unit of the Group for the purpose of performing impairment testing on the intangible assets. When estimating on the value of the intangible assets, discounted cash flow method of the income approach is applied as the primary basis of valuation. Based on the work done, the recoverable amount exceeds its carrying amount and there is no further impairment of value is required .

The recoverable amount of intangible asset has been determined based on value-in-use ("VIU") calculations using the profit and cash flow projections approved by the management covering a five (5) years period. The independent valuer has assessed the impairment of intangible assets based on five (5) year projected cash flow with the following assumptions:

	%
Gross profit margin	30
Growth rate	5 - 25
Discount rate	12

The Group has performed sensitivity analysis based on the following key assumptions:

- A 15% decrease in projected revenues and projected expenditures would not have caused any impact to the carrying amount;

- Should there be an increase of 200 basis point in the discount rate used, the recoverable amount would still exceed carrying amount.

7. LEASES

The Group as lessee

(i) Right-of-use assets

2020

	Buildings RM	Total RM
At cost		
Balance as at 1 June 2019	-	-
Addition	1,634,462	1,634,462
Balance as at 31 May 2020	1,634,462	1,634,462
Less: Accumulated depreciation		
Balance as at 1 June 2019	-	-
Charge for the financial year	461,783	461,783
Exchange difference	13,276	13,276
Balance as at 31 May 2020	475,059	475,059
Net carrying amount		
Balance as at 31 May 2020	1,159,403	1,159,403

(ii) Lease liabilities

	Buildings RM	Total RM
Carrying amount		
Balance as at 1 June 2019	-	-
New leases entered into during the financial year	1,612,091	1,612,091
Lease payment	(458,418)	(458,418)
Interest expense	35,291	35,291
Exchange difference	(11,679)	(11,679)
Balance as at 31 May 2020	1,177,285	1,177,285

7. LEASES (continued)

The Company as lessee

(i) Right-of-use assets

2020

	Buildings RM	Total RM
At cost		
Balance as at 1 June 2019	-	-
Addition	714,743	714,743
Balance as at 31 May 2020	714,743	714,743
Less: Accumulated depreciation		
Balance as at 1 June 2019	-	-
Charge for the financial year	218,394	218,394
Balance as at 31 May 2020	218,394	218,394
Net carrying amount		
Balance as at 31 May 2020	496,349	496,349

(ii) Lease liabilities

	Buildings RM	Total RM
Carrying amount		
Balance as at 1 June 2019	-	-
New leases entered into during the financial year	714,743	714,743
Lease payment	(225,060)	(225,060)
Interest expense	16,032	16,032
Balance as at 31 May 2020	505,715	505,715

7. LEASES (continued)

The Group and the Company as lessee

Lease liabilities

Represented by:	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current liabilities				
Unsecured				
- Lease liabilities	493,478	-	238,826	-
	493,478	-	238,826	-
Non-current liabilities				
Unsecured				
- Lease liabilities	683,807	-	266,889	-
	683,807	-	266,889	-
Total lease liabilities				
Unsecured				
- Lease liabilities	1,177,285	-	505,715	-
	1,177,285	-	505,715	-

	Group 2020 RM	Company 2020 RM
Minimum lease payment		
- Not later than one year	518,478	250,021
- Later than one year and not later than five years	696,358	271,300
	1,214,836	521,321
Future finance charges on lease liabilities	(37,551)	(15,606)
Present value of lease liabilities	1,177,285	505,715

Present value of lease liabilities is analysed as follows:

	Group 2020 RM	Company 2020 RM
Current liabilities		
- Not later than one year	493,478	238,826
Non-current liabilities		
- Later than one year and not later than five years	683,807	266,889
	1,177,285	505,715

7. LEASES (continued)

Rates of interest charged per annum:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Lease liabilities owing to non-financial institutions	2.59% - 2.82%	-	2.82%	-

(a) The Group has certain leases of equipments with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(b) The following are the amounts recognised in profit or loss:

	Group	Company
	2020	2020
	RM	RM
Depreciation of right-of-use assets (included in other operating expenses)	461,783	218,394
Interest on lease liabilities (included in finance cost)	35,291	16,032
Expense related to short-term leases (included in other operating expenses)	19,642	19,642
	516,716	254,068

(c) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM458,418 and RM225,060.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2020 RM	2019 RM
Unquoted shares, at cost		
At beginning of the financial year	28,558,696	28,558,696
Additions	4	-
At end of the financial year	28,558,700	28,558,696
Less: Accumulated impairment loss		
At beginning of the financial year	28,226,813	28,226,813
Impairment losses recognised during the financial year	-	-
At end of the financial year	28,226,813	28,226,813
Carrying amount	331,887	331,883

The details of the subsidiary companies are as follows:-

Name of subsi-diaries	Principal place of business/ country of incorporation	Effective equity interest 2020	2019	Principal activities
Key ASIC Semiconductor Sdn Bhd	Malaysia	100%	100%	Manufacturing services to fables design company, provide design for manufacturing ("DFM") and design for test ("DFT") consultation and the sales of chips.
Key ASIC Incorporation*	Republic of China (Taiwan)	100%	100%	Providing designing services in relation to the electronic components of integrated circuit, semiconductor and related parts.
Key ASIC Semiconductor Ltd. @	British Virgin Islands	100%	-	Dormant.

* Audited by an independent member firm of CAS International Network Ltd.
@ Unaudited management account were used for consolidation purpose.

9. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost		
Raw materials	348,350	353,999
Work-in-progress	991,547	996,336
Finished goods	260,822	293,306
	1,600,719	1,643,641
At net realisable value		
Raw materials	114,411	110,265
Work-in-progress	654,186	699,677
Finished goods	73,691	196,450
	842,288	1,006,392
Recognised in profit or loss		
Inventories recognised as cost of sales	7,069,171	10,884,766
Inventories written off *	59,306	200,992

* Inventories written off is included in cost of sales.

