

# INFORMATION MEMORANDUM



*Connecting People and Business*

**MYKRIS INTERNATIONAL BERHAD**

(Company No. 811039-T)

(Incorporated in Malaysia)



**PROPOSED PLACEMENT OF 39,997,200 ORDINARY SHARES IN MYKRIS INTERNATIONAL BERHAD ("MYKRIS") ("ISSUE SHARE(S)") TO INVESTORS WHO FALL WITHIN PART 1 OF SCHEDULES 6 OR 7 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 IN CONJUNCTION WITH THE PROPOSED LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARE CAPITAL OF MYKRIS ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD AT AN ISSUE PRICE OF RM0.20 PER ISSUE SHARE, PAYABLE IN FULL UPON APPLICATION**



*Approved Adviser, Placement Agent and Continuing Adviser*

**UOBKayHian**

**UOB KAY HIAN SECURITIES (M) SDN BHD**

(Company No. 194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

18 July 2018

*All terms used herein are defined under "Definitions".*

#### **CHARACTERISTICS OF THE LEAP MARKET OF BURSA SECURITIES**

**THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY MYKRIS. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKERS, MANAGERS, SOLICITORS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISERS.**

**THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS INFORMATION MEMORANDUM.**

#### **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS INFORMATION MEMORANDUM. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER MATERIAL FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

UOBKH, AS OUR APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PROPOSED LISTING AND PROPOSED PLACEMENT.

#### **STATEMENT OF DISCLAIMER**

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LEAP MARKET LISTING REQUIREMENTS FOR THE PROPOSED LISTING AND THE PROPOSED PLACEMENT. THIS INFORMATION MEMORANDUM IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED, NOR WILL IT BE REGISTERED, AS A PROSPECTUS UNDER THE CMSA. THE PROPOSED PLACEMENT CONSTITUTES AN EXCLUDED ISSUE WITHIN THE MEANINGS OF SECTION 230 OF CMSA. THIS INFORMATION MEMORANDUM HAS BEEN PREPARED IN THE CONTEXT OF SECURITIES OFFERING UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SECURITIES COMMISSION MALAYSIA ("SC"). THE SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS INFORMATION MEMORANDUM, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS INFORMATION MEMORANDUM. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP. SOPHISTICATED INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR GROUP OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS. THE APPROVED ADVISER HAS ASSESSED THE SUITABILITY OF OUR COMPANY FOR ADMISSION TO THE LEAP MARKET AS PER THE LEAP MARKET LISTING REQUIREMENTS.

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ORDINARY SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET. NO MONIES SHALL BE COLLECTED FROM SOPHISTICATED INVESTORS FOR THE SUBSCRIPTION OF THE PLACEMENT SHARES, AND NO NEW SHARES SHALL BE ALLOTTED PURSUANT TO THE PROPOSED PLACEMENT UNTIL BURSA SECURITIES HAS GRANTED ITS APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE LEAP MARKET. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, PROPOSED PLACEMENT, OUR COMPANY OR OUR SHARES. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

SOPHISTICATED INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THE INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM OR ANY DOCUMENT DELIVERED UNDER OR IN RELATION TO THE ISSUE, OFFER AND SALE OF OUR SHARES IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR THE APPROVED ADVISER TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THIS INFORMATION MEMORANDUM IS NOT A SUBSTITUTE FOR AND SHOULD NOT BE REGARDED AS AN INDEPENDENT EVALUATION AND ANALYSIS AND DOES NOT PURPORT TO BE ALL INCLUSIVE. EACH SOPHISTICATED INVESTOR SHOULD PERFORM AND IS DEEMED TO HAVE MADE ITS OWN INDEPENDENT INVESTIGATION, ASSESS THE MERITS AND RISKS OF THE INVESTMENT AND ANALYSIS OF OUR COMPANY AND ALL OTHER RELEVANT MATTERS.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES OR AN ISSUE OF SECURITIES WOULD CONSTITUTE AN EXCLUDED ISSUE WITHIN THE MEANINGS OF SCHEDULES 6 AND 7 OF THE CMSA.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR UOBKH SHALL DEEM FIT.

#### **OTHER STATEMENTS**

Our Proposed Placement is subject to the receipt of an approval-in-principle for our Proposed Listing from Bursa Securities, who makes no assessment on the suitability, viability or prospects of our Group or the merits of investing in our shares. UOBKH, as our Approved Adviser, Placement Agent and Continuing Adviser has assessed the suitability of our Group for admission to the LEAP Market as required under Rule 4.10 of Bursa Securities' LEAP Market Listing Requirements.

**IN MAKING AN INVESTMENT DECISION, YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT IN OUR COMPANY, AND SHOULD CONSULT TO THE EXTENT NECESSARY, YOUR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND/OR OTHER PROFESSIONAL ADVISERS IN THIS RESPECT PRIOR TO ANY INVESTMENT IN OUR COMPANY.**

**WE AND/OR UOBKH DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE SUBSCRIPTION OR ACQUISITION OF OUR SHARES.**

#### **MODE OF COMMUNICATION**

Upon successful listing on the LEAP Market, we may send notices and documents such as shareholders' circulars, annual reports and written resolutions to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretary or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretary or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

- (i) ordinary mail;
- (ii) electronic means to the Holders' registered email address;
- (iii) advertisements in an English daily newspaper in Malaysia; and/or
- (iv) announcements on Bursa Securities.

### PRIVACY NOTICE

The Personal Data Protection Act 2010 (“**PDPA**”) was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, “**Personal Data**”) that you provide will be used and processed by us in connection with our Proposed Placement only (“**Purpose**”), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be transferred to locations outside Malaysia or disclosed to our related corporations or our vendor, agent, contractor, service provider, consultant or adviser who provide services to us, including our Placement Agent, which may be located within or outside Malaysia. Save for the foregoing, your Personal Data will not be knowingly transferred to any place outside Malaysia or be knowingly disclosed to any other third party.

You may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal address :       **MyKRIS International Berhad**  
                                  c/o ShareWorks Sdn Bhd  
                                  No. 2-1 Jalan Sri Hartamas 8  
                                  Sri Hartamas  
                                  50480 Kuala Lumpur  
                                  Wilayah Persekutuan (KL)

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

---

**TABLE OF CONTENTS**


---

	<b>Page</b>
<b>INDICATIVE TIMETABLE AND PRINCIPAL STATISTICS OF THE PROPOSED LISTING</b>	VI
<b>DEFINITIONS</b>	VII
<b>GLOSSARY OF TECHNICAL TERMS</b>	IX
<b>PRESENTATION OF INFORMATION</b>	XI
<b>FORWARD-LOOKING STATEMENTS</b>	XII
<b>1. CORPORATE DIRECTORY .....</b>	<b>1</b>
<b>2. DETAILS OF OUR PROPOSED LISTING .....</b>	<b>3</b>
2.1 Details of our Proposed Listing .....	3
2.2 Basis of arriving at the Issue Price .....	3
2.3 Share capital .....	4
2.4 Shareholding structure .....	4
2.5 Objectives of our Proposed Listing .....	5
2.6 Use of proceeds .....	5
2.7 Approvals required, conditions and undertakings .....	7
2.8 Dividend policy .....	8
<b>3. INFORMATION ON OUR GROUP .....</b>	<b>9</b>
3.1 Background and history .....	9
3.2 Key milestones .....	11
3.3 Our share capital .....	12
3.4 Group structure .....	12
3.5 Listing scheme .....	13
<b>4. BUSINESS OVERVIEW .....</b>	<b>14</b>
4.1 Our principal business activities, products and services .....	14
4.2 Our presence .....	18
4.3 Technology used .....	19
4.4 Our competitive strengths .....	20
4.5 Quality control and assurance .....	21
4.6 R&D.....	22
4.7 Information on land and buildings .....	23
4.8 Marketing and distribution.....	26
4.9 Major customers .....	27
4.10 Major suppliers .....	27
4.11 Seasonality .....	27
4.12 Approvals, major licences and permits .....	28
4.13 Patents, trademarks and copyrights .....	33
4.14 Environmental matters .....	34
4.15 Governing laws and regulations .....	34
4.16 Contract or arrangements on which we are highly dependent .....	35
4.17 Future plans, strategies and prospects .....	35

**TABLE OF CONTENTS (Cont'd)**

	<b>Page</b>
<b>5. INDUSTRY OUTLOOK</b> .....	38
<b>6. RISK FACTORS</b> .....	47
6.1 Risks relating to our business and our operations .....	49
6.2 Risks relating to the industry in which we operate .....	50
6.3 Risks relating to our Shares .....	50
6.4 Other risks .....	52
<b>7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT</b> .....	53
7.1 Promoters and substantial shareholders .....	53
7.2 Directors .....	55
7.3 Key management .....	62
7.4 Involvement of our executive directors and/or key management in other businesses / corporations .....	65
7.5 Declaration from our Promoters, substantial shareholders, Directors and key management .....	65
7.6 Employees .....	66
<b>8. FINANCIAL INFORMATION</b> .....	67
8.1 Historical consolidated financial information .....	67
8.2 Management's discussion and analysis of financial condition and results of operations .....	71
8.3 Trend information and factors affecting our financial condition and results of operation .....	79
<b>9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST</b> .....	81
9.1 Related party transactions .....	81
9.2 Transactions that are unusual in their nature or conditions .....	81
9.3 Outstanding loans (including guarantees of any kind) .....	81
9.4 Interest in similar businesses and in businesses of our customers or suppliers ...	82
9.5 Declaration by Advisers for our Proposed Listing .....	83
<b>10. OTHER INFORMATION</b> .....	84
10.1 Responsibility statements .....	84
10.2 Material contracts .....	84
10.3 Material litigation and contingent liabilities .....	84
10.4 Letters of consent .....	85
10.5 Documents available for inspection .....	85
<b>APPENDIX I : AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018</b>	86



**INDICATIVE TIMETABLE AND PRINCIPAL STATISTICS OF THE PROPOSED LISTING**

All defined terms used in this Information Memorandum are defined under "Definitions".

The following events are intended to take place on the following tentative dates:-

<b>Events</b>	<b>Tentative Dates</b>
Date of Information Memorandum	18 July 2018
Allotment of Issue Shares	Early September 2018*
Listing date	Early September 2018*

**Note:-**

\* Subject to receipt of approval-in-principle from Bursa Securities for the Proposed Listing.

This timetable is indicative and is subject to changes which may be necessary to facilitate implementation procedures. An announcement for the key relevant dates will be made after obtaining the approval-in-principle from Bursa Securities for the Proposed Listing.

**PRINCIPAL STATISTICS OF THE PROPOSED LISTING**

<b>i. Share capital</b>	<b>No. of Shares</b>	<b>(RM)</b>
Issued share capital as at the date of this Information Memorandum	260,002,800	13,000,140
Shares to be issued pursuant to the Proposed Placement	39,997,200	7,999,440
<b>Enlarged issued share capital upon completion of the Proposed Listing</b>	<b>300,000,000</b>	<b>20,999,580</b>
<b>Percentage of enlarged share capital represented by the Issue Shares</b>		13.34%
<b>ii. Issue Price for each Issue Share</b>		0.20
<b>iii. Market capitalisation of our Company at the Issue Price upon completion of the Proposed Listing</b>		60,000,000
<b>iv. Gross proceeds of the Proposed Placement</b>		7,999,440

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**DEFINITIONS**

The following terms in this Information Memorandum have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:-

“Act”	:	Companies Act, 2016
“Approved Adviser” or “UOBKH” or “Placement Agent” or “Continuing Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Company No. 194990-K)
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of our Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CAGR”	:	Compound annual growth rate
“CDS”	:	Central Depository System
“CDS Account(s)”	:	Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CMSA”	:	Capital Markets and Services Act, 2007
“Director(s)”	:	Has the meaning given to it in Section 2(1) of the CMSA
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EPS”	:	Earnings per share
“Financial Period Under Review”	:	Collectively, the FYE 31 March 2017 and 2018
“FRS”	:	Financial Reporting Standards
“FYE”	:	Financial year ended/ending, as the case may be
“GP”	:	Gross profit
“HTCL”	:	Hongsa Telecom Company Limited, a company incorporated in Myanmar
“IMR” or “Providence”	:	Providence Strategic Partners Sdn Bhd (Company No. 1238910-A), our Independent Market Researcher
“Information Memorandum”	:	This information memorandum dated 18 July 2018 in relation to our Proposed Placement and Proposed Listing
“Issue Price”	:	The issue price of RM0.20 per Issue Share
“Issue Share(s)”	:	39,997,200 new MyKRIS Shares to be issued pursuant to the Proposed Placement
“IT”	:	Information technology
“KKMM” or the “Minister”	:	Ministry of Communications and Multimedia Malaysia
“LEAP Market”	:	LEAP Market of Bursa Securities
“Listing Requirements”	:	LEAP Market Listing Requirements of Bursa Securities



---

**DEFINITIONS (Cont'd)**


---

“LPD”	:	30 June 2018, being the latest practicable date prior to the date of this Information Memorandum
“Management Buyout”	:	The management buyout undertaken by MyKRIS for the purchase of the entire business of Mykco comprising MyKRIS Net and MyKRIS Asia, as detailed in <b>Section 3.1</b> of this Information Memorandum
“Market Day(s)”	:	Any day(s) on which Bursa Securities is open for trading of securities
“MCMC”	:	Malaysian Communications and Multimedia Commission
“Mykco”	:	Mykco Limited (formerly known as MyKRIS Limited), a shell company currently listed on the NZAX
“MyKRIS”	:	MyKRIS International Berhad (Company No. 811039-T)
“MyKRIS Group”	:	Collectively, MyKRIS and its subsidiaries
“MyKRIS Share(s)” or “Share(s)”	:	Ordinary share(s) in MyKRIS
“NA”	:	Net assets
“NBV”	:	Net book value
“NZAX”	:	The NZX Alternative Market, a registered securities exchange in New Zealand
“Official List”	:	A list specifying all securities listed on Bursa Securities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Promoter(s)”	:	Collectively, Chew Choo Soon and Chang Wai Hoong
“Proposed Listing”	:	The proposed listing of and quotation for 300,000,000 MyKRIS Shares representing the entire enlarged share capital of our Company on the LEAP Market of Bursa Securities
“Proposed Placement”	:	Proposed placement of 39,997,200 Issue Shares at the Issue Price to selected Sophisticated Investors in conjunction with the Proposed Listing
“R&D”	:	Research and development
“ROC”	:	Registrar of Companies of Malaysia
“Sophisticated Investor(s)”	:	A person(s) who falls within any of the categories of investors set out in Part I of Schedules 6 or 7 of the CMSA

**List of subsidiaries**

“MyKRIS Asia”	:	MyKRIS Asia Sdn Bhd (Company No. 513199-T)
“MyKRIS Net”	:	MyKRIS Net (MSC) Sdn Bhd (Company No. 593230-P)

**Currencies**

“NZD”	:	New Zealand Dollar
“RM” and “sen”	:	Ringgit Malaysia and sen
“USD”	:	United States Dollar

---

**GLOSSARY OF TECHNICAL TERMS**


---

The following terms in this Information Memorandum have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:-

“Automatic failover”	:	A process of switching over to a standby network or system automatically upon the failure of a previously available network or system
“Bandwidth”	:	A measure of available or consumed data communication resources expressed in bit(s) or multiples of it (e.g. megabits or Mbps)
“Data center(s)”	:	A facility used to house computer systems and related components to enable telecommunication and storage activities
“DDOS”	:	Distributed Denial-of-Service
“Duo-ring network”	:	In the context of this Information Memorandum, this refers to MyKRIS’ network design where data centers and POPs are connected in multiple closed loops
“Fibre optic cable network”	:	A network that utilises optical fibre infrastructure to transmit rapid light pulses
“GHz”	:	Gigahertz, a unit of alternating current or electromagnetic wave frequency that is equivalent to 1 billion hertz or cycles per second
“Hybrid managed network solution”	:	A network that utilises both wired and wireless network access
“IEEE”	:	Institute of Electrical and Electronics Engineers
“International leased circuits”	:	A private line used to transmit data between offices that are located in different countries
“Internet”	:	A global system of interconnected computer networks that use a standardised communication protocol, allowing communication or transmission of data
“Intranet”	:	A local or restricted communication network or a private network contained within an enterprise, allowing for communication or transmission of data amongst authorised users. This includes LAN and international leased lines
“ISO”	:	International Organisation for Standardisation
“ISP”	:	Internet Service Provider is a business or company engaged in offering wireless and/or wired Internet services
“LAN”	:	Local Area Network is a computer network covering a small confined area, like a home or office, to link computers, printers, storage devices and other electronic devices
“Latency”	:	A term used to describe the period of delay before commencement of data transmission following an instruction for transfer
“Line-of-sight”	:	A location (Point A) is said to have line-of-sight with another location (Point B) when it is directly visible (with or without the use of image magnification equipment such as binoculars or telescopes) from Point A

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

“Managed network services”	:	Includes the provision and management of both Internet and Intranet access services, i.e. wired and wireless Internet access services and international leased circuits
“Managed network service provider”	:	A business or company engaged in the provision of managed network services to corporates/enterprises. A managed network service provider may operate a wired or wireless network infrastructure, or both
“MPLS / IP VPN”	:	Multiprotocol Label Switching / Internet Protocol Virtual Private Network refers to a method of transporting and routing several types of network traffic using Multiprotocol Label Switching. Multiprotocol Label Switching is a type of data transmission technique for high performance telecommunication networks
“Network”	:	A group of 2 or more computer systems that are linked together
“Network downtime”	:	Period during which network access is unavailable
“Network equipment”	:	Refers to network hardware and software that have been assembled to function as communication and interaction equipment between devices on a computer network
“Network infrastructure”	:	A collection of network equipment and related accessories required in the deployment of network access services
“NOC”	:	Within the context of this Information Memorandum, Network Operations Center refers to the facility established by MyKRIS Group to monitor and manage our Group’s network access services
“Network uptime”	:	Period during which network access is available
“POP”	:	Point-of-presence refers to a rooftop facility comprising wireless network equipment assembled by MyKRIS Group
“SLG”	:	In the context of this Information Memorandum, Service Level Guarantee refers to MyKRIS’ commitment of ensuring a network uptime of up to 99.9%. The commitment includes a compensation scheme which is tied to the percentage of network uptime
“Switches”	:	Within the context of this Information Memorandum, a switch is a type of hardware that is used to connect different parts of a network
“VoIP”	:	Voice over Internet Protocol is a general term for a family of transmission technologies for delivery of voice communications over Internet Protocol networks such as the Internet
“WAN”	:	Wide Area Network is a network covering a wide geographical area, involving a vast array of computers and other devices. It is used to connect LANs together, so that users, computers and devices in one location can communicate with users, computers and devices in other locations
“Wired network access”	:	A network that uses a physical connection such as copper wire or fibre optic cables to transit data
“Wireless Internet access”	:	A network that uses multi-directional or mono-directional antennas or POPs to transmit data signals to surrounding areas
“WLAN network”	:	Wireless Local Area Network is a LAN that uses high-frequency radio waves to transmit data over a network

---

## **PRESENTATION OF INFORMATION**

---

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

References in this Information Memorandum to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. References to a time of day in this Information Memorandum shall be a reference to Malaysian time, unless otherwise stated.