10. TRADE RECEIVABLES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade receivables - gross	22,509,415	22,128,491	21,229,094	21,105,301
Less: Allowance for impairment losses	(20,890,456)	(10,842,622)	(20,877,664)	(10,833,229)
Trade receivables - net	1,618,959	11,285,869	351,430	10,272,072

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

10. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

Group

2020	**Lifetime ECL RM**	**Credit impaired RM**	**Total RM**
Balance as at beginning of the financial year	1,125,531	9,717,091	10,842,622
Allowance for impairment losses	33,695	10,013,144	10,046,839
Transfer to credit impaired	(1,114,010)	1,114,010	-
Exchange difference	131	864	995
Balance as at end of the financial year	45,347	20,845,109	20,890,456
2019			
Balance as at beginning of the financial year	-	9,719,741	9,719,741
Allowance for impairment losses	1,125,531	6,189	1,131,720
Reversal of loss allowance	-	(8,839)	(8,839)
Balance as at end of the financial year	1,125,531	9,717,091	10,842,622

Company

2020	**Lifetime ECL RM**	**Credit impaired RM**	**Total RM**
Balance as at beginning of the financial year	1,125,531	9,707,698	10,833,229
Allowance for impairment losses	31,291	10,013,144	10,044,435
Transfer to credit impaired	(1,114,010)	1,114,010	-
Balance as at end of the financial year	42,812	20,834,852	20,877,664

10. TRADE RECEIVABLES (continued)

Company (continued)

2019

	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at beginning of the financial year	-	9,701,509	9,701,509
Allowance for impairment losses	1,125,531	6,189	1,131,720
Balance as at end of the financial year	1,125,531	9,707,698	10,833,229

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

The ageing of the receivables and provision for impairment losses provided for above are as follows:

Group

2020

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due nor impaired	1,474,232	-	-	1,474,232
Past due 1- 60 days	1,675	-	-	1,675
Past due 61 - 90 days	150	-	-	150
Past due 91 - 120 days	150	-	-	150
Past due more than 120 days	188,099	(45,347)	-	142,752
	1,664,306	(45,347)	-	1,618,959
Credit Impaired				
Past due more than 120 days	20,845,109	-	(20,845,109)	-
	22,509,415	(45,347)	(20,845,109)	1,618,959

10. TRADE RECEIVABLES (continued)

Group (continued)

2019

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due nor impaired	253,623	-	-	253,623
Past due 1- 60 days	3,039,041	(15,195)		3,023,846
Past due 61 - 90 days	242,785	(4,856)	-	237,929
Past due 91 - 120 days	1,541,600	(77,080)	-	1,464,520
Past due more than 120 days	7,334,351	(1,028,400)	-	6,305,951
	12,411,400	(1,125,531)	-	11,285,869
Credit Impaired				
Past due more than 120 days	9,717,091	-	(9,717,091)	-
	22,128,491	(1,125,531)	(9,717,091)	11,285,869

Company

2020

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due nor impaired	206,700	-	-	206,700
Past due 1- 60 days	1,675	-	-	1,675
Past due 61 - 90 days	150	-	-	150
Past due 91 - 120 days	150	-	-	150
Past due more than 120 days	185,567	(42,812)	-	142,755
	394,242	(42,812)	-	351,430
Credit Impaired				
Past due more than 120 days	20,834,852	-	(20,834,852)	-
	21,229,094	(42,812)	(20,834,852)	351,430

10. TRADE RECEIVABLES (continued)

Company (continued)

2019

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	Provision for impairment loss ECL (Individually assessed) RM	Net balance RM
Neither past due nor impaired	253,623	-	-	253,623
Past due 1- 60 days	2,025,244	(15,195)		2,010,049
Past due 61 - 90 days	242,785	(4,856)	-	237,929
Past due 91 - 120 days	1,541,600	(77,080)	-	1,464,520
Past due more than 120 days	7,334,351	(1,028,400)	-	6,305,951
	11,397,603	(1,125,531)	-	10,272,072
Credit Impaired				
Past due more than 120 days	9,707,698	-	(9,707,698)	-
	21,105,301	(1,125,531)	(9,707,698)	10,272,072

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group and the Company does not hold any collateral as security.

The Group's and the Company normal trade credit term range from 30 to 60 days (2019: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

11. OTHER RECEIVABLES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Other receivables	46,766	189,305	12,626	187,464
Deposits	246,163	234,359	102,587	102,587
Prepayments	263,719	338,896	263,719	302,994
	556,648	762,560	378,932	593,045

12. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Note	Company 2020 RM	Company 2019 RM
Amount due from subsidiary companies	(a)	1,095,529	119,825
Amount due to a subsidiary company		4	-

(a) The aggregate amount of due from subsidiary companies during the financial year are as follows:

	Company 2020 RM	Company 2019 RM
Amount due from - trade	1,019,849	1,116,157
Loan to subsidiary company	794,886	760,134
	1,814,735	1,876,291
Amount due to - trade	(276,999)	(741,999)
Amount due to - non trade	(442,207)	(1,014,467)
	1,095,529	119,825

Interest rate charge on the loan to subsidiary company is at 1.66% (2019: 1.66%) per annum.

The remaining of non-trade amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand in cash and cash equivalents.

13. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of shares (units)		RM	RM
Issued and fully paid:				
At the beginning of the financial year	950,569,000	890,569,000	29,991,642	67,471,642
Issuance of ordinary shares				
- Private placement	102,500,000	60,000,000	5,007,250	8,520,000
- Pursuant to exercise of ESOS	5,150,000	-	257,500	-
Capital reduction	-	-	-	(46,000,000)
At the end of the financial year	1,058,219,000	950,569,000	35,256,392	29,991,642

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of:

(i) issuance of 81,000,000 new ordinary shares at an issue price of RM0.0413 each via private placement; and

(ii) issuance of 21,500,000 new ordinary shares at an issue price of RM0.0773 each via private placement; and

(iii) issuance of 5,150,000 new ordinary shares for cash pursuant to the exercise of ESOS, at an exercise price of RM0.0443 per ordinary share.

14. RESERVES

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Distributable:					
(Accumulated losses)/ retained earnings		(16,161,188)	1,731,856	(18,358,215)	(1,252,744)
Non-distributable:					
Share option reserve	(a)	1,684,864	38,469	1,684,714	38,469
Foreign currency translation reserve	(b)	(447,541)	93,707	-	-
		(14,923,865)	1,864,032	(16,673,501)	(1,214,275)

(a) Share option reserve

The share option reserve comprises the Employee Share Option Scheme ("ESOS") and cumulative value of employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

At an Extraordinary General Meeting held on 17 June 2011, the Company's shareholders approved the establishment of an ESOS. The ESOS was implemented on 30 November 2011 for a period of five years and has expired on 29 November 2016. Pursuant to the Board's approval on 17 November 2016, the tenure of the ESOS has been extended for a further period of five years and will expire on 28 November 2021.

The salient features of the ESOS are as follows:

(i) The total number of new shares which may be made available under the scheme shall not exceed 15% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;

(ii) Eligible persons are confirmed employees including executive directors of the Group and have been in employment for the Group for a period of at least 12 months of continuous service on or prior to the date of allocation. However, where the employee/executive director is serving under an employment contract, the contract should be for duration of at least 2 years;

14. RESERVES (continued)

(a) Share option reserve (continued)

(iii) Not more than 50% of the shares under the ESOS will be granted to the directors and senior management. In addition, not more than 10% of the shares under the ESOS will be granted to any individual staff;

(iv) The option price may be at discount of not more than 10% from 5 days weighted market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;

(v) The ESOS shall be in force for a period of 5 years and extendable for another 5 years from the effective date; and

(vi) The option granted may be exercised in full immediately or in parts within the duration of the scheme.

<u>Movement of ESOS during the financial year</u>

The following table illustrates the share options granted and exercised during the financial year:

		Number of options over ordinary shares				
Grant date	**Exercise price RM**	**At 1 June 2019**	**Granted**	**Exercised**	**Lapsed**	**At 31 May 2020**
30 November 2011	0.1450	406,000	-	-	(95,000)	311,000
29 April 2020	0.0443	-	70,600,000	(5,150,000)	(500,000)	64,950,000
		406,000	70,600,000	(5,150,000)	(595,000)	65,261,000

The fair value of share options granted during the financial year was estimated by an independent professional valuer using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs").

14. RESERVES (continued)

(a) Share option reserve (continued)

The fair value of share options measured at grant date and the assumptions are as follows:

	Grant date	
	29.04.2020	**30.11.2011**
Fair value of share options and assumptions		
Weighted average fair value of share option at grant date (RM)	0.02	0.07
Weighted average share price (RM)	0.13	0.16
Option life (years)	1.5	5
Risk-free rate (%)	2.60	3.29
Expected dividends (%)	-	-
Expected volatility (%)	74.0	65.4

(b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency 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 as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

15. DEFERRED TAX LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At beginning of the financial year	567,980	15,979	567,857	-
Recognised in profit or loss (Note 23)	(562,061)	551,806	(567,857)	567,857
Exchange differences	327	195	-	-
At end of the financial year	6,246	567,980	-	567,857

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

The deferred tax liabilities amounts are in respect of the following:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Excess of capital allowances over corresponding depreciation	-	567,857	-	567,857
Other temporary differences	6,246	123	-	-
	6,246	567,980	-	567,857

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Temporary differences	322,023	1,592,285	1,421,882	-
Unabsorbed capital allowances	766,552	-	766,552	-
Unutilised tax losses	83,522,126	76,929,013	80,030,251	76,929,013
	84,610,701	78,521,298	82,218,685	76,929,013
Unrecognised deferred tax assets at 24% (2019: 24%)	20,306,568	18,845,112	19,732,484	18,462,963

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM Restated	2020 RM	2019 RM Restated
Trade payables	5,527,172	4,406,115	3,657,378	4,089,790
Add:				
Other payables	230,939	933,036	220,495	327,041
Accruals	951,549	728,970	332,161	324,122
Deferred income	206,700	533,975	206,700	533,975
	1,389,188	2,195,981	759,356	1,185,138
Total financial liabilities carrying at amortised costs	6,916,360	6,602,096	4,416,734	5,274,928

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 60 days (2019: 30 to 60 days).

Deferred income represents the initial payments received from customers that relate to goods and services which have not been transferred and performed are initially deferred and are subsequently recognised as revenue as goods and services are transferred or performed.

17. AMOUNT DUE TO A DIRECTOR

The amount due to a Director represented advance from Director which are unsecured, interest free and repayable on demand.

18. REVENUE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue from contracts with customers:				
- Sales of goods	9,809,750	15,207,135	391,443	489,205
- Services rendered	1,514,445	8,802,325	614,975	8,374,030
	11,324,195	24,009,460	1,006,418	8,863,235

19. COST OF SALES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Purchases of goods	8,302,719	10,884,765	380,639	475,132
Cost of services rendered	186,245	1,986,705	171,245	1,883,692
Others	127,956	1,588,108	-	-
	8,616,920	14,459,578	551,884	2,358,824

20. OTHER INCOME

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest income	21,777	77,571	19,124	75,219
Gain on foreign exchanges :				
- Realised	-	327,961	20,226	242,067
- Unrealised	-	264,074	-	278,271
Payables written back	-	72,776	-	72,776
Reversal of impairment loss on trade receivables	-	8,839	-	-
Others	14,529	152,217	13,360	367,509
	36,306	903,438	52,710	1,035,842

21. FINANCE COST

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest expense on:				
Lease liabilities	35,291	-	16,032	-

22. LOSS BEFORE TAXATION

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remuneration:				
Malaysian operations				
- Current year	130,000	120,000	125,000	96,000
Overseas operations				
- Current year	37,563	36,043	-	-
Non-statutory audit fees	5,000	15,000	5,000	15,000
Amortisation of intangible assets (Note 6)	1,250,484	1,243,170	1,243,170	1,243,170
Depreciation of plant and equipment (Note 5)	187,897	171,363	95,603	41,843
Depreciation of right-of-use assets (Note 7)	461,783	-	218,394	-
Employee benefits expense (Note 24)	7,143,960	3,300,983	3,478,138	1,297,282
Directors' remuneration (Note 25)	253,200	180,000	253,200	180,000
Allowance for impairment loss on trade receivables (Note 10)	10,046,839	1,131,720	10,044,435	1,131,720
Plant and equipment written off	-	11	-	11
Write off of other receivables /prepayments	31,250	36,288	31,250	-
Inventories written off (Note 9)	59,306	200,992	-	-
Reversal of impairment loss on trade receivables (Note 10)	-	(8,869)	-	-
Payables written back	-	(72,776)	-	(72,776)

22. LOSS BEFORE TAXATION (continued)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Net unrealised loss/(gain) on foreign exchanges	79,411	(263,701)	132,671	(278,271)
Realised loss on foreign exchange	22,396	-	-	-
Rental expenses on:				
- Equipment	38,302	6,330	7,980	6,330
- Premises	19,642	441,077	19,642	235,699