References to “our Company” or “the Company” or “MyKRIS” in this Information Memorandum are made to MyKRIS International Berhad (Company No. 811039-T), references to “Our Group” or “the Group” or “MyKRIS Group” are made to our Company and our subsidiaries and references to “we” or “us” or “our” or “ourselves” are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Information Memorandum, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Information Memorandum includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Information Memorandum, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Information Memorandum is extracted or derived from report(s) provided by Providence for inclusion in this Information Memorandum. We have appointed Providence to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, Providence relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Information Memorandum and you should not rely on it.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

## **FORWARD-LOOKING STATEMENTS**

---

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts.

These forward looking statements involve known and unknown risks, uncertainties and other factors beyond our control that cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:-

- the general economic, business, social, political and investment environment in Malaysia and other countries in which we conduct business; and
- our future capital needs and the availability of financing and capital to fund such needs, and interest rates and tax rates.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in **Section 6** of this Information Memorandum on "Risk Factors" and **Section 8.2** of this Information Memorandum on "Management's discussion and analysis of financial condition and results of operations". We cannot give any assurance that the forward-looking statements made in this Information Memorandum will be realised. Such forward-looking statements are made only as at the date of this Information Memorandum.

Save as required by Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Sophisticated Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statement that are contained herein.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

**1. CORPORATE DIRECTORY**

---

- DIRECTORS** : Chew Choo Soon  
(*Chief Executive Officer / Managing Director*)
- Chang Wai Hoong  
(*Business Development Director / Executive Director*)
- Siow Hock Lee  
(*Independent Non-Executive Director*)
- HEAD/MANAGEMENT OFFICE** : Block H-08-01 Setia Walk  
Persiaran Wawasan  
Pusat Bandar Puchong  
47100 Puchong  
Selangor Darul Ehsan
- Tel : (03) 5879 0188  
Fax : (03) 5879 0288  
Website : [www.mykris.net](http://www.mykris.net)  
E-mail address : [ir@mykris.net](mailto:ir@mykris.net)
- REGISTERED OFFICE** : No 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)
- Tel : (03) 6201 1120  
Fax : (03) 6201 3121
- COMPANY SECRETARY** : Rebecca Lee Ewe Ai (MAICSA 0766742)  
No 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)
- Tel : (03) 6201 1120  
Fax : (03) 6201 3121
- APPROVED ADVISER,  
PLACEMENT AGENT AND  
CONTINUING ADVISER** : UOB Kay Hian Securities (M) Sdn Bhd  
Suite 19-03, 19th Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur
- Tel : (03) 2147 1888  
Fax : (03) 2147 1950
- AUDITORS AND REPORTING  
ACCOUNTANTS** : Crowe Malaysia (AF 1018)  
(*formerly known as Crowe Horwath*)  
Level 16, Tower C  
Megan Avenue II  
No 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur
- Tel : (03) 2788 9999  
Fax : (03) 2788 9998



---

**1. CORPORATE DIRECTORY (Cont'd)**

---

**DUE DILIGENCE SOLICITORS** : Lee Hishammuddin Allen & Gledhill  
Level 6, Menara 1 Dutamas  
Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur

Tel : (03) 6208 5888  
Fax : (03) 6201 0122

**SHARE REGISTRAR** : ShareWorks Sdn Bhd  
No 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)

Tel : (03) 6201 1120  
Fax : (03) 6201 3121

**INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd  
L-2-1, Plaza Damas  
No 60, Jalan Sri Hartamas 1  
Sri Hartamas  
50480 Kuala Lumpur

Tel : (03) 7725 2288

**LISTING SOUGHT** : LEAP Market of Bursa Securities

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

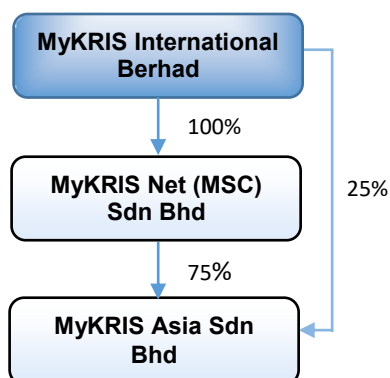
## 2. DETAILS OF OUR PROPOSED LISTING

### 2.1 Details of our Proposed Listing

Pursuant to our Proposed Listing, we intend to issue 39,997,200 Issue Shares, representing approximately 13.34% of our enlarged issued share capital at an Issue Price of RM0.20 per Issue Share to Sophisticated Investors.

We were incorporated in Malaysia on 25 March 2008 as a private limited company under the name of MyKRIS International Sdn Bhd. On 14 February 2018, we assumed our present name and converted into a public limited company.

Our Group structure as at the LPD is set out below:-



Further details of our history and business are set out in **Sections 3** and **4** of this Information Memorandum.

### 2.2 Basis of arriving at the Issue Price

The Issue Price of RM0.20 per Issue Share was determined and agreed upon between our Board and Approved Adviser, after taking into consideration the following factors:-

- (i) Our financial performance and operating history as described in **Section 8** of this Information Memorandum, which represents a price-to-earnings multiple of approximately 8.4 times based on net EPS of approximately 2.37 sen\* per Share for the FYE 31 March 2018;
- (ii) Our competitive advantages, future plans, strategies and prospects as outlined in **Sections 4.4** and **4.17** of this Information Memorandum; and
- (iii) The prevailing market conditions which include the current market trends and investors' sentiment.

**Note:-**

\* Based on the enlarged share capital of 300,000,000 Shares after the Proposed Placement.

You should note that the market price of our Shares upon the Proposed Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in **Section 6** of this Information Memorandum before deciding to invest in our Shares.

## 2. DETAILS OF OUR PROPOSED LISTING (Cont'd)

### 2.3 Share capital

	<b>No. of Shares</b>	<b>(RM)</b>
Existing share capital of our Company	260,002,800	13,000,140
New Shares to be issued pursuant to the Proposed Placement	39,997,200	7,999,440
<b>Enlarged share capital upon completion of the Proposed Listing</b>	<b>300,000,000</b>	<b>20,999,580</b>

Issue Price per Issue Share (RM)	0.20
Market capitalisation at the Issue Price upon completion of the Proposed Listing (RM)	60,000,000

As at the LPD, our Company has 1 class of shares, namely ordinary shares.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the number of Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, in accordance with our Constitution.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held. A proxy may but need not be a member of our Company.

### 2.4 Shareholding structure

Our shareholding structure before and after the Proposed Listing is set out below:-

Shareholders	Before the Proposed Placement and Proposed Listing		After the Proposed Placement and Proposed Listing	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %
Promoters and/or substantial shareholders	260,002,800	100.00	260,002,800	86.66
Public shareholders	-	-	39,997,200	13.34
	<b>260,002,800</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>

**Notes:-**

(1) Based on our existing share capital comprising 260,002,800 Shares.

(2) Based on our enlarged share capital comprising 300,000,000 Shares after the Proposed Placement.

## 2. DETAILS OF OUR PROPOSED LISTING (Cont'd)

### 2.5 Objectives of our Proposed Listing

The objectives of our Proposed Listing are as follows:-

- (i) to tap into the capital market for funds and to provide us with the financial flexibility to pursue growth opportunities;
- (ii) to enhance the corporate profile of our Group;
- (iii) to establish liquidity for our Shares; and
- (iv) to provide an opportunity for our business associates and persons who have contributed to the success of our Group to become our shareholders and participate in our future growth prospects.

### 2.6 Use of proceeds

The expected gross proceeds from the Proposed Placement amounting to RM7,999,440 based on the Issue Price of RM0.20 per Issue Share are expected to be used in the manner as set out below:-

Details of use	Estimated timeframe for use upon completion of the Proposed Listing	(RM'000)	Percentage of gross proceeds (%)
Expansion of business and operational facilities <sup>(1)</sup>	Within 24 months	2,600	32.50
Working capital <sup>(2)</sup>	Within 18 months	3,399	42.50
Relocation and renovation of our headquarters <sup>(3)</sup>	Within 12 months	1,000	12.50
Estimated listing expenses <sup>(4)</sup>	Within 3 months	1,000	12.50
<b>Total</b>		<b>7,999</b>	<b>100.00</b>

#### Notes:-

- (1) Out of the RM2.6 million allocated for expansion of our business and operational facilities, we intend to use RM1.6 million in Malaysia and RM1.0 million in Southeast Asia, details of which are set out as follows:-

#### (a) Expansion in Malaysia

We have been offering network services in Kota Kinabalu and Johor Bahru, however, as at the LPD we have limited physical presence in these areas. Given the market potential and the positive response from our existing customers in these 2 locations, we plan to establish offices and set-up our wireless network infrastructure to increase and enhance our coverage in these markets. The breakdown of the utilisation is set out below:-

Type of expenses	(RM'000)
Purchase, installation and assembly of wireless Internet network infrastructure (i.e. POPs and other wireless network equipment) which include but is not limited to cost of design and installation of network infrastructure, cables and power utilities, and rental of rooftop space	1,000
Setting-up offices in Johor Bahru and Kota Kinabalu which include but is not limited to rental expenses, and renovation and installation of fixtures and fittings	600
	<b>1,600</b>

**2. DETAILS OF OUR PROPOSED LISTING (Cont'd)****(b) Expansion into markets in Southeast Asia**

We intend to penetrate into other countries in Southeast Asia, such as Myanmar, Cambodia and Vietnam. We believe that there are substantial opportunities in providing and managing network services among enterprises in these developing countries due to the rapid economic growth in these markets and growing need for efficient and reliable network for business and operational efficiency. At this juncture, we envisage such expansion to take place through the establishment of sales / representative offices in these countries or through collaborations with third party local ISPs. We intend to invest at least RM1.0 million in these markets over the next 2 years.

Please refer to **Section 4.17.1** for more details on our future plans. If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than budgeted, the excess will be used for working capital purposes.

- (2) We expect to use approximately RM3.4 million of the proceeds for our working capital which includes, amongst others, marketing and advertisement expenses, R&D expenses to improve and enhance our services and product offerings as well as general overheads and administrative expenses. We expect our working capital requirements to increase in tandem with our business growth and future expansion plans as described in **Section 4.17.1** of this Information Memorandum.
- (3) We have earmarked RM1.0 million for the relocation of our Group's rented headquarters in Puchong to our recently completed 6-storey shop office in Bukit Jalil (with a total built-up area of approximately 13,000 square feet). We expect to incur the typical relocation and renovation expenses for the new office including costs for interior design, fixtures and fittings, office equipment and network infrastructure. We obtained vacant possession on 30 March 2018 and will commence renovation of the new office by July 2018. We plan to move to the new headquarters by the fourth quarter of 2018.

The relocation to a new headquarters will enable our Group to accommodate a larger number of employees, enhance the visibility of our brand and elevate our corporate image amongst our business associates and stakeholders.

- (4) The proceeds allocated for our listing expenses include professional fees, placement fees, regulatory fees and other miscellaneous expenses in connection with our Proposed Listing. If the actual expenses are higher than estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than estimated, the excess will be used for our general working capital requirements.

After the listing of our Shares on the LEAP Market, we intend to place the proceeds raised from the Proposed Placement (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the use of the proceeds for the above purposes.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2. DETAILS OF OUR PROPOSED LISTING (Cont'd)

### 2.7 Approvals required, conditions and undertakings

#### 2.7.1 Approvals required

The listing of and quotation for our entire enlarged share capital on the LEAP Market on Bursa Securities is subject to the following:-

- (i) approval-in-principle from Bursa Securities for the listing of and quotation for our Shares; and
- (ii) the successful completion of the Proposed Placement.

#### 2.7.2 Details of moratorium and undertakings

In compliance with Rule 3.07 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) the moratorium applies to the Promoters' entire shareholdings for a period of 12 months from the date of admission of MyKRIS to the LEAP Market ("**First 12 Months Moratorium**"); and
- (ii) upon expiry of the First 12 Months Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued shares of MyKRIS remain under moratorium for a further period of 36 months ("**Second 36 Months Moratorium**").

Details of our Shares held by our Promoters which will be subject to moratorium are as follows:-

Promoters	Shares under the First 12 Months Moratorium		Shares under the Second 36 Months Moratorium	
	No. of Shares	<sup>(1)</sup> (%)	No. of Shares	<sup>(1)</sup> (%)
Chew Choo Soon	130,001,400	43.33	67,500,000	22.50
Chang Wai Hoong	130,001,400	43.33	67,500,000	22.50
<b>Total</b>	<b>260,002,800</b>	<b>86.66</b>	<b>135,000,000</b>	<b>45.00</b>

**Note:-**

- (1) Based on our enlarged share capital comprising 300,000,000 Shares after the Proposed Placement.

Our Promoters have provided written undertakings that they will not sell, transfer or assign their respective shareholdings in MyKRIS during the moratorium period.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



---

## 2. DETAILS OF OUR PROPOSED LISTING (Cont'd)

---

### 2.7.3 Undertakings in relation to the Proposed Placement

- (i) UOBKH had obtained a waiver from Bursa Securities from compliance with Rule 3.10(1) of the Listing Requirements. As such, all monies received from the Sophisticated Investors pursuant to the subscription of our Shares will be held in trust by UOBKH;
- (ii) MyKRIS and UOBKH undertake that all monies deposited and held in trust by UOBKH will not be withdrawn until the date of listing of our Shares on the LEAP Market of Bursa Securities; and
- (iii) MyKRIS undertakes to forthwith repay within 14 days without interest all monies received from the Sophisticated Investors if:
  - (a) the Proposed Listing does not take place within 6 months from the date of Bursa Securities' approval for the Proposed Listing on the LEAP Market of Bursa Securities or such further extension of time as Bursa Securities may allow ("**Period**"); or
  - (b) the Proposed Listing is aborted by MyKRIS.

In such event, the monies will be repaid within 14 days from the end of the Period or the date when we notify Bursa Securities of our decision to abort our Proposed Listing. Should we fail to do so, in addition to our Company's liabilities, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of the Period or such other rate as Bursa Securities may prescribe.

### 2.8 Dividend policy

Any declaration of dividends are subject to the discretion of our Board. We have not formulated a dividend policy or payout ratio, however, we recognise that it is important to reward our investors with dividends. It is our intention to pay dividends to shareholders in the future depending upon a number of factors, including our level of cash and retained earnings, gearing, financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Actual dividend proposed and declared may vary depending on our financial performance and cash flow and may be waived if the payment of dividends would adversely affect our cash flow for operations.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 3. INFORMATION ON OUR GROUP

---

#### 3.1 Background and history

We are primarily a managed network service provider and we specialise in providing and managing Internet and Intranet network services to enterprises. Our customer base is diverse and includes enterprises in the education, retail and distribution, manufacturing, finance, as well as hospitality and tourism industries.

As at the LPD, our main market is in Peninsular Malaysia where we primarily service enterprises based in Klang Valley, Penang and Johor, although we have some customers in other states and overseas, specifically, Singapore, Indonesia and Myanmar.

#### **Incorporation of our Group**

Our Company, MyKRIS International Berhad (Company No. 811039-T), was incorporated in Malaysia on 25 March 2008 as a private limited company under the name of MyKRIS International Sdn Bhd. On 14 February 2018, we were converted into a public limited company for the purposes of the Proposed Listing.

Our Company commenced operations as an investment holding company when we acquired the entire issued share capital of MyKRIS Asia and MyKRIS Net on 5 May 2010.

#### **Evolution and growth of our business**

Our Group's history can be traced back to the incorporation of MyKRIS Asia by our Promoters on 3 May 2000. MyKRIS Asia commenced operations in 2001 as an ISP offering secured wireless Internet services in Klang Valley. At that time, we installed our network infrastructure within Klang Valley using off-the-shelf network equipment. In 2007, we began to provide secured wireless Internet services in Penang and we subsequently expanded our customer base to Johor when we secured our first customer in 2013.

Since then, our Group has achieved the following milestones:-

- **We developed a proprietary design for our network equipment and expanded our network coverage in Penang and Johor**

In order to ensure a more stable Internet connection, we began developing and assembling our network equipment in 2008. We developed a proprietary design for our wireless network equipment which we assemble in-house using parts and components sourced from our selected third-party technology providers. Our first in-house designed network equipment was installed in 2008 in Klang Valley.

In 2009, we set-up our in-house designed network equipment in Penang to extend our network coverage and to accommodate our growing customer base. We later set-up our first network infrastructure in Johor in 2014 as our customer base began to grow.

- **We evolved into a managed network service provider when we expanded our business to include wired Internet and Intranet services**

We ventured into providing Intranet services in 2011, allowing our customers to connect multiple networks from remote premises into a single secured private network. This marked our evolution from a managed Internet service provider to a managed network service provider.

In 2012, we began to offer wired Internet services to our customers, leveraging on a third-party fibre network service provider that has nationwide network coverage. This enabled us to launch i-METRO and HybridNET, further details of which is set out in **Section 4.1(i)** of this Information Memorandum.

---

**3. INFORMATION ON OUR GROUP (Cont'd)**

---

- **We were listed on NZAX and subsequently undertook the Management Buyout of MyKRIS Net and MyKRIS Asia from Mykco**

On 30 September 2011, MyKRIS Limited (now known as Mykco) was incorporated in New Zealand as a special purpose vehicle of MyKRIS International to acquire all the shares in MyKRIS Asia and MyKRIS Net. Mykco was subsequently listed on the NZAX on 10 January 2012 ("**NZAX Listing**"). The NZAX Listing provided us with an access to funds from the capital market and was part of our Group's efforts to venture our business into the Asia-Pacific region, in particular, New Zealand and Australia.

During our tenure of being a listed company on the NZAX, we gained experience and exposure as a public listed company, managing a larger set of stakeholders. However, despite our best efforts to venture into the Asia-Pacific region, our business was still predominantly in Malaysia. Further, there was also a lack of trading liquidity in our shares, which was possibly due to the relative unfamiliarity and limited awareness of our business amongst New Zealand investors.

We eventually undertook the Management Buyout in August 2015. Pursuant to the Management Buyout, MyKRIS acquired Mykco's shares in MyKRIS Net and MyKRIS Asia for a purchase consideration of approximately RM36.3 million (NZD12.9 million). The Management Buyout was completed on 3 November 2015 and henceforth MyKRIS Asia and MyKRIS Net became wholly-owned subsidiaries of MyKRIS.

- **We streamlined our operations to focus on our managed network services segment**

We streamlined our operations to specialise in managed network services. Prior to that, we developed a number of web-based application platforms through MyKRIS Net. These include, amongst others, i-PRINT, a web-based printing platform that is targeted at commercial printers; e-COMMERCE, a platform that is targeted to retailers to support their online retailing activities; and i-FONE, which is a VoIP telephone service platform that is targeted to providers of Internet telephone services. We have since ceased the abovementioned web-based application software products.

In September 2017, we expanded our managed network service packages to include managed network security services when we launched i-SECURE and MyKRIS 360.

- **We began penetrating regional markets**

In 2013, we began our foray into the regional market when we secured our first order from an existing customer in Malaysia to provide managed network services to its related entity in Indonesia. We also secured an order with a local ISP in Myanmar for the supply of network equipment in 2016.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 3. INFORMATION ON OUR GROUP (Cont'd)

Over the years, we have evolved and established ourselves as a managed network service provider, offering a wide range of managed Internet and Intranet network services to enterprises primarily in Klang Valley, Penang and Johor. As at the LPD, we serve over 300 enterprises in Malaysia. Through our achievements, we received several accolades from our customers, and some of our recent awards include the following:-

- Excellent Eagle - Golden Eagle Award 2016 from Nanyang Siang Pau Sdn Bhd;
- Star Outstanding Business Awards (“SOBA”) 2016 (Most Promising Award) from Star Media Group Berhad;
- Sin Chew Business Excellence Awards 2016 (Digital and Technology Business Excellence Award) from Sin Chew Daily and sinchew.com.my;
- Platinum Business Award 2017 (Small medium enterprises (“SME”) Service Excellence Award) from the SME Association of Malaysia;
- The BrandLaureate SMEs BestBrands Award in ICT – Internet Content & Service Provider 2017 – 2018 from The BrandLaureate; and
- SOBA 2017 (Silver Award for Best Employer) from Star Media Group Berhad.

We obtained our Network Services Provider Individual License, Network Facilities Provider Individual License and Applications Service Provider Individual License from the KKMM, through MyKRIS Asia in 2004. We are also a MSC-Malaysia status company through MyKRIS Net, which obtained its MSC-Malaysia status in 2006.

#### 3.2 Key milestones

The key milestones of our business are set out below:-

Year	Key milestones of MyKRIS Group
2000	MyKRIS Asia was incorporated
2001	We commenced business as an ISP offering secured Internet services in Klang Valley
2002	MyKRIS Net was incorporated
2004	MyKRIS Asia obtained its Network Services Provider Individual Licence, Network Facilities Provider Individual Licence and Applications Service Provider Individual Licence from the KKMM
2006	<ul style="list-style-type: none"> <li>• MyKRIS Asia was awarded the Emerging SMEs Golden Bull Award 2006</li> <li>• MyKRIS Net obtained MSC-Malaysia status</li> </ul>
2007	We expanded our customer base to Penang
2008	<ul style="list-style-type: none"> <li>• We installed our first network equipment with our proprietary design</li> <li>• MyKRIS Asia was awarded the 6th Asia Pacific International Honesty Enterprise - Keris Award 2007</li> </ul>
2009	<ul style="list-style-type: none"> <li>• We set-up our first network infrastructure in Penang</li> <li>• MyKRIS Asia was awarded the following:-               <ul style="list-style-type: none"> <li>- Emerging SMEs Golden Bull Award 2009</li> <li>- Malaysia Independence Award 1957 (Efficient Company)</li> <li>- Business of the Year Award – Service Provide of the Year 2009</li> </ul> </li> </ul>
2010	MyKRIS Asia was awarded the SME100 Award
2011	We evolved into a managed network service provider when we began providing Intranet services
2012	We entered into an agreement with a third-party fibre network service provider to leverage on its network infrastructure to offer wired Internet services
2013	<ul style="list-style-type: none"> <li>• We expanded our customer base to Johor</li> <li>• MyKRIS Asia was certified with the ISO 9001:2008</li> <li>• MyKRIS Asia was awarded the Product and Service Quality Excellence Award at the Sin Chew Business Excellence Awards 2013</li> </ul>
2014	We began to set-up our network infrastructure in Johor

**3. INFORMATION ON OUR GROUP (Cont'd)**

Year	Key milestones of MyKRIS Group
2015	The Management Buyout was completed
2016	<ul style="list-style-type: none"> <li>MyKRIS Net was awarded the Sin Chew Business Excellence Awards 2016 (Digital and Technology Business Excellence Award)</li> <li>MyKRIS Asia was awarded the following:-               <ul style="list-style-type: none"> <li>- Excellent Eagle - Golden Eagle Award 2016</li> <li>- SOBA 2016 (Most Promising Award)</li> </ul> </li> </ul>
2017	<ul style="list-style-type: none"> <li>We launched i-SECURE and MyKRIS 360</li> <li>MyKRIS Asia was awarded the Platinum Business Award 2017 (SME Service Excellence Award)</li> </ul>
2018	<ul style="list-style-type: none"> <li>MyKRIS was awarded The BrandLaureate SMEs BestBrands Award in ICT – Internet Content &amp; Service Provider 2017 – 2018</li> <li>MyKRIS Asia was awarded the SOBA 2017 (Silver Award for Best Employer)</li> </ul>

**3.3 Our share capital**

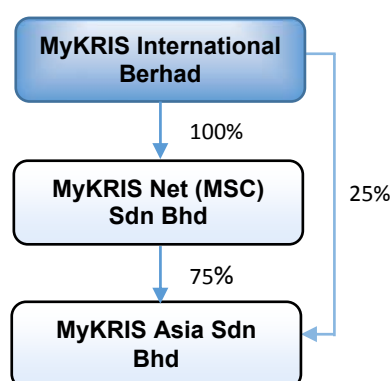
Our share capital as at the LPD is RM13,000,140 comprising 260,002,800 Shares. As at the LPD, neither our Company nor our subsidiaries has any outstanding warrants, options, convertible securities or uncalled capital.

Details of the changes to our share capital for the past 3 years up to the LPD are as shown below:-

Date of allotment	No. of shares	Nature of transaction	Consideration	Cumulative share capital (RM)
Balance as at 31 March 2015	130,001,400	-	-	13,000,140
24 January 2018	260,002,800	Share split	N/A	13,000,140

**3.4 Group structure**

As at the date of this Information Memorandum, our Group structure is as follows:-



### 3. INFORMATION ON OUR GROUP (Cont'd)

Our subsidiaries and their principal activities are as follows:-

Name	Date and country of incorporation	Year of commencement of operations	Issued share capital (RM)	Effective equity interest (%)	Business activities
<b>Subsidiaries</b> MyKRIS Asia (Company No. 513199-T)	3 May 2000 Malaysia	2001	2,000,000	100.0	Provision of managed network services and other network services
MyKRIS Net (Company No. 593230-P)	19 September 2002 Malaysia	2006	300,000	100.0	Development and provision of web-based application software

Save as disclosed above, as at the LPD, we do not have any other subsidiary or associate companies.

#### 3.5 Listing scheme

In conjunction with the Proposed Listing, we had, on 24 January 2018, implemented a share split whereby every 1 ordinary share in MyKRIS was subdivided into 2 MyKRIS Shares.

##### 3.5.1 Proposed Placement

We will undertake a proposed placement of 39,997,200 Issue Shares at an Issue Price of RM0.20.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares, save and except that the Issue Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Issue Shares.

Upon completion of the Proposed Placement, our share capital will increase to RM20,999,580 comprising 300,000,000 Shares.

##### 3.5.2 Proposed Listing

Upon completion of the Proposed Placement, MyKRIS shall be admitted to the Official List and our entire enlarged share capital of RM20,999,580 comprising 300,000,000 Shares will be listed and quoted on the LEAP Market of Bursa Securities.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

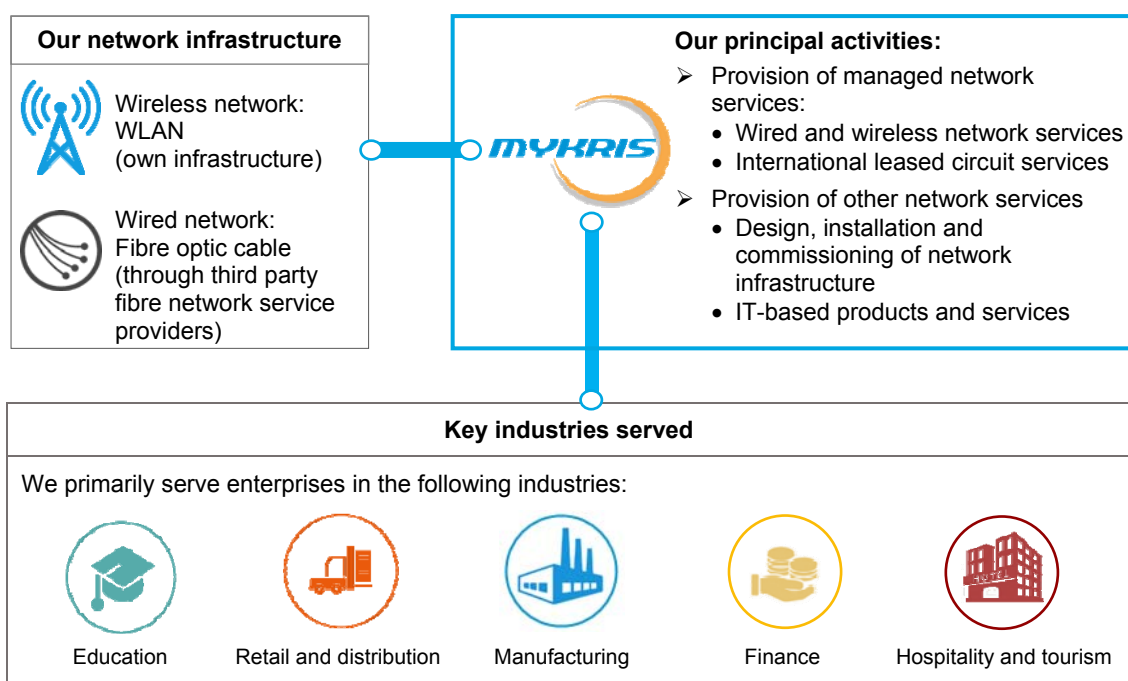


## 4. BUSINESS OVERVIEW

### 4.1 Our principal business activities, products and services

We are primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises. Managed network services refer to network services where we actively monitor network connectivity and provide value-added services such as 24-hour network management and support, traffic shaping, prioritisation, monitoring, filtering and reporting, bandwidth-on-demand, managed network security and SLG.

Our focus is on enterprises that demand reliable and secured network services with minimal network disruptions, allowing for operational efficiency. A brief illustration of our business is set out below:



The following are our principal activities:

#### (i) Provision of managed network services

Our managed network services comprise a comprehensive range of high speed wired and wireless network services, as well as international leased circuit services to enterprises primarily in Malaysia. These services are provided on a contractual basis for a period of 12 to 36 months, and in some instances up to 60 months.

##### (a) Wired and wireless network services

Wired network services refer to the management of network services that use physical connection, i.e. fibre optic cable, for data transmission. Meanwhile, wireless network services refer to the management of network services that use WLAN technology for data transmission.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

Depending on our customers' budget and needs, we are able to provide the following value-added services for our wired and wireless network services:

- **24-hour network management and support**

We proactively monitor and manage our network, and provide 24-hour remote support services at our NOC. This includes tracking and analysing traffic volume, link availability and performance, and network latency or lag, as well as detecting and resolving any network disruptions.

We are also on-call on a 24/7 basis to answer customer enquiries and resolve technical issues remotely or on-site. We dispatch technical personnel to our customers' sites if the technical problem cannot be resolved remotely. Our standards for network service restoration and network performance are as elaborated in **Section 4.5** of this Information Memorandum.

- **Traffic shaping, prioritisation, monitoring, filtering and reporting**

This involves network traffic management which is undertaken to prioritise certain critical applications and international network traffic routes. This also allows our customers to limit undesirable traffic arising from less productive or unwanted activities. We leverage on a network analyser to gather and collate traffic data, as well as analyse and generate meaningful charts and reports which assist our technicians and customers in understanding and troubleshooting network issues.

- **Bandwidth-on-demand**

Our customers can purchase additional bandwidth on an *ad hoc* basis for a short period of time to augment their existing service packages. This provides our customers with the flexibility to respond to periods where they require higher bandwidth. As such, our customers do not have to permanently upgrade their service packages and pay for additional bandwidth that may not be fully utilised.

- **Managed network security**








Our managed network security services are offered to customers on a contractual basis. These services include 24-hour network security monitoring and support, network and web application firewall, network security health check as well as anti-DDOS solutions.

- **SLG**

Our SLG offers enterprises a network uptime guarantee of up to 99.9% with a compensation scheme that is tied to the percentage of network uptime. SLG services appeal to enterprises with critical applications and high network availability requirements.

#### 4. BUSINESS OVERVIEW (Cont'd)

The following are the types of service packages we offer:

Service packages	Descriptions	Network infrastructure		Value-added services				
		 Wireless	 Wired	 24-hour network management and support	 Traffic shaping, prioritisation, monitoring, filtering and reporting	 Bandwidth -on-demand	 Managed network security	 Up to 99.9% SLG
<b>Wireless managed network services</b>								
i-BIZZ	Basic wireless Internet services	✓		✓				
i-REACH	Wireless managed network services with support services and traffic management	✓		✓	✓	✓		✓
i-BOND	<i>Ad hoc</i> add-ons of bandwidth for a short period of time	✓		✓	✓	✓		
<b>Wired managed network services</b>								
i-METRO	Basic wired managed network services		✓	✓				
<b>Hybrid managed network services</b>								
HybridNet	Managed network services that support high network availability and critical applications. Also includes MPLS / IP VPN that connects multiple networks from remote premises into a single secured private network	✓	✓	✓	✓	✓		✓
<b>Network security services</b>								
i-SECURE	Network security management solutions						✓	
<b>Full-fledged managed network services</b>								
MyKRIS 360	Comprehensive managed network services	✓	✓	✓	✓	✓	✓	✓

In consultation with our customers, we assist them with the selection of service packages which are best suited to their budget and needs. Thereafter, we will install, configure and test the network infrastructure that is required to provide our managed network services.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**(b) International leased circuit services**

An international leased circuit is a point-to-point private fibre line used to transmit data between offices that are located in different countries. This circuit is a secured connection as it is dedicated for the usage of a single customer.

**(ii) Provision of other network services**

We also provide other network services that complement our managed network services including:

**(a) Design, installation and commissioning of network infrastructure**

We design, install and commission network infrastructure for buildings, hotels as well as commercial and residential projects. Each project is custom-designed to meet the service requirements of our customers. Customers may opt for our network maintenance contract after the expiry of their service warranties.

**(b) IT-based products and services**

This includes the following:

- sale and installation of network equipment, hardware and software;
- development and provision of web-based application software; and
- server co-location and hosting services which include the physical housing of customers' servers and other network equipment at data centers. We are typically responsible for the monitoring, control and maintenance of these network equipment.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

#### 4. BUSINESS OVERVIEW (Cont'd)

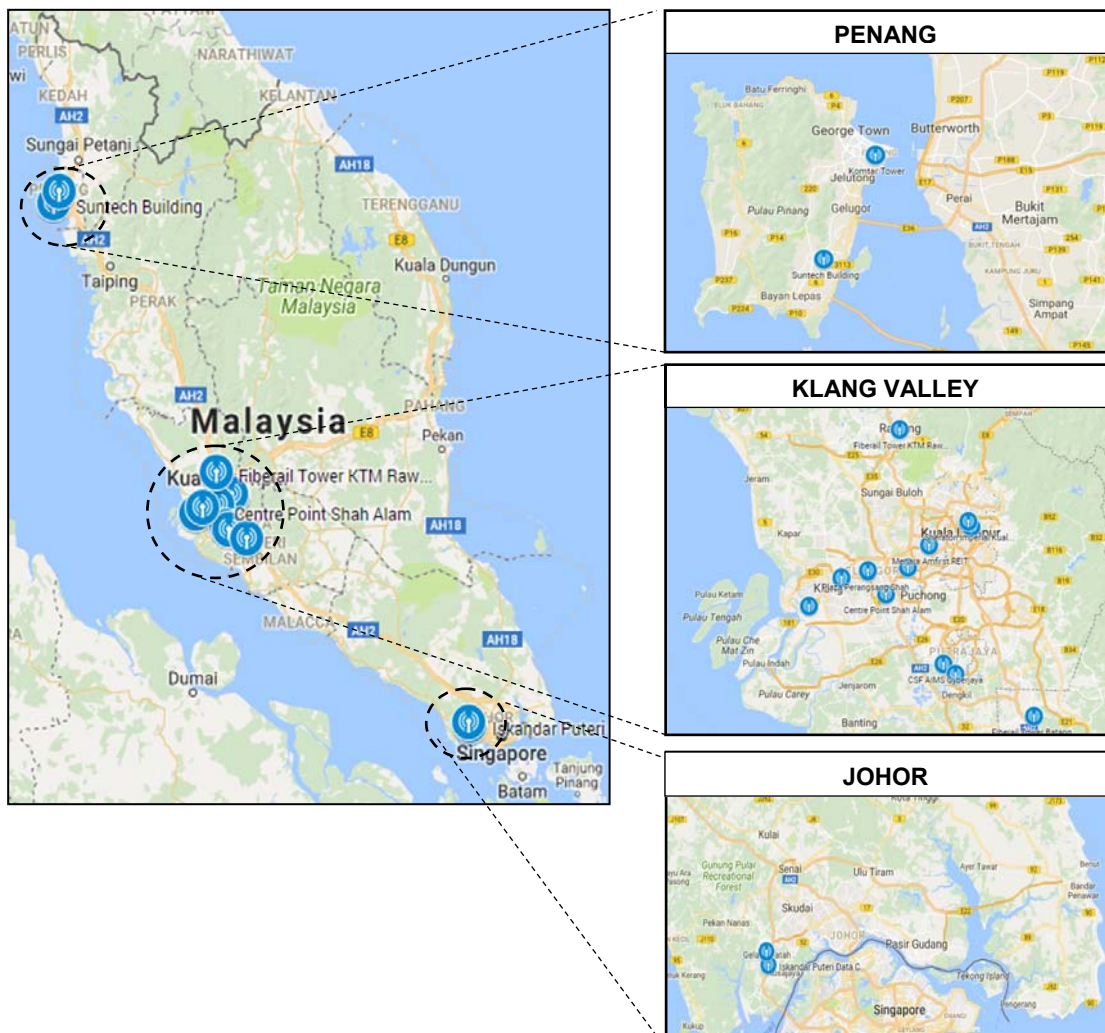
##### 4.2 Our presence

As at the LPD, we have 16 POPs located in Klang Valley, Penang and Johor to enable the provision of wireless network services to our customers.

Our network topology uses a duo-ring network design, where our POPs are connected in multiple closed loops. This design allows for an automatic failover to occur as traffic can be redirected to at least 1 other data center or POP to reach its destination in the event of a failure of any POP or data center or a broken link between 2 points. As a result, no individual POP or data center within the network will become a point of failure for the entire network infrastructure.



The topology of our network in Klang Valley, Penang and Johor are as follows:



---

#### **4. BUSINESS OVERVIEW (Cont'd)**

---

We are also able to provide wired network services to our customers through third-party fibre network service providers which have wired network coverage throughout Malaysia. We also provide managed network services to customers in Singapore and Indonesia utilising the network infrastructure of local third-party network service providers in these respective countries.

#### **4.3 Technology used**

##### **Network infrastructure**

We use 2 types of network infrastructure, i.e. WLAN and fibre optic cable:-

**(i) WLAN**

WLAN is a type of wireless network infrastructure that uses high-frequency radio waves to transmit data. Our WLAN infrastructure is based on the IEEE802.11 standards. The IEEE802.11 refers to standards for carrying out WLAN computer communication on unregulated spectrum frequencies (i.e. 2.4 GHz and 5.0 GHz frequency bands) which do not require a license to use.