23. TAXATION

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Income taxation				
Provision for current financial year	-	252,185	-	252,185
Overprovision in the previous financial year	(234,152)	-	(234,132)	-
	(234,152)	252,185	(234,132)	252,185
Deferred taxation (Note 15)				
Recognised in the income statement	5,796	254,493	-	270,564
(Over)/underprovision in the previous financial year	(567,857)	297,313	(567,857)	297,293
	(562,061)	551,806	(567,857)	567,857
Tax (credit)/expenses for the current financial year	(796,213)	803,991	(801,989)	820,042

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. The taxation of other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

23. TAXATION (continued)

The reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation	(18,707,907)	(1,247,629)	(17,926,260)	(720,821)
Tax at the statutory tax rate of 24% (2019: 24%)	(4,489,898)	(299,431)	(4,302,302)	(172,997)
Tax effect of:				
Effect of different tax rates in other countries	20,853	141	-	-
Non-taxable income	(53,020)	(201,177)	(31,659)	(129,041)
Non-deductible expense	3,066,405	862,211	3,064,440	824,787
Deferred tax assets not recognised during the financial years	1,461,456	144,934	1,269,521	-
Overprovision of income tax expense in the prior financial years	(234,152)	-	(234,132)	-
(Over)/underprovision of deferred tax in the prior financial years	(567,857)	297,313	(567,857)	297,293
Tax (credit)/expenses for the current financial year	(796,213)	803,991	(801,989)	820,042

24. EMPLOYEES BENEFIT EXPENSES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Staff costs:				
Salaries, bonuses, incentives, overtime, commissions, allowances and others	5,211,287	3,113,844	1,597,698	1,146,522
Pension costs: defined contribution plans	222,486	187,139	174,517	141,908
Social security costs	15,787	-	11,523	8,852
Employees Share Option Scheme - expenses	1,694,400	-	1,694,400	-
	7,143,960	3,300,983	3,478,138	1,297,282

Employees benefit expenses including the aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year.

25. DIRECTORS' REMUNERATION

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Executive director:				
Remuneration	60,000	-	60,000	-
Fees	30,000	36,000	30,000	36,000
Employees Share Option Scheme - expenses	2,400	-	2,400	-
Non-executive directors:				
Fees	144,000	144,000	144,000	144,000
Employees Share Option Scheme - expenses	16,800	-	16,800	-
	253,200	180,000	253,200	180,000

26. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group 2020	2019
Loss attributable to ordinary shareholders (RM)	(17,911,694)	(2,051,620)
Weighted average number of ordinary shares for basic earnings per share (units)	959,539,833	915,329,753
Basic loss per ordinary share (sen)	(1.87)	(0.22)

(b) Diluted loss per ordinary share

Diluted loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group 2020	2019
Loss attributable to owners of the Company (RM)	(17,911,694)	(2,051,620)
Weighted average number of ordinary shares for basic earnings per share (units)	959,539,833	915,329,753
Effect of dilution from ESOS	36,177,150	-
Weighted average number of ordinary shares for diluted earnings per share (units)	995,716,983	915,329,753
Diluted loss per ordinary share (sen)	(1.80)	(0.22)

27. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Entities in which certain directors have substantial financial interest; and
(iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into normal course of business under normal trade terms. The related party balances are shown in Note 12.

Significant related party transactions other than disclosed somewhere in the financial statements are as follows:

27. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions (continued)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Sales of goods				
Subsidiary company	-	-	391,443	436,098
Interest income				
Subsidiary company	-	-	6,474	6,474
Transfer of plant and equipment at net book value				
A company in which certain director has substantial interest	1,375	-	1,375	-
Marketing expenses charged by:				
A company in which certain director has substantial interest	146,300	-	146,300	-

(c) The key management personnel comprised all the directors of the Group and of the Company whose remuneration during the year are disclosed in Note 25.

28. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Non-recurring engineering services	Providing turnkey ASIC design services, providing data processing, data management, disk-based back-up solutions, telecommunications, office automation, network infrastructure and intelligent storage networking support.
Recurring engineering services	Manufacturing services to fables design company and providing designing services in relation to the electronic components of integrated circuit, semiconductor and related parts.

The Directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

<u>Segment results</u>

Segment performance is used to measure performance as Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

<u>Segment assets and liabilities</u>

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

28. SEGMENT INFORMATION (continued)

Segment turnover, profit before taxation and the assets employed are as follows:

Group 2020	Non-recurring engineering services RM	Recurring engineering services RM	Inter-segment Eliminations RM	Total RM
Revenue				
Sales	1,514,445	10,201,193	(391,443)	11,324,195
Results				
Depreciation of plant and equipment	95,603	92,294	-	187,897
Depreciation of right-of-use assets	218,393	243,390	-	461,783
Allowance for impairment loss on trade receivables	10,044,435	2,404	-	10,046,839
Amortisation of intangible assets	1,243,170	7,314	-	1,250,484
Segment results	(17,124,272)	(787,422)	-	(17,911,694)
Segment assets	24,305,424	6,796,083	(1,869,010)	29,232,497
Segment liabilities	5,722,533	4,717,649	(1,540,212)	8,899,970
2019				
Revenue				
Sales	8,802,325	15,643,233	(436,098)	24,009,460
Results				
Depreciation of plant and equipment	41,843	129,520	-	171,363
Amortisation of intangible assets	1,243,170	-	-	1,243,170
Allowance for impairment loss on trade receivables	1,131,720	-	-	1,131,720
Reversal of impairment loss on trade receivables	-	(8,839)	-	(8,839)
Segment results	(1,540,863)	(510,757)	-	(2,051,620)
Segment assets	35,351,319	5,868,484	(1,462,886)	39,756,917
Segment liabilities	6,573,952	3,225,758	(1,898,467)	7,901,243

28. SEGMENT INFORMATION (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
31 May 2020		
Malaysia	616,625	16,623,677
Taiwan	10,422,870	997,343
Others	284,700	-
	11,324,195	17,621,020
31 May 2019		
Malaysia	3,625,929	17,411,084
Taiwan	15,215,348	213,507
Russia	4,914,513	-
Others	253,670	-
	24,009,460	17,624,591

Information about major customers

For non-recurring engineering services, revenue from one customer represented approximately RM327,275 (2019: RM4,865,100) for the Group's total revenue.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its risks.

The main areas of the financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

29.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

29.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Group and the Company minimises credit risk by dealing exclusively with reputable financial institution.