We assemble our own WLAN network infrastructure that can reach a radius or cater to a distance of up to 15 kilometres within line-of-sight. This allows us to provide wireless network services to enterprises as well as connect our POPs and data centers. Our WLAN network uses a duo-ring network design which allows for an automatic failover of network traffic in order to optimise traffic flow and maximise network performance.

We lease our data centers which are located at AIMS Data Centre, Cyberjaya CX1 and CX2 Data Centers, and TM ONE Iskandar Puteri Data Centre (IPDC).

**(ii) Fibre optic cable**

Fibre optic cable utilises optical fibre infrastructure that transmits rapid light pulses.

We partner with fibre network service providers in Malaysia, i.e. Telekom Malaysia Berhad and TIME DotCom Berhad, to leverage on their nationwide wired network infrastructure. Such partnerships enable us to offer wired network services without having to incur cost to establish and develop our own wired network infrastructure.

##### **Network monitoring tools**

At our NOC, we utilise proprietary network monitoring tools that enable us to manage and optimise network traffic as well as identify and resolve any network disruptions on a 24-hour basis. Some of the key software that we use include bandwidth monitoring software and network traffic monitoring software.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**4.4 Our competitive strengths**

We believe that our historical success and future prospects are underpinned by our competitive strengths as follows:

**(i) We are able to provide reliable managed network services**

As a managed network service provider, network stability is a crucial element in our business as it could impact our customers' businesses. As at the LPD, we have successfully maintained a high network availability, with network uptime of more than 99.3%. For enterprises that require high network availability services, we offer SLG of up to 99.9% network uptime.

Our success in providing reliable network services stems from these factors:-

- We are able to minimise our dependence on other network service providers and third-party network equipment manufacturers as we have our own wireless network infrastructure, and are capable and experienced in designing our own wireless network equipment;
- Our network topology uses a duo-ring network design, enabling us to automatically re-route traffic flow in the event of a failure of any POP or data center or a broken link between 2 points;
- This duo-ring network design also allows us to route traffic dynamically to optimise traffic throughput and prioritise traffic to maximise network performance;
- We also offer a hybrid managed network solution (i.e. HybridNet), which enables us to use both wired or wireless network infrastructure concurrently to mitigate network downtime; and
- We strive to restore major network issues within 4 hours upon receiving a request or report of a fault from our customers.

**(ii) We have the capability to design, assemble and manage our wireless network equipment**

We have developed a proprietary design for our wireless network equipment which is assembled in-house using parts and components sourced from our selected third-party technology providers.

Our ability to develop this network equipment allows us to enjoy the following benefits:

- We are able to provide our customers with reliable, high availability and high performance network;
- We have customised our network equipment to suit local network requirements and regulatory specifications. This includes customisation to accommodate local weather and climate conditions (e.g. reinforced structure and enclosure to waterproof our equipment, increased air circulation to prevent over-heating as well as incorporation of lightning protection features) as it is critical for the overall performance of our network;
- We have designed our wireless network infrastructure to minimise signal interference from other service providers that can disrupt our network performance;
- We can easily source for replacement parts in the event specific components of the hardware or software malfunctions or need urgent replacement; and
- We have the flexibility to modify and have the expertise to enhance the design of our network equipment to further strengthen our network performance and range of value-added services.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**(iii) We have an established and proven track record as a managed Internet and Intranet network service provider in Malaysia**

We are an established and reputable managed network service provider in Malaysia and have been providing managed Internet and Intranet network services for more than 15 years. Since inception, we have built a strong customer base, comprising over 300 enterprises from various industries, and have maintained longstanding business relationships of more than 5 years with a number of our key customers.

This has contributed to the growth of our Group's managed network service segment, which has generated revenue of RM28.0 million in FYE 31 March 2017 and RM31.8 million in FYE 31 March 2018, registering a year-on-year growth of 13.3%.

Further, we have also built network infrastructure in Klang Valley, Penang and Johor to provide robust and reliable wireless network coverage within these areas. With our track record and technical expertise, we are confident of opportunities for growth and expansion in Malaysia as well as other countries in Southeast Asia.

**(iv) We have an experienced and committed key management and technical team**

We are led by an experienced and dedicated Board and key management team. Our Promoters have been with our Group since inception, and have been pivotal to the growth and success of our Group. Both of our Promoters have more than 25 years of experience in the IT, telecommunications and related sectors, and have extensive knowledge and experience in our business operations.

Meanwhile, our key management team has extensive experience across a broad spectrum of business activities, from operations to finance to sales and marketing. Their experience, drive and passion for our business have been instrumental in our Group's vision and growth strategies.

Further, our key management team is supported by a strong technical team. Our technical team enables us to have a comprehensive understanding of our customers' business and industry needs, thus enabling us to better serve to our customers.

**(v) We serve customers from a wide range of industries**

Our Group provides managed network services to enterprises from a diverse range of industries, i.e. education, retail and distribution, manufacturing, finance, and hospitality and tourism. Thus, we are able to diversify our operational risks as we do not rely on the performance of any one particular industry. This also presents us with a large pool of opportunities to tap into.

**4.5 Quality control and assurance**

Our Group places strong emphasis on quality management in order to maintain our reputation and market standing. Since 2013, we have obtained the ISO 9001:2008 certification which was subsequently replaced by the ISO 9001:2015 certification for the provision of managed Internet services.



---

#### **4. BUSINESS OVERVIEW (Cont'd)**

---

Our quality control (“QC”) and inspection processes for the installation of our network equipment in our customers’ premises are as follows:-

- **Pre-installation QC procedures**

Pre-installation QC procedures occur immediately prior to the installation of network equipment at our customers’ premises. These procedures are in place to ensure that the network equipment installed are in good condition, of good quality and are accordance with the specifications and configurations required.

- **Final QC tests**

Once our technical team has successfully installed the network equipment, a User Acceptance Test is carried out with the customer to determine if the network equipment have been properly installed and configured. This includes tests on:-

- network connectivity;
- network signal strength;
- proper installation of equipment; and
- Internet functionality.

#### **4.6 R&D**

Our R&D activities are primarily carried out to improve the performance of our wireless network infrastructure. We strive to keep abreast with the latest trends by closely monitoring and gathering customer feedback, as well as information gathered from market research.

R&D activities to improve our network equipment and infrastructure design are carried out by our engineering team located at our headquarters. Our main offices, POPs and data centers are all inter-connected, which enables us to carry out instant data transmission and remote performance testing on our wireless network infrastructure.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**4. BUSINESS OVERVIEW (Cont'd)****4.7 Information on land and buildings****4.7.1 Summary of properties used**

A summary of the material properties owned by our Group are set out below:

Registered owner/ Beneficial owner	Address	Tenure/ Expiry of lease	Description and existing use	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building (years)	Total built up area and land area (square feet)	NBV as at 31 March 2018 (RM'000)	Major encumbrances
Bejaya Golf Resort Berhad (developer) / MyKRIS Asia <sup>(1)</sup>	The Link 2 @ Bukit Jalil, Lot SH-01, Geran No Hakmilik 47480, Lot 36469, Mukim Petaling, Daerah Kuala Lumpur	Freehold	6-storey shop office within a mixed development known as The Link 2. Vacant possession was obtained on 30 March 2018	9 November 2017	N/A	13,013	9,392	Nil
Saujana Triangle Sdn Bhd (developer) / MyKRIS Asia <sup>(1)</sup>	No F-LG2-K07, Block F, Flora Damansara, No 1, Jalan PJU 8/9, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor	Leasehold for 99 years ending 8 June 2104	Shop premise within the residential apartment which is currently rented to a third party	25 July 2005	13	800	392	Nil
Saujana Triangle Sdn Bhd (developer) / MyKRIS Asia <sup>(1)</sup>	No F-LG2-K08, Block F, Flora Damansara, No 1, Jalan PJU 8/9, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor	Leasehold for 99 years ending 8 June 2104	Shop premise within the residential apartment which is currently vacant	25 July 2005	13	800	376	Nil

**4. BUSINESS OVERVIEW (Cont'd)**

Registered owner/ Beneficial owner	Address	Tenure/ Expiry of lease	Description and existing use	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building (years)	Total built up area and land area (square feet)	NBV as at 31 March 2018 (RM'000)	Major encumbrances
MyKRIS Asia	CT-07-20, 7th floor, Corporate Tower, Subang Square, Jalan SS 15/4G, 47500 Subang Jaya, Selangor	Freehold	Office unit at 7th floor of an office building which is currently used as a storeroom	14 August 2003	15	470	89	Nil

**Note:-**

- (1) MyKRIS Asia is the beneficial owner pending the issuance of individual strata title to MyKRIS Asia from the developers, Saujana Triangle Sdn Bhd and Berjaya Golf Resort Berhad.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**4. BUSINESS OVERVIEW (Cont'd)**

A summary of the material properties rented by our Group for our operations are set out below:

Tenant	Registered owner(s)	Address	Tenure/ Date of expiry of lease	Description and existing use	Total built up area and land area (square feet)	Yearly rental (RM)
MyKRIS Asia	1. Tan Chor Theng; and 2. Sit Chin Chooi	5-G-7 & 5-1-7, Promenade, Persiaran Mahsuri, 11950 Bayan Baru, Penang	2 years, expiring on 15 November 2019	Commercial unit currently used for MyKRIS Asia's office in Penang	Approximately 3,200	First year: 88,000.00 Second year: 96,000.00
MyKRIS Asia Bhd	Tanjung Inai Sdn Bhd	H-08-01, Block H, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor	3 years, expiring on 14 August 2018 <sup>(1)</sup>	5 office units within Block H currently used as the headquarters of MyKRIS Group	10,231	First year: 311,832.00 Subsequent years: 321,780.00

**Note:-**

(1) *The Company intends to extend its lease until December 2018 as the relocation to the new corporate office at The Link 2 is expected to take place by 4<sup>th</sup> quarter 2018, subject to the completion of the renovation works which will commence by July 2018.*

Save as disclosed above, as at the date of this Information Memorandum, our Group is not in breach of any law, rules or building regulations in relation to the use of the properties. Our Directors wish to highlight that, with respect to the land and buildings owned and leased by our Group, there are no environmental issues that may materially affect our Group's operations and utilisation of the above properties.

Our Proposed Listing does not involve any valuation of land and buildings.

Apart from offices, we also rent rooftop spaces in various places in the Klang Valley, Penang and Johor to install our POPs and relay points. The rental rates of the said rooftop spaces range from RM1,800 to RM78,120 per annum.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**4.8 Marketing and distribution****4.8.1 Distribution channel**

Our sales are primarily carried out by our sales team, and we generate sales through a direct approach which entails targeting enterprises in the education, retail and distribution, manufacturing, finance, as well as the hospitality and tourism industries.

**4.8.2 Marketing strategies**

As we recognise the importance of building awareness and visibility of our brand, we employ the following marketing strategies:-

**(i) Media advertisement**

We advertise in newspapers and radio channels, and invest in billboard advertisements to create awareness of our services and enhance our brand visibility in the market. Presently, we run our advertisements in 'The Edge' newspapers, as well as on Lite FM and Melody (formerly known as Melody FM) radio channels. Our current billboard advertisements are located at Federal Highway in Kuala Lumpur and near Queensbay Mall in Penang.

**(ii) Customer testimonials and referrals**

Our business approach as well as our continuous efforts to provide reliable and reputable service has cultivated customer satisfaction, brand loyalty and goodwill. As a result, these customers routinely refer our services to their associates by 'word of mouth', which generates interest and confidence in our services for new and potential customers. We will continue to cultivate brand loyalty among our existing customers.

We also encourage our satisfied customers to provide us with testimonials, which are posted on our corporate website to market our managed network services to potential customers.

**(iii) Seminars and events**

We participate in relevant seminars and exhibitions to gain exposure and to share our knowledge and expertise in managing networks. We hold customer appreciation events to build relationships and keep our customers abreast with our latest service package offerings.

Further, our Chief Executive Officer / Managing Director - Chew Choo Soon, is a regular speaker at seminars, and has recently presented on industry topics such as:-

- "Safeguard Your Business Against Evolving Online Threats" at the MCIL Digital Trends Forum 2017; and
- "Hybrid Internet Service – The Best of Both Worlds" at the 10th Federation of Manufacturing Malaysia (FMM) Business Best Practices Seminar – Internet Speed and Broadband Coverage.

We believe these events allow us to promote our brand visibility and attract prospective customers. We also co-sponsor events and promotional activities launched by third-party technology partners, which allows us to build our sales leads.

#### 4. BUSINESS OVERVIEW (Cont'd)

##### (iv) Online channels

Our corporate website and Facebook page provides details of our managed network services and other services that we offer. These also serve as avenues for us to educate the public on our brand, vision and values. We also invest in search engine optimisation which enables us to increase the online visibility and traffic count of our corporate website and Facebook page.

#### 4.9 Major customers

As at the LPD, we provide our managed network services to more than 300 enterprises. As we provide our services to a wide and diverse customer base, we are not reliant on any one customer. Save as disclosed below, none of our top 10 customers accounted for more than 10% of our revenue for the Financial Period Under Review:-

Customer	FYE 31 March 2017	FYE 31 March 2018	Length of business relationship (years)
Kenanga Investment Bank Berhad	-	✓	6
<i>Total contribution (% of revenue)</i>	4.5%	10.9%	

Our revenue generated from Kenanga Investment Bank Berhad was for our managed network services.

#### 4.10 Major suppliers

For the Financial Period Under Review, none of our suppliers accounted for more than 10% of our cost of sales, save for the following:-

Supplier	FYE 31 March 2017	FYE 31 March 2018	Length of business relationship (years)
Telekom Malaysia Berhad ("Telekom")	✓	✓	14
Exclusive Networks Malaysia Sdn Bhd	✓	-	6
A local sub-contractor	✓	-	4
<i>Total contribution (% of cost of sales)</i>	44.9%	41.4%	

For the Financial Period under Review, our major supplier, Telekom, contributed 21.6% and 41.4% to our respective total cost of sales. Our bulk purchases from Telekom provide us with a more competitive pricing for the amount of bandwidth required. However, we can still opt to subscribe to the fibre network services from other telecommunication providers in Malaysia such as Maxis Berhad, Time dotCom Berhad, Fiberail Sdn Bhd and Fibrecomm Network (M) Sdn Bhd.

We engaged the local sub-contractor for the installation of network infrastructure and telecommunication tower in Kota Kinabalu for our customer. The services from the local sub-contractor were procured solely for project basis only and is non-recurring in nature. We also procure network equipment from Exclusive Networks Malaysia Sdn Bhd for the sale of IT-based products to our customers.

We are not materially reliant on any single supplier as we are able to source for bandwidth and IT-based products from a number of alternative suppliers.

#### 4.11 Seasonality

Our revenue is primarily derived from regular subscriptions as a result of ongoing contracts with our customers and hence, we do not experience any material seasonality in our business.

**4. BUSINESS OVERVIEW (Cont'd)****4.12 Approvals, major licences and permits**

As at the LPD, details of our major licences and permits for our operations are as follows:

No	Description of licence/approval	Approving authority	Permit / License / Registration number	Date of grant or renewal / Expiry date	Salient conditions	Status of compliance
1.	Individual Licences for Network Facilities Provider and Network Services Provider pursuant to Section 34 and 126 of the Communications and Multimedia Act 1998	KKMM	NSP/2000/191 (Network Services Provider) NFP/2000/177 (Network Facilities Provider)	12 February 2014 to 10 March 2019	<ol style="list-style-type: none"> <li>MyKRIS Asia shall notify the Minister of any changes in the substantial shareholdings of the company as defined under the Act.</li> <li>MyKRIS Asia shall comply with all relevant laws or rules under any legislation or guidelines issued by the Government or Government agencies pertaining to the restrictions on foreign shareholdings in MyKRIS Asia.</li> <li>MyKRIS Asia shall notify the Minister of any joint ventures or consortiums, which it enters into with any other licensees after the grant of the licence.</li> <li>MyKRIS Asia shall notify the Minister, in writing, of any restructuring or rationalisation of MyKRIS Asia's corporate structure.</li> <li>Foreign shareholding, if any, in MyKRIS Asia shall not be more than 49%.</li> <li>MyKRIS Asia shall ensure that the Bumiputera equity in MyKRIS Asia is not less than 30% for so long as the licensee remains a private company or a public company as defined under the Act and is not listed on Bursa Securities ("<b>Bumiputera Equity Condition</b>").</li> <li>MyKRIS ASIA shall have 1 year from the date of this license to ensure compliance with the condition above.</li> </ol> <p>The Minister may, upon an application being made, grant an extension of time to MyKRIS Asia if the Minister is satisfied that the Licensee has taken reasonable steps towards compliance.</p>	<p>Complied. Notification will be made when required.</p> <p>Complied</p> <p>Complied. Notification will be made when required.</p> <p>Complied. Notification will be made when required.</p> <p>Complied</p> <p>To be complied with*</p> <p>Noted</p>

**Note:-**

\* MyKRIS Asia had on 24 January 2018 and 28 February 2018 sought an extension of time until 31 December 2018 to comply with the Bumiputera Equity Condition ("**Extension of Time**"). The Extension of Time was approved by the MCMC on 23 April 2018.

**4. BUSINESS OVERVIEW (Cont'd)**

No	Description of licence/approval	Approving authority	Permit / License / Registration number	Date of grant or renewal / Expiry date	Salient conditions	Status of compliance
2.	Applications Service Provider Class Licence for Applications Service Provider pursuant to Section 34 and 126 of the Communications and Multimedia Act 1998	KKMM	205/2017	30 May 2018 (effective from 17 June 2018) to 16 June 2019	<ol style="list-style-type: none"> <li>MyKRIS Asia can only provide application services stated in Perkara 3 (includes amongst others, voice services, data services, Internet access and electronic commerce) of the Registration Notice for Class Licence (Form D) submitted prior to the registration. Should the licence holder wish to provide additional application services other than those stated in Form D, the change of particulars and payment needs to be made pursuant to the Second Schedule of Communications and Multimedia (Licensing) Regulations 2000.</li> <li>Pursuant to Section 126 of the Communications and Multimedia Act 1998, a person who owns or provides any network facilities or network services, whether in connection with the application service provider mentioned above or not, requires a network facilities provider licence or the relevant network service licence.</li> <li>Fresh application of the class licence must be made to the MCMC together with the relevant fees and documents 60 days prior to the expiry of the subsisting class licence.</li> </ol>	Complied

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



**4. BUSINESS OVERVIEW (Cont'd)**

No	Description of licence/approval	Approving authority	Permit / License / Registration number	Date of grant or renewal / Expiry date	Salient conditions	Status of compliance
3.	Contractor Registration Certificate for the registration as a supplier in telecommunication/networking – supply product, infrastructure, services sector (Sector Code: 210105) authorised to deal with government	Ministry of Finance ("MOF")	K220666831018449 41	15 January 2018 to 14 January 2021	<ol style="list-style-type: none"> <li>The individuals which are authorised by the company to participate in the dealings with government includes: <ol style="list-style-type: none"> <li>Chew Choo Soon;</li> <li>Chang Wai Hoong; and</li> <li>Lee Man Soon.</li> </ol> </li> <li>Any changes to the information that has been submitted to the MOF shall be submitted online within 21 days from the date of change.</li> <li>MyKRIS Asia shall ensure that the scope or section in which it is registered under the certificate does not overlap with the same which has been approved for any of the following companies which:- <ol style="list-style-type: none"> <li>has the same owner or board of director/director(s), management and employees; or</li> <li>operates in the same premises.</li> </ol> </li> </ol>	Complied
						Noted
						Complied
						Noted
						Noted
						Noted

**4. BUSINESS OVERVIEW (Cont'd)**


No	Description of licence/approval	Approving authority	Permit / License / Registration number	Date of grant or renewal / Expiry date	Salient conditions	Status of compliance
4.	Contractor Registration Certificate for the registration as a supplier in software/system development/customization and maintenance (Sector Code: 210104) authorised to deal with government	MOF	K22083723871518704	19 September 2015 to 18 September 2018	<ol style="list-style-type: none"> <li>The individuals which are authorised by the company to participate in the dealings with government includes:               <ol style="list-style-type: none"> <li>Chang Wai Hoong;</li> <li>Chew Choo Soon; and</li> <li>Hon Yu Chun.</li> </ol> </li> <li>Any changes to the information that has been submitted to the MOF shall be submitted online within 21 days from the date of change.</li> <li>MyKRIS Net shall ensure that the scope or section in which it is registered under the certificate does not overlap with the same which has been approved for any of the following companies which:-               <ol style="list-style-type: none"> <li>has the same owner or board of director/director(s), management and employees; or</li> <li>operates in the same premises.</li> </ol> </li> <li>The MOF reserves the right to make a visit or conduct an audit on the company at any time without prior notice.</li> <li>MyKRIS Net is required to submit a renewal application 3 months prior to the expiry of the registration.</li> <li>MyKRIS Net must ensure that the registration with the Ministry of Finance is still valid throughout the duration of the subsisting contract.</li> </ol>	Complied

**4. BUSINESS OVERVIEW (Cont'd)**

No	Description of licence/approval	Approving authority	Permit / License / Registration number	Date of grant or renewal / Expiry date	Salient conditions	Status of compliance
5.	CIDB Registration Certificate in respect of Grade 4, Category ME  Specialty: M15 – Miscellaneous mechanical equipment	Construction Industry Development Board (“CIDB”)	0120160624-WP176236	13 November 2017 to 12 November 2020	<p>The registration of the contractor shall be cancelled and suspended if:</p> <ol style="list-style-type: none"> <li>1. MyKRIS Asia fails to comply with any applicable laws and regulation, including but not limited to the CIDB Act;</li> <li>2. MyKRIS Asia becomes bankrupt;</li> <li>3. A petition for winding up has been served on MyKRIS Asia;</li> <li>4. MyKRIS Asia violates or fails to comply with any of the provisions of the CIDB Act;</li> <li>5. MyKRIS Asia commits a fraudulent act or made false or fraudulent representations in writing or otherwise;</li> <li>6. MyKRIS Asia abandons any construction project without reasonable cause;</li> <li>7. MyKRIS Asia is found guilty by a competent court or the relevant authorities for any negligent acts committed in relation to construction works carried out; or</li> <li>8. MyKRIS Asia fails to comply with its responsibilities and obligations as stated in this licence.</li> </ol>	Noted

**4. BUSINESS OVERVIEW (Cont'd)****4.13 Patents, trademarks and copyrights**

The material patents, trademarks and copyrights which we use and are registered are disclosed as follows:-

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered / Expiry date / Notification date / Country of recognition
1.	MyKRIS Asia		Class 38	Internet services provider	<ul style="list-style-type: none"> <li>• 10 years</li> <li>• From 25 April 2018 to 25 April 2028</li> <li>• Malaysia</li> </ul>
2.	MyKRIS Asia	<b>i-BOND</b>	Class 38	Internet services provider	<ul style="list-style-type: none"> <li>• 10 years</li> <li>• From 14 June 2013 to 14 June 2023</li> <li>• Malaysia</li> </ul>

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**4.14 Environmental matters**

As at the LPD, our Group has not experienced any environmental issues nor are we subjected to any regulatory requirements which may materially affect our Group's operations and utilisation of assets.

**4.15 Governing laws and regulations**

Our business is regulated by, and in some instances required to be approved, permitted and licensed under specific laws of Malaysia. A summary of the relevant laws and regulations governing our Group and which is material to our operations are found below. Nonetheless, the following does not purport to be an exhaustive list and description of all relevant laws and regulations of which our business is subject to.

**(i) *Communications and Multimedia Act 1998***

The Communications and Multimedia Act, 1998 ("**CMA**") was established to regulate the communications and multimedia industry. The CMA sets out the requirements for network facility providers, network services providers and application service providers. It is important for our Group to adhere to the CMA as, subject to exemptions, the CMA allows no person to provide or own any network facilities, provide any network services or provide any applications services except in accordance with the terms and conditions of a valid individual licence granted under the CMA or a class licence granted under the CMA expressly authorising the ownership or provision of the facilities or services.

***Communications and Multimedia (Licensing) Regulations 2000***

In line with the growth of Malaysia's communications and multimedia industries, the CMA established the Communications and Multimedia (Licensing) Regulations 2000 to set out the regulations of the information and communications technology industry. As we are primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises, we are required to obtain individual licences for the provision of these services which is granted by KKMM on the recommendation of MCMC to conduct our business.

***Communications and Multimedia (Technical Standards) Regulations 2000***

Our communications equipment are required to be certified under the CMA and the Communications and Multimedia (Technical Standards) Regulations 2000 by a certifying agency, which in our case, is Sirim QAS International.

**(ii) *Malaysian Communications and Multimedia Commission Act 1998***

The Malaysian Communications and Multimedia Commission Act, 1998 established the MCMC as the regulatory body for the information and communications technology industry in Malaysia. The MCMC was created to promote the Malaysian government's national policy objectives and oversee the new regulatory framework for the converging industries of telecommunications, broadcasting and online activities. As we are primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises, we are required to apply for licences and certificates from the MCMC to conduct our business.

As at the LPD, we are not in breach of laws and regulations governing our business that may have a material adverse impact on our business operations.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

**4.16 Contracts or arrangements on which we are highly dependent**

As at the LPD, our Board is of the opinion that our business is not highly dependent on any particular contract or arrangement.

**4.17 Future plans, strategies and prospects****4.17.1 Future plans and strategies****(i) We will continue to enhance our service package offerings and intensify our marketing and promotional activities**

Our Group has been providing managed Internet and Intranet network services for more than 15 years. Throughout the years, we have established a track record of being a reputable managed network service provider, and have been able to develop and deliver comprehensive managed network solutions to our customers.

Our experience and strong market position in the managed network service industry, as well as our longstanding business relationships with our customers provides us with insights into the evolving needs of our customers. We have identified a growing demand for comprehensive network service packages amongst enterprises, as enterprises increasingly seek to outsource the entire management of their network to a single reliable managed network service provider.

In order to meet this demand, we launched MyKRIS 360 in September 2017 which is a comprehensive service package that includes all of our value-added services, to cater for enterprises which require complex and dynamic network configurations. Moving forward, we aim to continuously enhance our service packages to offer additional value-added services that meet the evolving needs of our customers.

In addition, we plan to intensify our marketing and promotional activities to build our brand and increase customer awareness on the benefits and advantages of our service packages, particularly MyKRIS 360. These marketing initiatives will enable us to attract new customers, as well as encourage our existing customers to upgrade their existing service package.

**(ii) We plan to grow our managed network service business through the expansion of our network coverage within Malaysia**

At present, we have set up our own network infrastructure in Johor Bahru and we also offer network services in Kota Kinabalu through third-party network service providers.

While we have limited physical presence in these areas as at the LPD, we acknowledge that the potential in these 2 areas are attractive based on the positive response from our existing customers in Johor Bahru and Kota Kinabalu. As such, we plan to expand our network coverage and presence in Kota Kinabalu and Johor Bahru by establishing offices and setting-up our own wireless network infrastructure in these states.

The expansion of our network coverage and presence will enable us to provide effective customer support and direct technical assistance within a shorter response timeframe to our customers in these areas. We believe that increasing our presence in these areas will enable us to attract new customers and increase our customer base, thus strengthening our presence in the local managed network service industry.

#### 4. BUSINESS OVERVIEW (Cont'd)

(iii) **We intend to penetrate other countries in Southeast Asia to expand our managed network service business segment**

We intend to penetrate into other countries in Southeast Asia, such as Myanmar, Cambodia and Vietnam. We believe that there are substantial opportunities in providing managed network services in these developing countries due to the rapid economic growth in these markets and growing need for efficient and reliable network for business and operational efficiency.

We envisage the expansion of our managed network services to take place through the establishment of sales/representative offices in these countries or through collaborations with third party local ISPs. Thus far, we have secured an order from a local ISP in Myanmar, HTCL for the supply of network equipment to Yangon.

As part of our expansion plan in Myanmar, MyKRIS Asia had on 31 May 2016 entered into a Shareholders' Agreement, which entails amongst others, the subscription of 40% equity interest in HTCL by MyKRIS Asia for an investment sum of USD200,000. HTCL is principally involved in provision of managed Internet services to enterprises in Myanmar. As at the LPD, the said subscription is still pending the relevant regulatory approvals from Myanmar. In the event the subscription does not materialise, we may explore other collaboration options to facilitate our expansion in Myanmar. Please refer to **Section 10.2** of this Information Memorandum for further details of the Shareholders' Agreement.

The expansion into neighbouring Southeast Asian countries is expected to contribute positively to our financial performance in the future.

#### 4.17.2 Prospects of MyKRIS

We have a fairly established presence in Peninsular Malaysia and have benefited from a stable and growing revenue base as a result of recurring subscriptions from our diversified customer base of more than 300 enterprises. We hope to leverage on the existing relationship with our customers by selling value-added services and increasing the adoption of MyKRIS 360. We have also identified certain local and international markets to penetrate, details of which are set out above and in **Section 2.6** of this Information Memorandum.

In terms of our broader growth prospects, the improvement in broadband penetration rates and network accessibility in the country (as highlighted in **Section 5** of this Information Memorandum) has supported the growth of the managed network service industry in Malaysia.

The managed network service industry in Malaysia grew steadily at a CAGR of 3.7%, from approximately RM5.2 billion in 2014 to an estimated RM5.8 billion in 2017. Moving forward, the managed network service industry in Malaysia is forecast to grow to reach RM6.4 billion by 2020, at a CAGR of 3.3% between 2018 and 2020. This is in line with the:

- (i) increasing number of enterprises which indicates a demand potential from new enterprises;
- (ii) growing importance of network connectivity in enterprises which would create continuous demand for managed network services; and
- (iii) favourable Government initiatives that promote the use of the Internet which is expected to drive demand in the managed network service industry.

---

**4. BUSINESS OVERVIEW (Cont'd)**

---

As a managed network service provider in Malaysia, our Group has shown potential to gain from the growing domestic demand.

By leveraging on our competitive strengths highlighted in **Section 4.4** of this Information Memorandum and against the above market backdrop, we seek a listing on the LEAP Market of Bursa Securities to facilitate our future growth and strengthen our position as a managed network service provider.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



---

5. INDUSTRY OUTLOOK

---



PROVIDENCE STRATEGIC PARTNERS SDN BHD  
(1238910-A)  
L-2-1, Plaza Damas, No. 60, Jalan Sri Hartamas 1,  
Sri Hartamas, 50480 Kuala Lumpur, Malaysia.  
T: +603 7725 2288

[18 JUL 2018

The Board of Directors

MYKRIS INTERNATIONAL BERHAD  
No 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Malaysia.

Dear Sirs,

**Industry Overview on the Telecommunications and Managed Network Service Industries in Malaysia in conjunction with the Listing of MYKRIS INTERNATIONAL BERHAD (“MYKRIS”) on the LEAP Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”)**

---

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“PROVIDENCE”) has prepared an Industry Overview Report on the Telecommunication and Managed Network Service Industries in Malaysia for inclusion in the Information Memorandum of MYKRIS.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

MELISSA LIM  
EXECUTIVE DIRECTOR

---

**5. INDUSTRY OUTLOOK (Cont'd)**

---

**PROVIDENCE  
STRATEGIC PARTNERS**

## **1 TELECOMMUNICATIONS INDUSTRY IN MALAYSIA**

### **INTRODUCTION**

---

MyKRIS is a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises in Malaysia. The scope of work for this section will thus provide an independent view of the telecommunications industry and offer a clear understanding of industry and market dynamics.

Telecommunication refers to the transmission of signals and data through cables or wires, radio frequency, optical or electromagnetic systems. The telecommunications industry comprises network service providers, cellular service providers as well as television and radio broadcasting companies.

Network service providers offer 2 types of access services, namely Internet and Intranet services. Internet refers to the worldwide interconnection of devices that have a valid Internet Protocol address. On the other hand, Intranet refers to a private or restricted communication network that is typically contained within an enterprise, and are typically known as leased lines or virtual private networks (“**VPN**”).

Network service providers may use wired and/or wireless network infrastructure to provide Internet/Intranet access. Wired Internet/Intranet infrastructure is connected through physical cables. In Malaysia, this primarily comprises fibre optic cables and Digital Subscriber Line (“**DSL**”).

Meanwhile, wireless Internet/Intranet infrastructure are connected using Point of Presence (“**POP**”) or radio frequencies. Wireless network infrastructure offered in Malaysia include Wireless Local Area Network (“**WLAN**”), mobile broadband and satellite broadband.






***[The rest of this page is intentionally left blank]***

5. INDUSTRY OUTLOOK (Cont'd)



The chart below describes the typical types of network infrastructure available in Malaysia:

Network infrastructure types in Malaysia

Wired			
	<p><b>Fibre optic cables</b></p> <ul style="list-style-type: none"> <li>Utilises optical fibre infrastructure that transmit rapid light pulses</li> <li>Examples of service providers:                     <ul style="list-style-type: none"> <li>Telekom Malaysia Berhad (TM Unifi)</li> <li>TIME dotcom Berhad (Time Fibre Broadband)</li> <li>Setia Haruman Technology Sdn Bhd (Cyberjaya Broadband)</li> </ul> </li> </ul>	<p><b>DSL</b></p> <ul style="list-style-type: none"> <li>Utilises copper wire telephone network that segments the network into 2 separate channels, allowing for Internet/ Intranet access and telephone connection to occur at the same time</li> <li>Examples of service providers:                     <ul style="list-style-type: none"> <li>Telekom Malaysia Berhad (TM Streamyx)</li> </ul> </li> </ul>	
Wireless			
	<p><b>Mobile broadband</b></p> <ul style="list-style-type: none"> <li>Utilises mobile phone network through third-generation ("3G"), fourth generation ("4G") and 4G Long Term Evolution ("LTE") communication standards.</li> <li>Examples of service providers:                     <ul style="list-style-type: none"> <li>Maxis Berhad</li> <li>Digi.Com Berhad</li> <li>Celcom Axiata Berhad</li> </ul> </li> </ul>	<p><b>Satellite broadband</b></p> <ul style="list-style-type: none"> <li>Utilises satellite to transmit data.</li> <li>Examples of service providers:                     <ul style="list-style-type: none"> <li>TIME dotcom Berhad (Time Satellite Broadband)</li> <li>Telekom Malaysia Berhad (TM VSAT)</li> </ul> </li> </ul>	<p><b>WLAN</b></p> <ul style="list-style-type: none"> <li>Utilises a multi-directional or mono-directional antenna to transmit signals to surrounding areas</li> <li>Examples of service providers:                     <ul style="list-style-type: none"> <li>MyKRIS</li> <li>REDTone International Berhad</li> </ul> </li> </ul>

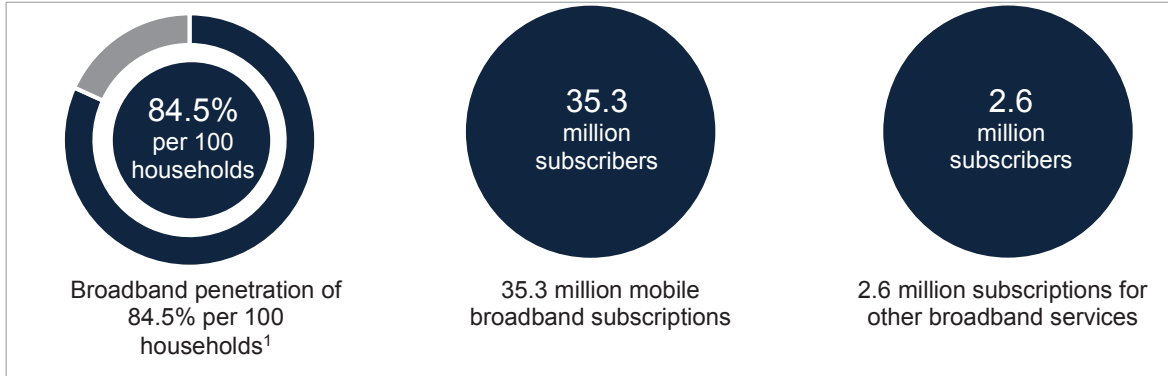
While network service providers provide network access to both households and enterprises, some of these service providers also offer managed network services to enterprises that demand for premium network service and performance. Managed network services are service packages that bundle network access with value-added services (Please refer to **Section 2 – Managed Network Service Industry in Malaysia** of this Industry Overview for further information on managed network services).

5. INDUSTRY OUTLOOK (Cont'd)



INDUSTRY PERFORMANCE AND GROWTH

As at the first quarter of 2018, Malaysia achieved the following broadband statistics:

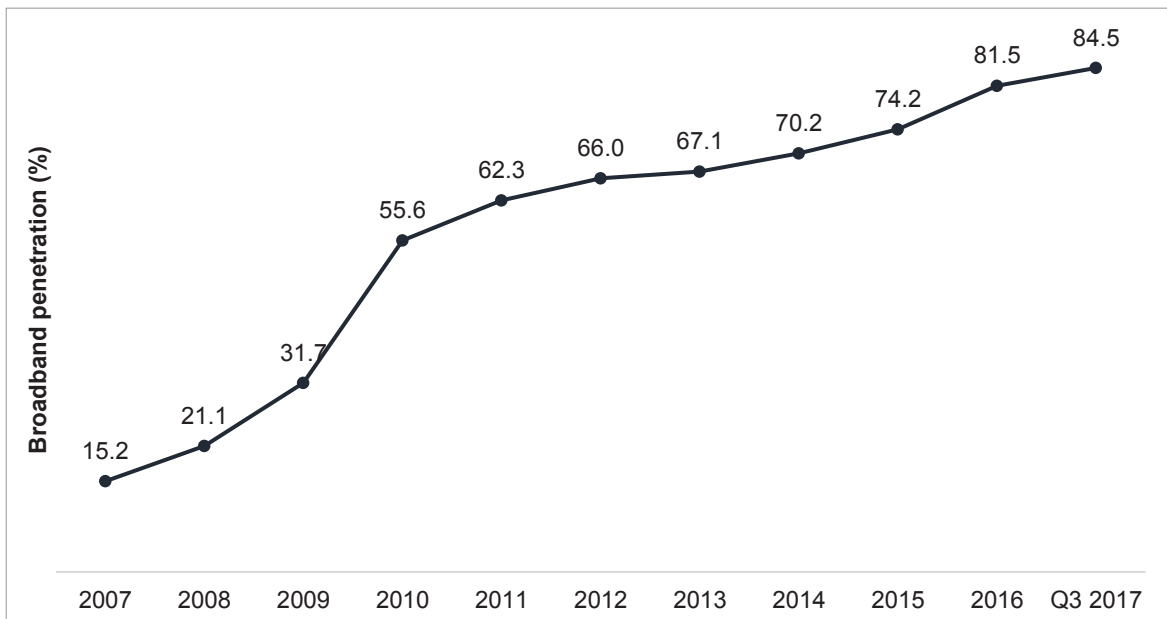


Note:  
Broadband penetration rate is as at the third quarter of 2017.