(i) Trade receivables

<u>Risk management objectives, policies and processes for managing the risk</u>

The Group and the Company have a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Normally financial guarantees given by banks, shareholders or Directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.2 Credit risk (continued)

(i) Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The Group and the Company have no significant concentration of credit risk arising from exposure to a single or group of debtors as at the reporting date.

(ii) Cash and cash equivalents

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

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

29.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company have not entered into any derivative financial instruments such as forward foreign exchange contracts.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Foreign currency risk (continued)

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group 2020	USD RM	Others RM	Total RM
Trade and other receivables	737,576	-	737,576
Cash and bank balances	2,369,059	719,654	3,088,713
Trade and other payables	(2,451,517)	-	(2,451,517)
	655,118	719,654	1,374,772
2019			
Trade and other receivables	11,758,377	-	11,758,377
Cash and bank balances	1,168,637	1,289,301	2,457,938
Trade and other payables	(2,231,403)	-	(2,231,403)
	10,695,611	1,289,301	11,984,912
Company **2020**			
Trade and other receivables	186,255	-	186,255
Cash and bank balances	148,301	-	148,301
Trade and other payables	(2,075,789)	-	(2,075,789)
	(1,741,233)	-	(1,741,233)
2019			
Trade and other receivables	10,575,065	-	10,575,065
Cash and bank balances	30,081	-	30,081
Trade and other payables	(2,067,948)	-	(2,067,948)
	8,537,198	-	8,537,198

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's pre-tax profit to a reasonably possible change in the USD and others exchange rates against the respective functional currencies of the Group, with all other variables held constant.

		Group		Company	
		2020	2019	2020	2019
Group		RM	RM	RM	RM
USD/RM	- Strengthened 10%	65,512	641,737	(174,123)	512,232
	(2019: 6%)	(65,512)	(641,737)	174,123	(512,232)
Others/RM	- Strengthened 10%	71,965	128,930	-	-
	(2019: 6%)	(71,965)	(128,930)	-	-

29.4 Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.4 Liquidity and cash flow risk (continued)

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
Group						
2020						
Trade payables	5,527,172	-	5,527,172	5,527,172	-	-
Other payables	1,389,188	-	1,389,188	1,389,188	-	-
Amount due to a director	782,027	-	782,027	782,027		
Lease liabilities	1,177,285	2.59 - 2.82	1,214,836	518,479	696,358	-
	8,875,672		8,913,223	8,216,866	696,358	-
2019						
Trade payables	4,406,115	-	4,406,115	4,406,115	-	-
Other payables	2,195,981	-	2,195,981	2,195,981	-	-
Amount due to a director	478,982	-	478,982	478,982	-	-
	7,081,078		7,081,078	7,081,078	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.4 Liquidity and cash flow risk (continued)

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not later than 5 RM	More than 5 years RM
Company						
2020						
Trade payables	3,657,378	-	3,657,378	3,657,378	-	-
Other payables	759,356	-	759,356	759,356	-	-
Amount due to a subsidiary	4	-	4	4	-	-
Amount due to a director	782,027	-	782,027	782,027	-	-
Lease liabilities	505,715	2.82	521,321	250,021	271,300	-
	5,704,480		5,720,086	5,448,786	271,300	-
2019						
Trade payables	4,089,790	-	4,089,790	4,089,790	-	-
Other payables	1,185,138	-	1,185,138	1,185,138	-	-
Amount due to a director	478,982	-	478,982	478,982	-	-
	5,753,910		5,753,910	5,753,910	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.5 Classification of financial instruments

	Group		Company	
	2020	2019	2020	2019
Financial assets	RM	RM	RM	RM
At amortised costs				
Trade receivables	1,618,959	11,285,869	351,430	10,272,072
Other receivables	292,929	423,664	115,213	290,051
Amount due from a subsidiary company	-	-	1,095,529	119,825
Cash and bank balances	8,593,562	9,077,505	5,523,972	6,623,415
	10,505,450	20,787,038	7,086,144	17,305,363
Financial liabilities				
At amortised costs				
Trade payables	5,527,172	4,406,115	3,657,378	4,089,790
Other payables	230,939	933,036	220,495	327,041
Amount due to a director	782,027	478,982	782,027	478,982
Lease liabilities	1,177,285	-	505,715	-
	7,717,423	5,818,133	5,165,615	4,895,813

29.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.6 Fair value of financial instruments (continued)

	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2020	**RM**	**RM**	**RM**	**RM**
Financial liabilities				
Amount due to a director	-	-	782,027	782,027
Lease liabilities	-	-	1,177,285	1,177,285
	-	-	1,959,312	1,959,312
2019				
Financial liability				
Amount due to a director	-	-	478,982	478,982
	-	-	478,982	478,982
Company				
2020				
Financial asset				
Amount due from a subsidiary company	-	-	1,095,529	1,095,529
	-	-	1,095,529	1,095,529
Financial liabilities				
Amount due to a director	-	-	782,027	782,027
Lease liabilities	-	-	505,715	505,715
	-	-	1,287,742	1,287,742
2019				
Financial asset				
Amount due from a subsidiary company	-	-	119,825	119,825
	-	-	119,825	119,825

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.6 Fair value of financial instruments (continued)

	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
Company 2019	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial liability				
Amount due to a director	-	-	478,982	478,982
	-	-	478,982	478,982

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

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 financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.6 Fair value of financial instruments (continued)

Amount due from a subsidiary company, loan and borrowings

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

30. SIGNIFICANT AND SUBSEQUENT EVENT DURING THE FINANCIAL YEAR

(i) On 14 July 2020, the Company had announced on the completion of sixth tranche of the Private Placement exercise which involves the issuance of 60,142,250 new ordinary shares.

(ii) The Company had announced on the following in relation to the increase of its issued and fully paid-up ordinary share capital pursuant to the exercise of ESOS, at an exercise price of RM0.0443:

- On 17 June 2020, issuance of 4,250,000 new ordinary shares for cash;

- On 6 July 2020, issuance of 11,200,000 new ordinary shares for cash; and

- On 20 July 2020, issuance of 26,290,000 new ordinary shares for cash;

(iii) On 11 March 2020, the World Health Organisation declared the novel Coronavirus ("Covid-19") outbreak as a global pandemic in recognition of its rapid spread across the globe. The Malaysia Government has imposed the Movement Control Order ("MCO') for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 and further extended RMCO to 31 December 2020. Consequently, the Covid-19 outbreak had resulted in travel restrictions, lockdown and other precautionary measures which has then brought significant economic uncertainties in Malaysia and markets in which the Group operates as well as may cause impact to the Group's revenue, earnings, cash flow and financial condition.

30. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE FINANCIAL YEAR (continued)

(iii) As at the date of this report, the management of the Group and the Company are unable to quantify the potential financial impact of the Covid-19 outbreak as the situation is still evolving and the outcome of the event is still unpredictable. The Group and the Company are actively monitoring and taking appropriate and timely measures to minimise any impact of Covid-19 on its operations, if any will be reflected in the 2021's annual financial statements.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 31 May 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's debts include trade payables, other payables, deposits and accruals, amount due to director and lease liabilities less cash and cash equivalents.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net debt/(net cash)	282,110	(1,996,427)	180,504	(869,505)
Total equity attributable to owners of the Company	20,332,527	31,855,674	18,582,891	28,777,367
Net debt against equity ratio	1%	*	1%	*

* The Company is in a net cash positive position. Therefore, gearing ratio does not apply.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation:

Statements of Financial Position as at 31 May 2019

	As previously reported	Reclassifica- tion	As reslassified
	RM	RM	RM
Group			
Current liabilities			
Trade payables	493,597	3,912,518	4,406,115
Other payables	4,845,554	(3,912,518)	933,036
Company			
Current liabilities			
Trade payables	177,272	3,912,518	4,089,790
Other payables	4,239,559	(3,912,518)	327,041

SHAREHOLDING STATISTICS

AS AT 2 SEPTEMBER 2020

Shareholding Statistics
As At 2 September 2020

Paid up Capital	:	RM41,846,057.33 comprising of 1,160,101,250 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

Analysis of Shareholders by Range Group

Size Holding	No. of Holders	%	No. of Shares	%
1 - 99	9	0.149	325	0.000
100 - 1,000	724	12.064	380,125	0.032
1,001 - 10,000	1,564	26.062	10,813,800	0.932
10,001 - 100,000	2,980	49.658	129,381,112	11.152
100,001 – 58,005,061	723	12.047	693,656,388	59.792
58,005,062 and above	1	0.016	325,869,500	28.089
Total	6,001	100.00	1,160,101,250	100.00

Thirty Largest Shareholders

No.	Name	Shareholding	%
1	Key ASIC Limited	270,541,666	23.320
2	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account for One Objective Limited	51,367,200	4.427
3	Ng Geok Lui	46,389,950	3.998
4	Key ASIC Limited	45,327,834	3.907
5	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Terence Wong @ Huang Thar-Rearn	35,000,000	3.016
6	Affin Hwang Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities (Hong Kong) Ltd (Clients' Account)	30,000,000	2.585
7	RHB Nominees (Tempatan) Sdn Bhd Tan Ah Loy @ Tan May Ling	27,000,000	2.327
8	RHB Nominees (Tempatan) Sdn Bhd Carolyn Wong Tarnn Yoong	25,000,000	2.154
9	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Wu Chen, Tsai-Mei	23,997,000	2.068
10	Commerce Technology Ventures Sdn Bhd (In Liquidation)	20,700,000	1.784
11	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Hsieh, Hung-Ming	16,000,000	1.379
12	Er Ley Tee	15,230,000	1.312
13	Cartaban Nominees (Asing) Sdn Bhd Exempt an for BOCI Securities Ltd (Clients A/C)	15,050,100	1.297
14	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account for Li Qinghong	12,700,000	1.094
15	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account for Ng Wen Xian, Jessica	12,690,000	1.093
16	Liew Wai Han	12,000,000	1.034
17	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account for Wang, Hsu-Ying	10,605,200	0.914
18	Key ASIC Limited	10,000,000	0.861
19	RHB Nominees (Tempatan) Sdn Bhd Chan Shook Fun	10,000,000	0.861
20	Lai Sung Loi	9,300,000	0.801

SHAREHOLDING STATISTICS

(CONT'D)

No.	Name	Shareholding	%
21	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Powerful Properties Limited	7,136,700	0.615
22	Loh Lee Wan	7,000,000	0.603
23	TA Nominees (Tempatan) Sdn Bhd Pleadged Securities Account for Tiang Hua Ung	7,000,000	0.603
24	Tan Kheak Chun	7,000,000	0.603
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Saw Eng (E-SPT/MIN)	5,100,000	0.439
26	Cheah Choo @ Cheah Weng Choon	5,000,000	0.430
27	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	4,836,000	0.416
28	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Liu, Lien-Chun	4,675,000	0.402
29	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Hong, Chia-Lin	4,400,000	0.379
30	Teh Boon King	4,301,000	0.370

SHAREHOLDING STATISTICS

(CONT'D)

Substantial Shareholders based on Register of Substantial Shareholders as at 2 September 2020

Name of substantial shareholder	Nationality / Place of incorporation	<---------Direct-------> No. of Shares held	% held	<--------Indirect------> No. of Shares held	% held
Key ASIC Limited	British Virgin Islands	325,869,500	28.089	-	-
Key Aim Group Limited	British Virgin Islands	-	-	325,869,500[(a)]	28.089
Principles Securities Limited	Taiwan	-	-	325,869,500[(a)]	28.089
Top China Production Limited	British Virgin Islands	-	-	325,869,500[(a)]	28.089
Eg Kah Yee	Malaysian	1,500,000	0.129	325,869,500[(b)]	28.089
Chang Tao-Chun	Taiwanese	-	-	325,869,500[(c)]	28.089
Chang Li-Ping	Canadian/ Taiwanese	-	-	325,869,500[(d)]	28.089
Fang Chun-Jung	Canadian/ Taiwanese	-	-	325,869,500[(d)]	28.089

Notes:-

(a) Deemed interest by virtue of its interest in Key ASIC Limited ("KAL") pursuant to Section 8 of the Companies Act, 2016("the Act").

(b) Deemed interest by virtue of his interest in Key Aim Group Limited ("KAGL") pursuant to Section 8 of the Act and KAGL is deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act..

(c) Deemed interest by virtue of his interest in Principles Securities Limited ("PSL") pursuant to Section 8 of the Act and PSL is deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act..

(d) Deemed interest by virtue of their interest in Top China Production Limited ("TCPL") pursuant to Section 8 of the Act and TCPL is deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act.