Source: Malaysian Communications and Multimedia Commission (“MCMC”)

Over the years, broadband penetration in Malaysia has seen healthy growth. Broadband penetration per 100 households in Malaysia grew by 69.3 percentage points, from 15.2% in 2007 to reach 84.5% in the third quarter of 2017. The spike in penetration rate between 2007 and 2010 was spurred by the Government of Malaysia’s National Broadband Initiative.

National broadband penetration per 100 households in Malaysia



---

**5. INDUSTRY OUTLOOK (Cont'd)**

---

**PROVIDENCE  
STRATEGIC PARTNERS**

The accessibility of Internet and Intranet in residential and commercial properties have improved over the years, as a result of:

- (i) increased awareness on the growing importance of broadband;
- (ii) affordability of these services due to increasing number of managed network service providers and the Access Pricing Framework depicted in the 11<sup>th</sup> Malaysia Plan (2016 – 2020) that aims to reduce prices and increase broadband speed; and
- (iii) Government initiatives that aim to create demand for broadband services, such as:
  - High-Speed Broadband (“**HSBB**”): Covers about 1.3 million premises by 2012 in the high population, high economic impact ‘Zone 1’ areas (including state capitals, large urban and industrial zones) and offers speeds of up to 100Mbps through Fibre-to-the-Home technology.
  - Broadband for General Population (“**BBGP**”): Covers ‘Zones 2 and 3’ (including semi-urban and rural areas).
  - High-Speed Broadband phase 2 (“**HSBB2**”): Enables connectivity of 100Mbps to all households in state capitals and selected high-impact growth areas by 2020.
  - Suburban Broadband (“**SUBB**”): Enables connectivity of up to 20Mbps broadband access to 50% of households in sub-urban and rural areas by 2020.

*[The rest of this page is intentionally left blank]*

## 5. INDUSTRY OUTLOOK (Cont'd)



# 2 MANAGED NETWORK SERVICE INDUSTRY IN MALAYSIA

## INTRODUCTION

MyKRIS is a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises in Malaysia. As such, the scope of work for this section will thus provide an independent view of the managed network service industry in which MyKRIS operates and offer a clear understanding of industry and market dynamics.

Managed network service is typically delivered to enterprises. It refers to a network service package that bundles Internet/Intranet network access with value-added services. Managed network service providers which offer managed network services may either own their own network infrastructure and/or lease this infrastructure from other managed network service providers.

Managed network services are typically scalable, where the cost of subscription depends on bandwidth size and value-added services. Common value-added services are as follows:

Types of value-added services	Description
Scalable bandwidth size	Allows for the flexibility of increasing and reducing bandwidth size to cater for ad-hoc changes in data usage
Network management	Traffic monitoring to increase bandwidth during peak hours to allow for high traffic activity, while reducing bandwidth during low-peak hours when there is less traffic activity
Network filtering and prioritisation	Filtering and prioritisation to limit and channel traffic flow to more productive and/or critical applications
High availability design	Refers to the ability to limit network downtime or respond to Internet access service restoration in a short time
Managed network security services	Network security management such as virus and spam blocking, intrusion detection, firewalls and VPN management that are offered on a subscription basis

The benefits of managed network services to enterprises are as follows:

- (i) Ensures fast, reliable and stable network access, which is essential for enterprises as they are increasingly reliant on network access for critical business operations;
- (ii) Allows enterprises to manage network access expenses as managed network services enable scalable bandwidth size and traffic monitoring; and
- (iii) Minimises occurrences of network security breaches which is important for business continuity.

*[The rest of this page is intentionally left blank]*

## 5. INDUSTRY OUTLOOK (Cont'd)

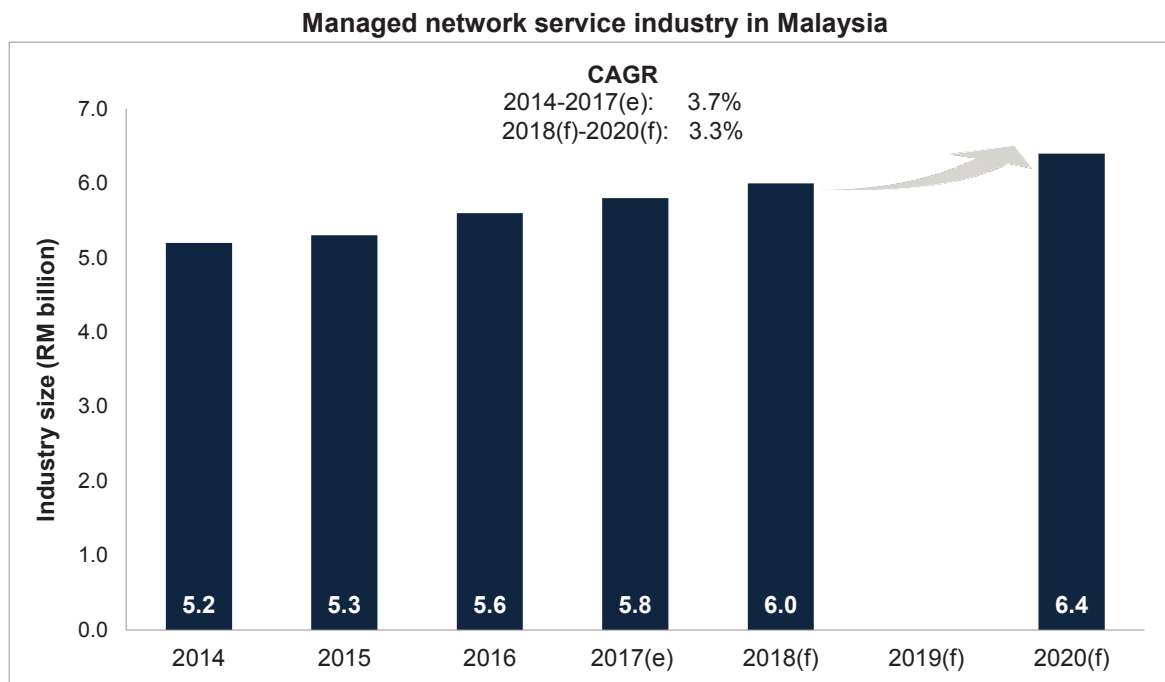


PROVIDENCE  
STRATEGIC PARTNERS

### INDUSTRY PERFORMANCE, SIZE AND GROWTH

The industry size for managed network service industry is a sum of revenues of identified industry players. The managed network service industry in Malaysia grew at a compound annual growth rate (“**CAGR**”) of 3.7%, from approximately RM5.2 billion in 2014 to an estimated RM5.8 billion in 2017.

Moving forward, the managed network service industry in Malaysia is forecast to grow to reach RM6.4 billion by 2020, at a CAGR of 3.3% between 2018 and 2020.



Notes:

1. Revenues of identified industry players may include revenues from other services (such as the sale of telephone and IT services), as segmental revenue is not publicly available for private companies.
2. e - estimate
3. f – forecast

Source: Companies Commission of Malaysia (“**CCM**”), PROVIDENCE

*[The rest of this page is intentionally left blank]*

---

**5. INDUSTRY OUTLOOK (Cont'd)**

---



---

**KEY DEMAND DRIVERS**

---

**Growing number of enterprises indicate demand potential from new enterprises**

Malaysia has seen a steady growth of newly registered enterprises (as represented by newly registered companies) at an average increase of approximately 5.0% each year. According to latest available data from CCM, new enterprises in Malaysia grew from 882,846 in 2009 to 1.3 million in 2017. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term.

The growing number of enterprises registered each year provides opportunities for greater demand for managed network services in Malaysia.

**Growing importance of Internet to enterprises creates continuous demand for managed network services**

Enterprises are increasingly more reliant on the Internet to perform critical business operations, rendering the Internet as a necessity. Further, Internet usage in enterprises are expected to grow as more Internet-based technologies are introduced. Some of these technologies include cloud computing and the Internet of Things ("IoT") where computing devices and equipment are interconnected through the Internet.

As such, it is expected that enterprises will need to increase their bandwidth to cater for increased data usage. The need for higher Internet bandwidth amongst enterprises will benefit the managed network service industry in Malaysia.

**Favourable Government initiatives to promote the use of the Internet will drive demand for the industry**

Under the Uniform Building By-law 1984 ("**UBBL 1984**"), the Government has made it mandatory for property developers to provide telecommunications infrastructure (i.e. Internet network infrastructure) in new residential and commercial properties. Johor, Kelantan, Melaka, Pahang, Perak, Perlis, Selangor and Terengganu will be among the early adopters of the new UBBL 1984 requirements, where the full implementation of network infrastructure in new residential and commercial properties is expected to take place by 2018.

With this by-law in place, greater demand for managed network services is anticipated arising from the implementation of telecommunications infrastructure in commercial properties.



## 5. INDUSTRY OUTLOOK (Cont'd)



### COMPETITIVE OVERVIEW

There are approximately 200 Network Service Provider license holders registered with the MCMC. Below is a list of key identified managed network service providers:

- Aries Telecoms (M) Berhad
- Danawa Resources Sdn Bhd
- Extreme Broadband Sdn Bhd
- Global Forway Sdn Bhd
- IX Telecom Sdn Bhd
- Maxis Bhd
- MyKRIS
- Net2One Sdn Bhd
- NGN Connection Sdn Bhd
- REDtone International Bhd
- Telekom Malaysia Berhad
- TIME dotCom Berhad

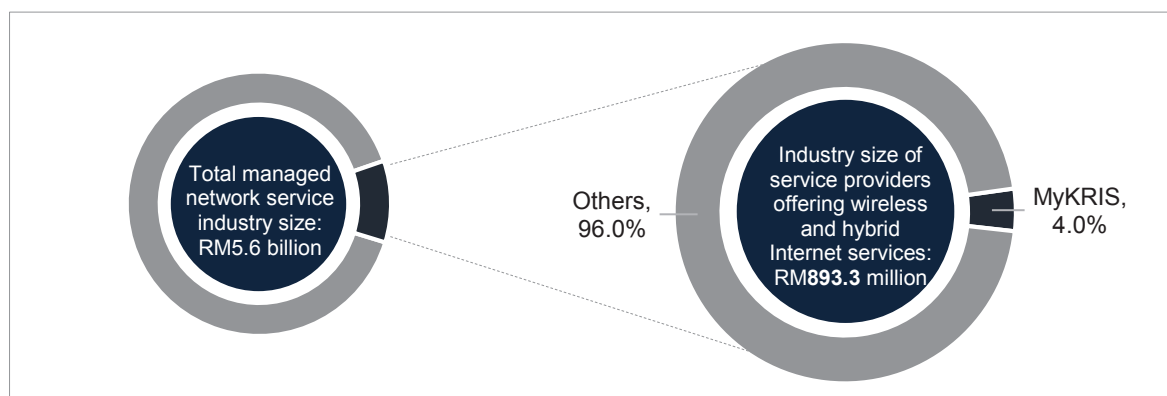
Notes:

1. The abovementioned list of industry players comprises industry players with revenues of more than RM10.0 million in their latest available financial years respectively.
2. Revenues of identified industry players may include revenues from other services such as the sale of telephone services and IT services, as segmental revenue for private companies is not available.

With its revenue of RM35.9 million in the FYE 31 March 2017, MyKRIS garnered an industry revenue share of 0.6% based on a managed network service industry size in Malaysia of RM5.6 billion in 2016.

The industry size of managed network service providers which are comparable to MyKRIS, i.e. providing wireless or hybrid network services, was approximately RM893.3 million in 2016. As such, MyKRIS' industry revenue share in 2016, based on the industry size of managed network service providers providing wireless or hybrid network services, was approximately 4.0% in the year.

#### MyKRIS industry revenue share in Malaysia in 2016



Notes:

1. Latest available data is as at 2016 as 2016 is the latest year where financial information of most of the identified industry players are available.
2. MyKRIS' revenues were taken as at FYE 2017 as MyKRIS' FYE is as at 31 March while the latest FYE available for most other industry players were 31 December.

Source: CCM, MCMC, MyKRIS, PROVIDENCE

---

**6. RISK FACTORS**

---

*Before investing in our Shares, you should pay particular attention to the fact that our Group, and to a large extent our activities, are governed by the legal, regulatory and business environment in Malaysia and other countries in which we operate in whether presently or in the future. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters set forth in this Information Memorandum, the risks and investment considerations below. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future.*

**6.1 Risks relating to our business and our operations****6.1.1 Our business is subject to changes and conditions in regulations**

As disclosed in **Section 4.12** of this Information Memorandum, our Group holds the Network Services Provider, Network Facilities Provider and Application Service Provider licenses granted by KKMM under the Communications and Multimedia Act, 1998 to operate in and provide our services. Some of these licences are subject to periodic renewals and conditions imposed by the authorities. There can be no assurance that we will be able to renew such licences on a timely basis, particularly if any new terms or conditions are imposed in the future, or that our licences from authorities will not be revoked or suspended prior to expiry. Any inability to obtain new licences, or delay in the renewal of existing licences, could impede our ability to provide our services and could therefore have a material adverse effect on our business and results of operations.

Since the commencement of our business operations, we have not encountered any revocation, suspension or non-renewal of major licences nor do we anticipate any major difficulty in obtaining approvals and renewal for the necessary licences within a reasonable timeframe, which may impact the business continuity of our Group.

**6.1.2 We are no longer entitled to any tax exemption under the Pioneer Status**

One of our subsidiaries, MyKRIS Net was granted the Pioneer Status under Promotion of Investments Act 1986, which allowed MyKRIS Net to enjoy 100% income tax exemption on profit generated from pioneer activities for 5 years, from 1 October 2012 to 30 September 2017. As a result of the tax exemption from MyKRIS Net, we only incurred tax expenses of RM0.7 million for the FYE 31 March 2017 which translated to an effective tax rate of 10.4%.

However, as the tax exemption expired on 30 September 2017, our income will be subject to the statutory tax rate of 24% from 1 October 2017 onwards. As a result, we incurred tax expenses of RM1.4 million for the FYE 31 March 2018, which translates to an effective tax rate of 16.7%. Moving forward, our tax exemption expiry will have an effect on our future PAT.

**6.1.3 Our operations are dependent on the reliability of our network infrastructure**

Our network infrastructure is a crucial element in our business as network instability or poor network connectivity could adversely affect our customers. Hence, any network failure and/or the performance of our network operations falling below acceptable levels could impact our reputation and reduce our ability to attract and retain customers. Customers may also choose to terminate our services if we do not provide reliable service. This will have a material adverse effect on our operations and financial condition.

---

**6. RISK FACTORS (Cont'd)**

---

Notwithstanding the above, we have successfully maintained high network availability, with network uptime of more than 99.3% as at the LPD. Further, we also offer SLG of up to 99.9% network uptime for our customers which require high availability network services. Please refer to **Section 4.2** and **4.3** of this Information Memorandum for further details of our network infrastructure.

**6.1.4 Our operations are dependent on the availability / accessibility of the rooftop space for our network infrastructure**

Our POPs and other network equipment are installed on rooftop spaces in high-rise buildings for optimal connectivity and coverage. There may not be adequate suitable rooftop spaces in the locations that we are presently operating in (i.e. Klang Valley, Penang, Johor Bahru) as well as future locations where we aim to expand to. In the event that we are unable to secure appropriate locations for our network infrastructure, we may not be able to expand our network coverage in that particular area.

In addition, the accessibility to the rooftop spaces is also crucial to our business as we need to access the rooftop spaces regularly for the maintenance or servicing of our network infrastructure. We may face longer service interruptions if we are unable to access the rooftop spaces immediately to repair any faulty network equipment.

**6.1.5 Our secured wireless network access service may be disrupted by signal interference**

There may be other network equipment installed by other managed network service providers in the same areas in which our POPs are located. As our network equipment transmits signals at radio frequency range that is also open to other service providers, our wireless network may be subject to interferences, slowing down its performance and potentially resulting in network failure.

In the past, we have been able to resolve the network disruptions caused by signal interference by adjusting to a radio frequency range that has less or no interference. However, we may not be able to constantly find a suitable radio frequency range and resolve any network disruptions arising from signal interference expeditiously.

**6.1.6 We are dependent on our ability to retain existing customers and secure new customers**

Our revenue is mainly derived from our managed network services segment which has contributed approximately 78.0% and 91.1% of our total revenue during the Financial Period Under Review. For this segment, we generally enter into service contracts with our customers for a period of 12 to 36 months, in some instances up to 60 months. Therefore, our revenue is, to a certain extent, dependent on the renewals of the existing contracts as well as our ability to secure new contracts. No assurance can be given that our customers will continue to subscribe for our services after the expiry of their contractual term or that we will be able to attract new customers.

Nevertheless, we have a wide and diverse customer base totaling more than 300 enterprises and as such, are not reliant on any one customer. Further, over the years, we have established close business relationships with our customers by ensuring high network availability, reliable customer support, competitive pricing and value-added services.

---

**6. RISK FACTORS (Cont'd)**

---

**6.1.7 We are dependent on our key management and technical personnel**

Our Group's continued success will depend, to a significant extent, upon the capabilities and continued efforts of our key management/technical personnel comprising our Promoters as well as other senior management professionals who possess relevant qualification and expertise from various backgrounds. A majority of our key management personnel have been attached to our Group for more than 10 years and have extensive knowledge and experience in our business operations.

Any loss of our key management personnel without suitable and timely replacements may adversely affect our ability to compete effectively in the industry. As we recognise the importance of attracting and retaining our key personnel and staff members, we continuously develop and implement appropriate human resource strategies. These strategies comprise of, amongst others, competitive remuneration packages and training programmes to enhance our staff members' knowledge and capabilities. We have also set in place a management succession plan to groom and develop in-house talent in preparation for our long-term expansion.

**6.1.8 There is no assurance that our future plans will be successful**

As part of our future plans as set out in **Section 4.17.1** of this Information Memorandum, we intend to, amongst others, expand our network coverage within Malaysia and Southeast Asia in order to grow our managed network services business. We envisage such expansion to take place through the establishment of sales / representative offices or through collaborations with third party local ISPs.

Any such expansion will carry inherent risks and uncertainties, requires significant management attention and resources, and may not yield the results we expect. Hence, there can be no assurance that our future plans will materialise or that our expansion plans will not have any adverse effect on our future financial performance.

**6.1.9 Fire, power failures and other emergencies**

We may not be able to provide our network services to our customers in the event of power failures. In order to minimise service interruptions due to power failure, all our POPs have backup power supply systems that can last up to 24 hours.