Directors' Shareholding based on Register of Directors' Shareholding as at 2 September 2020

Name	Direct Interest		Indirect Interest (excluding bare trustees)	
	No. of Shares	%	No. of Shares	%
Eg Kah Yee	1,500,000	0.129	325,869,500 [(a)]	28.089
Benny T. Hu @ Ting Wu Hu	-	-	-	-
N. Chanthiran a/l Nagappan	10,000	*	-	-
Chen, Chia-Yin	-	-	-	-
Prof Low Teck Seng	-	-		

Note:-

(a) Deemed interested by virtue of his interest in KAGL pursuant to Section 8 of the Act

** Negligible*

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 9.00 a.m. to transact the following business: -

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2020 together with the Reports of the Directors' and Auditors' thereon. (Please see Explanatory Note 1)

2. To approve the payment of Directors' Fees of RM144,000 for the financial year ending 31 May 2021. (Resolution 1) (Please refer to Explanatory Note 2)

3. To re-elect Benny T. Hu @ Ting Wu Hu who retires pursuant to Clause 76 (3) of the Company's Constitution. (Resolution 2) Please refer to Explanatory Note 3)

4. To re-elect Chen, Chia-Yin who retires pursuant to Clause 78 of the Company's Constitution. (Resolution 3) (Please see Explanatory Note 3)

5. To re-appoint Messrs. CAS Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company: -

6. **ORDINARY RESOLUTION I**
AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES (Resolution 5) (Please see Explanatory Note 4)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 20% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

(CONT'D)

7. **ORDINARY RESOLUTION II** (Resolution 6)
(Please see Explanatory Note 5)

CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT, subject to the passing of Resolution 2, approval be and is hereby given for Benny T. Hu @ Ting Wu Hu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

8. **ORDINARY RESOLUTION III** (Resolution 7)
(Please see Explanatory Note 6)

CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT, approval be and is hereby given to N. Chanthiran a/l Nagappan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

9. **ORDINARY RESOLUTION IV** (Resolution 8)
(Please see Explanatory Note 7)

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 1.4 of the Circular to Shareholders dated 30 September 2020 ("Related Party") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations;
(b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
(c) are not detrimental to the minority shareholders of the Company.

(collectively known as "Shareholders' Mandate")

AND THAT such approval, shall continue to be in force until: -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during a financial year will be disclosed, in accordance with the MMLR, in the Circular of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

10. **ORDINARY RESOLUTION V** (Resolution 9)
(Please see Explanatory Note 8)

PROPOSED GRANTING OF OPTIONS PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS") TO CHEN, CHIA-YIN

"THAT, the Board be and is hereby authorised at any time and from time to time, to grant Chen, Chia-Yin, being the Independent Non-Executive Director of the Company, ESOS Options to subscribe for new shares, subject to the following provisions:

(i) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other relevant authorities from time to time) of the new Key ASIC Shares available under the ESOS Scheme shall be allocated to her, if she, either singly or collectively through persons connected to her [as defined in the Main Market Listing Requirement of Bursa Securities ("MMLR")], holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares (excluding treasury shares) of the Company;
(ii) not more than 50% of the total number of Key ASIC Shares comprised under the ESOS Scheme to be issued pursuant to the ESOS would be allocated (in aggregate) to the Directors and senior management of the Company who are eligible to participate in the ESOS;
(iii) She and the persons connected to her must not participate in the deliberation or discussion and voting at general meeting of her own allocation on the number of ESOS Options to be offered to her and allocations to persons connected to her under the ESOS; and

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Securities, the MMLR or any other relevant authorities as amended from time to time;

AND THAT the Board is also authorised to allot and issue the corresponding number of new Key ASIC Shares arising from the exercise of the ESOS Options that may be granted to her under the ESOS Scheme.

11. **ORDINARY RESOLUTION VI** (Resolution 10)
(Please see Explanatory Note 9)

PROPOSED GRANTING OF OPTIONS PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS") TO PROF. LOW TECK SENG

"THAT, the Board be and is hereby authorised at any time and from time to time, to grant Prof. Low Teck Seng, being the Independent Non-Executive Director of the Company, ESOS Options to subscribe for new shares, subject to the following provisions:

(i) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other relevant authorities from time to time) of the new Key ASIC Shares available under the ESOS Scheme shall be allocated to him, if he, either singly or collectively through persons connected to him [as defined in the MMLR], holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares (excluding treasury shares) of the Company;
(ii) not more than 50% of the total number of Key ASIC Shares comprised under the ESOS Scheme to be issued pursuant to the ESOS would be allocated (in aggregate) to the directors and senior management of the Company who are eligible to participate in the ESOS;
(iii) he and the persons connected to him must not participate in the deliberation or discussion and voting at general meeting of his own allocation on the number of ESOS Options to be offered to him and allocations to persons connected to him under the ESOS; and

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Securities, the MMLR or any other relevant authorities as amended from time to time;

AND THAT the Board is also authorised to allot and issue the corresponding number of new Key ASIC Shares arising from the exercise of the ESOS Options that may be granted to him under the ESOS Scheme.

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

WONG WAI FOONG
SSM PC NO. 202008001472 (MAICSA 7001358)

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)
Company Secretaries

Kuala Lumpur
Dated: 30 September 2020

NOTES: -

(i) NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. All Proxy Form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the Proxy Form is Sunday, 15 November 2020 at 9.00 a.m.

*12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
(a) Identity card (NRIC) (Malaysian), or
(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
(c) Passport (Foreigner).

*13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Item 1 of Agenda

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting. The details of the Directors' remuneration are set out in the Corporate Governance Overview Statement of this Annual Report.

The Proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. Re-election of Director

The Board has undertaken an annual assessment of Benny T. Hu @ Ting Wu Hu and Chen, Chia-Yin, who are seeking for re-election pursuant to Clause 76 (3) and Clause 78 of the Constitution of the Company respectively at the forthcoming Fifteenth Annual General Meeting. The annual assessment has been disclosed in the Corporate Governance Overview Statement of the Company's 2020 Annual Report.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

(CONT'D)

4. ORDINARY RESOLUTION I
Resolution Pursuant to Sections 75 and 76 of The Companies Act, 2016

a. ***Requirements under Paragraph 6.03(1) of the Listing Requirements***

Pursuant to Paragraph 6.03(01) of the Listing Requirements, listed issuers must not issue any new shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such ordinary shares or convertible securities issued during the preceding 12 months, exceeds 10% of the total number of issued shares (excluding any treasury shares) of the listed issuer for the time being ("10% General Mandate"), except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

b. ***Relief measures granted by Bursa Securities***

In view of the Corona Virus Disease 2019 ("COVID-19") pandemic outbreak, the Government of Malaysia had on 18 March 2020 implemented the Movement Control Order ("MCO") nationwide to curb the spread of the COVID-19 infection in Malaysia.