In the event there is a power failure or other emergencies such as fire outbreak at our NOC, we have in place adequate safety and fire-fighting equipment installed at our premises and essential recovery procedures with access to backup data storage and servers. Notwithstanding the above, no assurance can be given that any power failures or emergencies will not have an adverse impact on our business, financial condition and results of operations.

**6.2 Risks relating to the industry in which we operate****6.2.1 We face competition in our industry**

As we operate in the managed network service industry in Malaysia, we are subject to competition from established service providers in Malaysia as well as potential new entrants in the industry. Increasing competition in the managed network service industry has, and is expected to continue to have, an impact on our Group's operational results and financial condition. As such, our Group's future success and competitiveness largely depends on, amongst others, our ability to customise network solutions to meet our customer's requirements, maintain our service level and response time to customer complaints and uphold our reputation in providing reliable and secured network connection.

---

**6. RISK FACTORS (Cont'd)**

---

There is no assurance that we will be able to retain our existing customers or secure new customers in face of competition, or that the level of existing and future competition will not adversely affect our Group's operational results and financial condition.

**6.2.2 We are subject to political, economic and regulatory risks**

Like all other business entities, changes in the political, economic and regulatory conditions in Malaysia and in the markets which we intend to operate, may materially and adversely affect the overall profitability of our business. Amongst the political, economic and regulatory uncertainties that may affect our operations and profitability are the changes in inflation rates, employment regulations, interest rates, fiscal and monetary policies as well as the changes in the regulations relating to taxation, licensing or business permits in which our Group and our customers operate.

**6.2.3 Our business may be affected if we fail to adapt to technological changes**

We provide our customers with Internet access using WLAN and/or fibre optic cables. Thus, Internet-based technologies are the main type of technologies that are relevant to our operations. It is necessary for us to adopt new and more innovative technology to provide better Internet and Intranet services to our customers. Network service providers who keep abreast with the latest technology should be able to adopt newer technology in order to cater for their customers' need and to stay competitive in the market place. However, there is no assurance that ongoing advances in technology will not materially affect our business.

**6.3 Risks relating to our Shares****6.3.1 There may not be an active or liquid market for our Shares**

The listing of and quotation for our Shares on the LEAP Market does not guarantee that an active market for the trading of our Shares will develop. Further, the participation in the LEAP Market is limited to mainly Sophisticated Investors, which in turn limits the potential liquidity level in the market. It may be more difficult for Sophisticated Investors to realise their investment on the LEAP Market.

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, many of the risks described elsewhere in this Information Memorandum could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Issue Price.

**6.3.2 There may be a potential delay or failure of our Proposed Listing**

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Proposed Listing, or our Proposed Listing to be aborted:-

- (i) we are unable to meet the public shareholding spread requirements as determined by Bursa Securities, whereby at least 10% of our total number of issued shares must be held by public shareholders at the point of our Proposed Listing; or
- (ii) the revocation of approvals from the relevant authorities for our Proposed Listing and/or admission to the Official List of the LEAP Market for whatever reason.

---

**6. RISK FACTORS (Cont'd)**

---

In this respect, we will endeavour to comply with the various regulatory requirements for our Proposed Listing. However, there can be no assurance that the abovementioned factors will not cause a delay in or non-implementation of our Proposed Listing.

In the event our Proposed Listing does not take place within 6 months from the date of Bursa Securities' approval (or such further extension of time as Bursa Securities may allow), or we abort our Proposed Listing, Sophisticated Investors will not receive any Shares and all monies paid will be returned in full without interest within 14 days. Our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

In the event our Proposed Listing is aborted and/or terminated and our Shares have been allotted to the Sophisticated Investors, a return of monies to all of our shareholders can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There is no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

**6.3.3 We may not be able to pay dividends**

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividends and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiaries.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Any payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make interest and principal repayments on our debt. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible or may not be on favourable terms. Further, in the event that we incur new borrowings subsequent to the Proposed Listing, we may be subject to covenants restricting our ability to pay dividends.

**6.3.4 Our Promoters may have continued control**

Upon our Proposed Listing, our Promoters will collectively hold 260,002,800 Shares, representing approximately 86.66% of our enlarged issued shares. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Company as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, we have appointed Siow Hock Lee as our Independent Non-Executive Director and he will have an active role in our Board to ensure all future transactions involving related parties, if any, are entered into on normal commercial terms that are not more favourable to the related parties than those generally available to third parties.

---

**6. RISK FACTORS (Cont'd)**

---

**6.3.5 There may be a potential dilution of shareholders' equity**

We may require additional funding for future growth. This may result in dilution of our shareholder's equity, or restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/or dividend payouts.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our operations. Thus, we may need additional capital expenditure for mergers and acquisition or investments. An issue of Shares or other securities to raise funds will dilute shareholders' equity interest and may, in a case of a rights issue, require additional investment by shareholders.

**6.4 Other risks**

**6.4.1 Forward-looking statements are subject to uncertainties and contingencies**

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, there can be no assurance that such expectations will subsequently materialise. Their inclusion in this Information Memorandum should not be regarded as a representation or warranty by our Company, Promoters, Approved Adviser or any other advisers that the plans and objectives of our Group will be achieved.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

### 7.1 Promoters and substantial shareholders

#### 7.1.1 Shareholdings

The direct and indirect interest of our Promoters and/or substantial shareholders in our Company before and after our Proposed Listing is set out below:-

Promoters and substantial shareholders	Nationality	Before the Proposed Listing				After the Proposed Listing			
		Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Chew Choo Soon	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-
Chang Wai Hoong	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

#### 7.1.2 Profiles of Promoters

The profiles of our Promoters are set out below:-

##### **Chew Choo Soon**

Chief Executive Officer / Managing Director

Chew Choo Soon, aged 53, was appointed as a Director of MyKRIS on 25 March 2008 and was redesignated to Managing Director of MyKRIS on 20 May 2010. He is also the Chief Executive Officer and co-founder of MyKRIS Group and is responsible for the business growth direction, major corporate development plans and activities, monitoring of daily operations and overseeing the overall business of MyKRIS Group. He graduated with a Bachelor of Science Honours Degree in Electrical Engineering from the University of Malaya in 1990. He has more than 25 years of experience in the IT, telecommunications and related sectors including engineering, sales and marketing, and product management.

He began his career in 1990 as a systems engineer in Solsisnet Sdn Bhd. In 1991, he joined Netband Sdn Bhd as a sales executive where he was responsible for the product management and sales in the system integration division. Subsequently he was promoted to Vice President in 1995 where he was responsible for management and business strategy, as well as the re-organisation of the engineering division.

In 1997, he resigned from Netband Sdn Bhd and in 1998, he co-founded N-Base (M) Sdn Bhd with Chang Wai Hoong. Subsequently, in 2000, he co-founded MyKRIS Asia together with Chang Wai Hoong.

In December 2011, he was appointed as Executive Chairman and Director of Mykco, the then holding company of MyKRIS Asia and MyKRIS Net which was listed on the NZAX in January 2012. In August 2015, he and Chang Wai Hoong undertook the Management Buyout to acquire the entire business of Mykco, which was completed in November 2015. Subsequently, he resigned as Executive Chairman and Director of Mykco in October 2017.



**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

He has presented at various workshops on wireless communication and business applications of ICT to members of the Associated Chinese Chambers of Commerce and Industry of Malaysia (“**ACCCIM**”) and has been appointed Deputy Chairman for the ICT Committee of ACCCIM since 2006 to 2013. Since 2012, he has been the treasurer for *Persatuan Pengendali Internet Malaysia* which operates the Malaysia Internet Exchange (“**MyIX**”) for Malaysian Internet service providers.

**Chang Wai Hoong**

Business Development Director / Executive Director

Chang Wai Hoong, aged 49, was appointed as a Director of MyKRIS on 25 March 2008 and was redesignated to Executive Director of MyKRIS on 20 May 2010. He is the co-founder and Business Development Director of the MyKRIS Group and is responsible for overseeing the overall business development, strategic partnerships and operations of the Group. He graduated with an Associate Degree in Engineering from Rima College Kuala Lumpur in 1992. He has more than 25 years of experience in the IT, telecommunications and related sectors including engineering, sales and marketing, and product management.

He began his career in 1992 as a special project engineer in Bull HN Sdn Bhd. He was then promoted to project manager in 1993 where he was mainly responsible for the development of smart cards for a banking institution. In 1994, he joined Netband Sdn Bhd as a project engineer. He was later promoted to executive officer where he was responsible for assisting the Vice President in the management and business strategy, as well as re-organisation of the engineering division.

In 1997, he resigned from Netband Sdn Bhd and in 1998, he co-founded N-Base (M) Sdn Bhd together with Chew Choo Soon. Subsequently, in 2000, he co-founded MyKRIS Asia together with Chew Choo Soon.

In December 2011, he was appointed as Executive Director of Mykco, the then holding company of MyKRIS Asia and MyKRIS Net which was listed on the NZAX in January 2012. In August 2015, he and Chew Choo Soon undertook the Management Buyout to acquire the entire business of Mykco, which was completed in November 2015. He resigned as Executive Director of Mykco on 3 November 2015 subsequent to the Management Buyout.

In 2015, he was appointed as the Deputy Chairman of Information Technology for the Chinese Chamber of Commerce and Industry of Kuala Lumpur & Selangor (“**KLSCCCI**”). He was also appointed as Councillor of the National ICT Association of Malaysia (PIKOM) for 2017/2018.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****7.2 Directors****7.2.1 Shareholdings**

The following table sets forth the direct and indirect shareholdings of each of our Directors before and after the Proposed Listing:-

Director	Designation	Nationality	Before the Proposed Listing			After the Proposed Listing				
			Direct		Indirect		Direct		Indirect	
			No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Chew Choo Soon	Chief Executive Officer / Managing Director	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-
Chang Wai Hoong	Business Development Director / Executive Director	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-
Siow Hock Lee	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.2.2 Profiles of Directors

Save for the profiles of Chew Choo Soon and Chang Wai Hoong which are set out in **Section 7.1.2** of this Information Memorandum, the profile of our Independent Non-Executive Director is as follows:-

#### **Siow Hock Lee**

Independent Non-Executive Director

Siow Hock Lee, 62, is our Independent Non-Executive Director. He was appointed to our Board on 9 February 2018. He was also previously the Independent Non-Executive Director in Mykco, the then holding company of MyKRIS Asia and MyKRIS Net which was listed on the NZAX in January 2012. He has been a member of the Association of Chartered Certified Accountants (United Kingdom) since 1985 and a member of the Malaysian Institute of Accountants since 1986.

Since 1979, he has been attached with various public accounting firms, providing audit and accounting related services in Malaysia. He started his career with Messrs Ling Kam Hoong & Co as an audit clerk in 1979. He last held the position of audit manager when he left the firm in 1991 to join BDO as a senior audit manager. In 1993, he left BDO and established WHLK (formerly known as SC Associates) where he is presently a partner.

Presently, he is an independent non-executive director of Caely Holdings Bhd and Amtel Holdings Berhad, which are companies listed on the Main Market of Bursa Securities. He is also an independent non-executive director of Mewah Amanjaya Sdn Bhd, a wholly-owned subsidiary of Amtel Holdings Berhad. He also holds directorships in other private companies, as disclosed in **Section 7.2.4** of this Information Memorandum.

### 7.2.3 Directors' remuneration, fees and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group are as follows:-

Directors	Remuneration band (RM)	
	FYE 31 March 2018	Proposed for FYE 31 March 2019
Chew Choo Soon	200,000 – 250,000	250,000 – 300,000
Chang Wai Hoong	200,000 – 250,000	250,000 – 300,000
Siow Hock Lee	<sup>^</sup> 0-50,000	0-50,000

**Note:-**

<sup>^</sup> Appointed on 9 February 2018.

The remuneration of our Directors which includes salaries, bonuses, fees and allowances as well as other benefits. Any change in Directors' fees as set out in our Constitution must be approved by shareholders of our Company pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any proposed increase should be given.

**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**
**7.2.4 Principal business performed outside our Group**

The following table sets out the principal directorships of our Directors as at the LPD and that which were held within the past 3 years up to the LPD, and the principal business activities performed by our Directors outside of our Group as at the LPD:-

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Chew Choo Soon#	<i>Present directorships/ shareholdings:-</i>				
	Digital Knight Sdn Bhd	Provision of information technology service activities and reseller of telecommunications products	25 September 2017	-	-
	HTCL*	Provision of managed Internet access services to enterprises in Myanmar	31 May 2017	-	-
	Zenwise Technology Sdn Bhd	Dormant	15 July 2011	-	Shareholder (Direct 50.0%)
	Zenwise Digital Sdn Bhd	Dormant	26 September 2006	-	Shareholder (Direct 50.0%)
	NetAssist (M) Sdn Bhd	Provision of cyber security solutions, training and consultancy	26 February 2002	-	Shareholder (Direct 27.5%)
	N-Base (M) Sdn Bhd	Dormant	30 April 1998	-	Shareholder (Direct 50.0%)

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Chew Choo Soon (cont'd)	<u>Past directorships:-</u> Rangkaian MyKRIS Sdn Bhd	Dormant	13 November 2015	12 December 2017	-
	Mykco	Presently a shell company listed on the NZAX which previously was involved in the provision of secure wireless Internet access services, development and provision of web-based application software and multimedia systems and provision of IT-based and services until its operating subsidiaries (MyKRIS Asia and MyKRIS Net) were sold in November 2015 pursuant to the Management Buyout	21 December 2011	10 October 2017	-
Chang Wai Hoong#	<u>Present directorships:-</u> HTCL*	Provision of managed Internet access services to enterprises in Myanmar	31 May 2017	-	-
	Zenwise Technology Sdn Bhd	Dormant	15 July 2011	-	Shareholder (Direct 50.0%)
	Zenwise Digital Sdn Bhd	Dormant	26 September 2006	-	Shareholder (Direct 50.0%)
	NetAssist (M) Sdn Bhd	Provision of cyber security solutions, training and consultancy	26 February 2002	-	Shareholder (Direct 27.5%)
	N-Base (M) Sdn Bhd	Dormant	30 April 1998	-	Shareholder (Direct 50.0%)

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Chang Wai Hoong (cont'd)	<u>Past directorships:-</u> Rangkaian MyKRIS Sdn Bhd	Dormant	13 November 2015	12 December 2017	-
	Mykco	Presently a shell company listed on the NZAX which previously was involved in the provision of secure wireless Internet access services, development and provision of web-based application software and multimedia systems and provision of IT-based and services until its operating subsidiaries (MyKRIS Asia and MyKRIS Net) were sold in November 2015 pursuant to the Management Buyout	21 December 2011	3 November 2015	-
Siow Hock Lee	<u>Present directorships/ partnerships/ shareholdings</u>				
	WHLK (formerly known as SC Associates)	Chartered accountants firm	-	-	Partner
	Mewah Amanjaya Sdn Bhd	Property development	29 December 2014	-	-
	Maha Bitara Holdings Sdn Bhd	Dormant	15 April 2013	-	Shareholder (Direct: 50.0%)
	Jejak Istimewa Sdn Bhd	Property investment	22 April 2010	-	Shareholder (Direct: 50.0%)
Luxury Premier Sdn Bhd	Property investment	5 June 2009	-	Shareholder (Direct: 50.0%)	

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Siow Hock Lee (cont'd)	Caely Holdings Bhd	Investment holding. Through its subsidiaries, it is principally involved in property development and construction activities, manufacture and sales of garments and household products, trading of related raw materials and the provision of landscaping and related contract work	5 June 2003	-	-
	Arntel Holdings Berhad	Investment holding and provision of management services. Through its subsidiaries, it is principally involved in property investment and development, contractor of utilities, telecommunication and fibre optic cables, manufacturing, installation, trading and distribution of automotive and telecommunication products and related accessories	9 November 1996	-	-
	Sunrise Mobile Sdn Bhd	Provision of consultancy services	-	-	Shareholder (Direct: 5.0%, Indirect: 10.0%)
	Villa Puri Development (M) Sdn Bhd	Property development	-	-	Shareholder (Direct: 20.0%)
	Veson Konsep (M) Sdn Bhd	Financing, insurance, real estate investment and business services	-	-	Shareholder (Direct: 8.4%)

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Siow Hock Lee (cont'd)	<u>Past directorships</u> Mykco	Presently a shell company which previously was involved in the provision of secure wireless Internet access services, development and provision of web-based application software and multimedia systems and provision of IT-based and services until its operating subsidiaries (MyKRIS Asia and MyKRIS Net) were sold in November 2015 pursuant to the Management Buyout	21 December 2011	3 November 2015	-
	Green Ocean Corporation Berhad	Investment holding. Through its subsidiary, it is principally involved in palm kernel crushing, refining of palm oil and palm kernel oil and trading of refined palm oil products	12 April 2008	29 August 2017	-

**Notes:-**

# Our executive directors, namely, Chew Choo Soon and Chang Wai Hoong, are not involved in the day-to-day activities and operations of the abovementioned businesses and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as our executive directors.

\* As part of our expansion strategy in Myanmar, we had on 31 May 2016 entered into a Shareholders' Agreement, as detailed in Section 10.2 of this Information Memorandum. Pursuant to the Shareholders' Agreement, MyKRIS Asia is expected to subscribe for 40% equity interest in HTCL. Pending the relevant regulatory approvals from Myanmar for the subscription, Chew Choo Soon and Chang Wai Hoong were appointed as directors of HTCL.



**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****7.3 Key management****7.3.1 Shareholdings**

The following table sets forth the direct and indirect shareholdings of each of our key management before and after the Proposed Listing:-

Name	Designation	Nationality	Before the Proposed Listing				After the Proposed Listing			
			Direct		Indirect		Direct		Indirect	
			No. of Shares held ('000)	%	No. of Shares held ('000)	%	No. of Shares held ('000)	%	No. of Shares held ('000)	%
Chew Choo Soon	Chief Executive Officer / Managing Director	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-
Chang Wai Hoong	Business Development Director / Executive Director	Malaysian	130,001	50.0	-	-	130,001	43.3	-	-
Teo Lai Ping	Finance Manager	Malaysian	-	-	-	-	-	-	-	-
Rustam bin Sahudin	Head of Wireless Network Infrastructure	Malaysian	-	-	-	-	-	-	-	-
Almas Uddin Ahmed	Head of NOC and Managed Services	Bangladeshi	-	-	-	-	-	-	-	-
Hoon Wah Seng	Strategic Accounts Director	Malaysian	-	-	-	-	-	-	-	-

---

**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

---

**7.3.2 Key management profiles**

Save for the profiles of Chew Choo Soon and Chang Wai Hoong which are set out in **Section 7.1.2** of this Information Memorandum, the profiles of the others key management of our Group are as follows:-

**Teo Lai Ping**

Finance Manager

Teo Lai Ping, aged 39, is our Finance Manager and is responsible for overseeing the overall financial and accounting functions of our Group. She graduated with a London Chamber of Commerce and Industry (LCCI) Diploma in Accounting from Systematic Institute of Information Technology, Kuala Lumpur (formerly known as Systematic Computer Centre) in 1999. She obtained her Association of Chartered Certified Accountants (“**ACCA**”) qualification in 2006 and was admitted as a member of the ACCA in 2007. She has been a Fellow member of the ACCA since 2012 and a Chartered Accountant of the Malaysian Institute of Accountants (MIA) since 2008.