Bursa Securities recognised the needs for listed issuers to raise funds quickly and efficiently during the challenging time to ensure the long-term sustainability and interest of the listed issuers and their shareholders. Therefore, an additional relief measure has been granted by Bursa Securities vide its letter dated 16 April 2020 which allows a listed issuer to seek its shareholders' approval at a general meeting to issue new securities for a higher general mandate under Paragraph 6.04 of the Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate").

c. ***Rationale for Proposed Resolution 5***

The Company proposes to seek new shareholders' mandate to enable the Directors to issue and allot up to a maximum of 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to the 20% General Mandate under Resolution 5.

The proposed Resolution 5, if passed, will provide additional flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purposes of funding the Company's future investment project(s), working capital, operational expenditure and/or acquisition(s) at any time as the Directors may deem fit without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting,

d. ***10% General Mandate***

As at the date of this Notice, the Company did not allot any shares pursuant to the 10% General Mandate granted to the Directors at the previous Fourteenth AGM held on 22 November 2019.

e. ***Statement by the Directors for the 20% General Mandate***

The Board of Directors is of the view that the proposed Resolution 5 is in the best interest of the Company and the shareholders of the Company as the 20% General Mandate will give the Directors the flexibility and cost effectively to raise funds quickly and efficiently during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the shareholders.

5. ORDINARY RESOLUTION II
Continuation in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Benny T. Hu @ Ting Wu Hu was appointed to the Board on 14 October 2009 and have therefore as at the date of this Notice, served the Company for more than nine (9) years. The Board has via the Nomination Committee assessed the independence of Benny T. Hu @ Ting Wu Hu and recommended that he continue to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of Benny T. Hu @ Ting Wu Hu are set out in the Corporate Governance Overview Statement of the 2020 Annual Report.

The Ordinary Resolution proposed under Resolution 6 if passed, will enable Benny T. Hu @ Ting Wu Hu to continue to act as an Independent Non-Executive Director of the Company.

6. ***ORDINARY RESOLUTION III***
Continuation in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

N. Chanthiran a/l Nagappan was appointed to the Board on 14 December 2007 and have therefore as at the date of this Notice, served the Company for more than twelve (12) years. The Board has via the Nomination Committee assessed the independence of N. Chanthiran a/l Nagappan and recommended that he continue to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of N. Chanthiran a/l Nagappan are set out in the Corporate Governance Overview Statement of the 2020 Annual Report.

The Ordinary Resolution proposed under Resolution 7 if passed, will enable N. Chanthiran a/l Nagappan to continue to act as an Independent Non-Executive Director of the Company.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for this resolution.

7. ***ORDINARY RESOLUTION IV***
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature

The Ordinary Resolution, proposed under Resolution 8, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interests of the minority shareholders.

Please refer to the Circular to Shareholders dated 30 September 2020 enclosed together with the Company's 2020 Annual Report for information on the recurrent related party transactions.

8. ***ORDINARY RESOLUTION V***
Proposed Granting of ESOS Options to Chen, Chia-Yin

The Ordinary Resolution proposed under Resolution 9, if passed, will empower the Directors to issue shares to Chen, Chia-Yin, Independent Non-Executive Director of Key ASIC Berhad pursuant to the ESOS. Chen, Chia-Yin was appointed to the Board of Key ASIC Berhad on 25 September 2020. Since her appointment, there were no grants of ESOS Options made to Chen, Chia-Yin.

9. ***ORDINARY RESOLUTION VI***
Proposed Granting of ESOS Options to Prof. Low Teck Seng

The Ordinary Resolution proposed under Resolution 10, if passed, will empower the Directors to issue shares to Prof. Low Teck Seng, Independent Non-Executive Director of Key ASIC Berhad pursuant to the ESOS. Prof. Low was appointed to the Board of Key ASIC Berhad on 24 November 2017. Since his appointment, there were no grants of ESOS Options made to Prof. Low.

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KEY ASIC BERHAD [200501024949 (707082-M)]
(Incorporated in Malaysia)

No. of shares held

PROXY FORM

*I/We ______________________________ Tel: ______________
[Full name in block, NRIC/Registration No.]

of ____

____

being member(s) of Key ASIC Berhad, hereby appoint: -

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

and / or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 9.00 a.m. and at any adjournment thereof, and to vote as indicated below: -

Item	Agenda	*For	*Against
ORDINARY BUSINESS			
1.	Approval of Directors' Fees for the financial year ending 31 May 2021 **(Resolution 1)**		
2.	To re-elect Benny T. Hu @ Ting Wu Hu who retires under Clause 76 (3) of the Company's Constitution. **(Resolution 2)**		
3.	To re-elect Chen, Chia-Yin who retires under Clause 78 of the Company's Constitution. **(Resolution 3)**		
4.	To re-appoint Messrs. CAS Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 4)**		
AS SPECIAL BUSINESS			
5.	To authorise Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. **(Resolution 5)**		
6.	To approve Benny T. Hu @ Ting Wu Hu to continue in office as Independent Non-Executive Director. **(Resolution 6)**		
7.	To approve N. Chanthiran a/l Nagappan to continue in office as Independent Non-Executive Director. **(Resolution 7)**		
8.	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. **(Resolution 8)**		
9.	Proposed Granting of Options to Chen, Chia-Yin **(Resolution 9)**		
10.	Proposed Granting of Options to Prof. Low Teck Seng **(Resolution 10)**		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions.
In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this _______ day of _____________ 2020.

____
Signature of Shareholder/Common Seal
Contact No.

Fold this flap for sealing

** Manner of execution:*

(a). If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging the proxy form is Sunday, 15 November 2020 at 9.00 a.m.*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
    (a) Identity card (NRIC) (Malaysian), or
    (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    (c) Passport (Foreigner).
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

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AFFIX
STAMP

THE SHARE REGISTRAR

KEY ASIC BERHAD [200501024949 (707082-M)]
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 03 2783 9191 Fax :03 2783 9111

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KeyASIC

www.keyasic.com