She started her career in auditing in K.H. Chin & Co as audit assistant in 2003. She was later promoted to audit senior in 2004 and audit manager in 2006. During that time, she was responsible for managing various audit and tax assignments.

She later joined Baker Tilly Monteiro Heng in 2011 as a manager in transaction reporting where she handled customers from various sectors including IT, manufacturing, retail, trading and property development. During her tenure, she garnered experience in handling audit and non-audit assignments for public companies undertaking corporate exercises including initial public offerings and mergers and takeovers.

She then joined our Group in 2014 as a Finance Manager.

**Rustam bin Sahudin**

Head of Wireless Network Infrastructure

Rustam bin Sahudin, aged 42, is our Head of Wireless Network Infrastructure. He is responsible for leading the team in the installation and implementation of wireless network infrastructure. He graduated with a Bachelor of Information Technology from Open University Malaysia in 2006.

He started his career as assistant engineer (network operation center) in Jaring Communications Sdn Bhd in 1998. He was later promoted to senior assistant engineer (networking) in 2001, and subsequently engineer (wireless environment – project and implementation) in 2004. He was then promoted to senior wireless engineer in 2006. During his tenure, he was responsible for monitoring and troubleshooting network problems, as well as the design, planning and implementation of wireless network infrastructure throughout Malaysia.

Then, he joined XYBASE MSC Sdn Bhd in January 2008 as a senior network engineer, where he was responsible for the design, development and implementation of network infrastructure installation. Subsequently, in July 2008, he joined Alcatel-Lucent Malaysia Sdn Bhd as a planner and rollout manager where he oversaw the deployment of wireless mobile network infrastructure and fibre optic transmission for a major telecommunications company in Malaysia.

---

**7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

---

In 2011, he joined JARING Communications Sdn Bhd as the head of the transmission department where he led a team in designing, developing and implementing network infrastructure including wireless, fibre optic and satellite transmission.

He joined our Group in 2015 as a manager in the wireless network infrastructure department. Subsequently, in 2016, he was promoted to Head of Wireless Network Infrastructure.

**Almas Uddin Ahmed**

Head of NOC and Managed Services

Almas Uddin Ahmed, aged 38, is our Head of NOC and Managed Services. He is primarily responsible for leading and managing our NOC team to monitor and manage network access services. He graduated with a Bachelor's Degree in Computer Science and Engineering from Queens University, Bangladesh in 2003.

He began his career in Multimedia University, Malaysia in 2005 as a R&D engineer where his primary role was to undertake R&D on network management, communication and information systems. Subsequently, in 2006, he joined Extreme Broadband Sdn Bhd as network application engineer where he was responsible for installing network access and assisting in troubleshooting.

In 2008, he joined our Group as a NOC engineer. Since then, he was promoted to senior NOC engineer in 2010, NOC assistant manager in 2012 and NOC manager in 2016. He assumed his present role as Head of NOC and Managed Services in 2016.

He has published various international conference papers on network management, communication and information systems, including the Institute of Electrical and Electronics Engineers (IEEE) International Conference on Wireless Communication and Sensor Network and OCG International Conference on Broadband and Wireless Computing, Communication and Applications. He has also previously completed and received certifications from Cisco, Juniper Networks and MikroTik.

**Hoon Wah Seng**

Strategic Accounts Director

Hoon Wah Seng, aged 49, is our Strategic Accounts Director. He is primarily responsible for developing and managing key strategic customers for one stop managed services solution. He graduated with a Malaysian Higher School Certificate (STPM) from Tunku Abdul Rahman College, Malaysia in 1989. He was previously recognised and accredited as a 3Com Master of Network Science, a HP Certified NetServer Engineer, a Certified Novell Engineer and a Cisco Certified Design Associate.

He began his career as a technical executive in CBA Office System Sdn Bhd in 1992 where he gained training and working experience with LAN and online servers. Then, in 1994, he joined Accbase (M) Sdn Bhd as a systems engineer where he was engaged in the technical division of the company and was mainly responsible for the LAN design and implementation and providing support for customer local network and server related products.

In 1996, he joined Netband (M) Sdn Bhd as a network engineer where he was involved in providing network project consultation and implementation of LAN and WAN projects. Subsequently, he joined N-Base (M) Sdn Bhd as project manager in 1998 and was mainly responsible for planning and managing network projects. He subsequently resigned from N-Base (M) Sdn Bhd in 2001.

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2001, he joined our Group as a network system engineer. In 2006, he was promoted to Chief Technical Officer, where he was responsible for overseeing the operations of the entire engineering division, as well as setting-up MyKRIS' comprehensive wireless network. He was subsequently promoted to Strategic Accounts Director in 2017.

### 7.4 Involvement of our executive directors and/or key management in other businesses/ corporations

As at the LPD, the involvement of our executive directors in other businesses or corporations in Malaysia is set out in **Sections 7.2.4** of this Information Memorandum.

As at the LPD, save as disclosed below, none of our key management is involved in other businesses or corporations in Malaysia:-

Name	Company	Principal Activities	Involvement in business activities performed outside our Group
Hoon Wah Seng <sup>(1)</sup>	NetAssist (M) Sdn Bhd ("NetAssist")	Provision of cyber security solutions, training and consultancy	Shareholder (Direct: 5.0%)

**Note:-**

(1) Hoon Wah Seng is merely a shareholder of NetAssist. He does not hold any directorship in the company nor is he actively involved in the management and day-to-day operations of NetAssist.

### 7.5 Declaration from our Promoters, substantial shareholders, Directors and key management

As at the LPD, save as disclosed below, none of our Promoters, substantial shareholders, Directors and key management is or has been involved in any of the following events (whether within or outside Malaysia):-

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.6 Employees

As at the LPD, our Group has a total workforce of 79 employees, of which 76 are permanent employees and 3 are contractual employees. Malaysians accounted for 75 of total employees while the remaining 4 are foreign nationals. All of our foreign employees have valid working permits.

The breakdown of our permanent employees by categories as at the end of the past 2 FYE 31 March 2017 and 2018 and as at the LPD is set out below:-

	No. of employees		
	As at 31 March		As at the LPD
	2017	2018	
Key management team	6	6	6
Operations	48	48	48
Sales and marketing	10	10	12
Finance, clerical and administrative	8	10	10
<b>Total workforce</b>	<b>72</b>	<b>74</b>	<b>76</b>

None of our employees, whether permanent or contractual, belong to any trade unions or have any labour relationship with any union.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**8. FINANCIAL INFORMATION****8.1 Historical consolidated financial information****Consolidated statements of comprehensive income of our Group**

The following table summarises our audited consolidated financial statements for the past 2 FYE 31 March 2017 and 2018 which should be read in conjunction with the Management Discussion and Analysis set out in **Section 8.2** of this Information Memorandum.

	<b>Audited</b>	
	<b>FYE 31 March</b>	
	<b>2017</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	35,942	34,855
Cost of sales	(16,696)	(13,528)
<b>GP</b>	<b>19,246</b>	<b>21,327</b>
Other income	185	245
	<b>19,431</b>	<b>21,572</b>
Administrative expenses	(7,769)	(8,019)
Selling and distribution expenses	(2,921)	(2,904)
Other operating expenses	(1,329)	(2,068)
Finance costs	(25)	(29)
<b>PBT</b>	<b>7,387</b>	<b>8,552</b>
Income tax expense	(770)	(1,429)
<b>PAT</b>	<b>6,617</b>	<b>7,123</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	<b>6,617</b>	<b>7,123</b>
<b>PAT attributable to:-</b>		
- Owners of our Company	<b>6,617</b>	<b>7,123</b>
EBITDA <sup>(1)</sup> RM'000	9,405	10,361
GP margin <sup>(2)</sup> (%)	53.5	61.2
EBITDA margin <sup>(3)</sup> (%)	26.2	29.7
PBT margin <sup>(4)</sup> (%)	20.6	24.5
PAT margin <sup>(5)</sup> (%)	18.4	20.4
Effective tax rate <sup>(6)</sup> (%)	10.4	16.7
No. of shares in issue <sup>(7)</sup> ('000)	130,001	260,003
Net EPS <sup>(8)</sup> (sen)	5.09	2.74

**8. FINANCIAL INFORMATION (Cont'd)****Notes:-**

- (1) *EBITDA represents earnings before net finance cost, taxation, depreciation and amortisation. The table below sets forth a reconciliation of our PBT to EBITDA:-*

	<b>Audited</b>	
	<b>FYE 31 March</b>	
	<b>2017</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>PBT</b>	<b>7,387</b>	<b>8,552</b>
<i>Adjusted for:-</i>		
<i>Finance cost</i>	19	26
<i>Finance income</i>	(38)	(91)
<i>Depreciation</i>	2,023	1,874
<i>Amortisation</i>	14	-
<b>EBITDA</b>	<b>9,405</b>	<b>10,361</b>

- (2) *Computed based on the GP over total revenue of our Group.*
- (3) *Computed based on the EBITDA over total revenue of our Group.*
- (4) *Computed based on the PBT over total revenue of our Group.*
- (5) *Computed based on the PAT over total revenue of our Group.*
- (6) *Computed based on the income tax expense over PBT of our Group.*
- (7) *Based on our share capital prior to the Proposed Listing.*
- (8) *Computed based on PAT of our Group divided by the number of Shares in issue during the respective FYEs.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**8. FINANCIAL INFORMATION (Cont'd)****Historical financial position**

The following table sets out a summary of our audited historical financial position for the past 2 FYE 31 March 2017 and 2018.

The following historical audited consolidated statements of financial position should be read in conjunction with the “management’s discussion and analysis of the financial condition, results of operations and prospects” in **Section 8.2** of this Information Memorandum.

Group	Audited	
	FYE 31 March	
	2017	2018
	RM'000	RM'000
Total non-current assets	19,365	21,150
Total current assets	18,404	18,508
<b>Total assets</b>	<b>37,769</b>	<b>39,658</b>
Share capital	13,000	13,000
Retained profits	9,052	15,175
<b>Total equity / NA</b>	<b>22,052</b>	<b>28,175</b>
Total non-current liabilities	5,874	7,067
Total current liabilities	9,843	4,416
<b>Total liabilities</b>	<b>15,717</b>	<b>11,483</b>
<b>Total equity and liabilities</b>	<b>37,769</b>	<b>39,658</b>

**Pro forma consolidated statement of financial position**

We have prepared the pro forma consolidated statement of financial position below for illustrative purposes only, to show the effects of the Proposed Listing on the assumption that the events had been effected on 31 March 2018 and that the current structure of our Group has been in existence throughout the Financial Period Under Review.

The pro forma effects of the Proposed Placement and Proposed Listing on the NA and gearing of our Group are set out below:-

	Audited as at 31 March 2018 RM'000	Pro forma I After the Proposed Listing and utilisation of proceeds RM'000
Share capital	13,000	(1) 21,000
Retained earnings	15,175	(2) 14,175
<b>Shareholders' equity/NA</b>	<b>28,175</b>	<b>35,175</b>
No. of Shares in issue ('000)	260,003	300,000
<b>NA per Share (RM)</b>	<b>0.11</b>	<b>0.12</b>
Total borrowings	7,773	7,773
<b>Gearing (times)</b>	<b>0.28</b>	<b>0.22</b>



**8. FINANCIAL INFORMATION (Cont'd)****Notes:-**

- (1) Assuming the 39,997,200 Issue Shares are issued at an Issue Price of RM0.20 per Issue Share and the amount is fully credited to the share capital account in accordance with the Act.
- (2) The estimated listing expenses of approximately RM1.0 million, comprising mainly, professional fees and miscellaneous expenses which will be charged to profit and loss.

**Consolidated statement of cash flow**

	Audited	
	FYE 31 March	
	2017 RM'000	2018 RM'000
Net cash from operating activities	11,125	3,285
Net cash (for) investing activities	(5,438)	(3,482)
Net cash (for) / from financing activities	(1,502)	1,571
<b>Net increase in cash and cash equivalents</b>	<b>4,185</b>	<b>1,374</b>
Cash and cash equivalents at the beginning of the year	8,039	12,224
<b>Cash and cash equivalents at the end of the year</b>	<b>12,224</b>	<b>13,598</b>

MyKRIS have been generating a healthy cash flow from operating activities of approximately RM11.1 million and RM3.3 million in FYE 31 March 2017 and 2018, respectively.

Taking into consideration our existing cash and cash equivalents of approximately RM13.6 million as at 31 March 2018 and the funds to be generated from our continuing operations, we have sufficient working capital for a period of 12 months from the date of this Information Memorandum.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 8. FINANCIAL INFORMATION (Cont'd)

### 8.2 Management's discussion and analysis of financial condition and results of operations

The following management's discussion and analysis of financial condition as set out in this section have been made based on our audited consolidated financial statements for the past 2 FYE 31 March 2017 and 2018.

#### 8.2.1 Overview

We are primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises. Our principal activities include the following:-

- **Managed network services:** Provision of high speed wireless and wired network services, and international leased circuit services to enterprises.
- **Project-based revenue:** Design, installation and commissioning of network infrastructure.
- **IT-based products and services:** Sale and installation of network equipment, hardware and software, development and provision of web-based application software and server co-location and hosting services.

Please refer to **Section 4** of this Information Memorandum for our Group's detailed business overview.

Our revenue is derived from our subsidiaries, namely MyKRIS Asia and MyKRIS Net. MyKRIS Asia contributed approximately 100.0% of our Group's revenue for both FYE 31 March 2017 and 2018. The revenue from MyKRIS Net was mainly derived from the royalty fee income charged to MyKRIS Asia which will be eliminated upon consolidation.

#### 8.2.2 Components of results of operations

The components of our results of operations are as follows:-

##### (i) Revenue by business activities

Our Group's revenue by business activities is illustrated in the table below:-

	Audited			
	FYE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
Managed network services	28,037	78.0	31,766	91.1
Project-based revenue	3,792	10.6	-	-
IT-based products and services	4,113	11.4	3,089	8.9
<b>Total revenue</b>	<b>35,942</b>	<b>100.0</b>	<b>34,855</b>	<b>100.0</b>

Our principal source of revenue is derived from managed network services, project-based revenue and sale of IT-based products and services.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**Managed network services**

We currently provide our managed network services to enterprises in various industries including education, retail and distribution, manufacturing, finance, as well as hospitality and tourism on a contractual basis for a period of 12 months to 36 months and in some instances up to 60 months. Most contracts include an auto-renewal clause.

The revenue generated from provision for managed network services has contributed approximately 78.0% and 91.1% of our total revenue for FYE 31 March 2017 and 2018.

The increase in our revenue from managed network services in FYE 31 March 2018 was mainly due to increasing demand from new customers and upgrade of packages by our existing customers.

**Project-based revenue**

Our Group's project-based revenue is non-recurring in nature and recognised based on the percentage of completion. Project-based revenue for the FYE 31 March 2017 comprised of 2 projects awarded to our Group involving the installation of telecommunication towers in Kota Kinabalu and establishment of network infrastructure for a hotel in Sepang. The project in Sepang was completed in FYE 31 March 2017 whilst the other project is pending completion as at the LPD. Our project-based revenue contributed approximately 10.6% for FYE 31 March 2017 and no project-based revenue recognised for FYE 31 March 2018.

**IT-based products and services**

The IT-based products and services that we provide to our corporate customers include the following:-

- (i) sale and installation of network equipment, hardware and software;
- (ii) development and provision of web-based application software; and
- (iii) server co-location (including rental of data center space) and hosting services.

The revenue from this segment is generated as and when there is a demand for our network equipment, hardware and software, either from new customers or our existing customers for managed network services who wish to upgrade and/or replace their hardware and software.

The revenue from the IT-based products and services contributed approximately 11.4% and 8.9% of our total revenue for FYE 31 March 2017 and 2018, respectively.

**8. FINANCIAL INFORMATION (Cont'd)****(ii) Revenue by geographical markets**

Our Group's revenue analysis by geographical markets is illustrated in the table below:-

	<b>Audited</b>			
	<b>FYE 31 March</b>			
	<b>2017</b>		<b>2018</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Local <sup>(1)</sup>				
- Klang Valley	31,599	87.9	30,758	88.2
- Penang	2,584	7.2	2,282	6.5
- Johor	273	0.8	293	0.8
- Others <sup>(2)</sup>	785	2.1	1,122	3.4
	<b>35,241</b>	<b>98.0</b>	<b>34,455</b>	<b>98.9</b>
Overseas <sup>(1)(3)</sup>	701	2.0	400	1.1
<b>Total revenue</b>	<b>35,942</b>	<b>100.0</b>	<b>34,855</b>	<b>100.0</b>

**Notes:-**

- (1) *The revenue is tracked according to the origin/location of headquarters of the customers rather than the location where the service is provided.*
- (2) *Comprising revenue generated from Negeri Sembilan, Sabah, Sarawak, Perak, Kedah, Malacca and Pahang.*
- (3) *Comprising, amongst others, Myanmar, Singapore and Indonesia.*

Our Group's revenue was primarily generated from the local market which consistently contributed more than 98.0% of our Group's revenue throughout the Financial Period Under Review.

Our revenue from Klang Valley consistently contributed more than 87% of our Group's revenue throughout the Financial Period Under Review. The revenue from Klang Valley decreased from approximately RM31.6 million in FYE 31 March 2017 to approximately RM30.8 million in FYE 31 March 2018. This was mainly due to a decrease in project-based revenue from Klang Valley which was partially offset by revenue growth from managed network services.

Our revenue from overseas markets contributed approximately 2.0% and 1.1% to our Group's revenue for FYE 31 March 2017 and 2018, respectively. The revenue from overseas market decreased from approximately RM0.7 million in FYE 31 March 2017 to approximately RM0.4 million in FYE 31 March 2018. The decrease was mainly due to decline in demand for IT-based products in Myanmar.

**8. FINANCIAL INFORMATION (Cont'd)****(iii) Cost of sales**

Our main components cost of sales in illustrated in the table below:-

	<b>Audited</b>			
	<b>FYE 31 March</b>			
	<b>2017</b>		<b>2018</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Bandwidth and international gateway access	6,466	38.7	8,349	61.7
Project costs	3,434	20.6	-	-
Purchases of hardware and software	3,394	20.3	1,695	12.5
Data center rental and maintenance	1,621	9.7	1,947	14.4
Cabling and engineering services	165	1.0	160	1.2
Depreciation	1,602	9.6	1,377	10.2
Amortisation of R&D	14	0.1	-	-
<b>Total cost of sales</b>	<b>16,696</b>	<b>100.0</b>	<b>13,528</b>	<b>100.0</b>

We subscribe to bandwidth from local telcos for wired network services for domestic connectivity. We also subscribe to international gateway access to connect our POPs and data centers to the international global network. The cost from bandwidth and international gateway access accounted for 38.7% and 61.7% of our total cost of sales for the Financial Period Under Review. During the Financial Period Under Review, the cost from bandwidth and international gateway access increased in tandem with the increase in the revenue generated from our managed network services.

Our Group's project costs comprise mainly sub-contractor cost and the purchases of hardware and software required for the projects. Our project costs accounted for 20.6% of our total cost of sales in FYE 31 March 2017. There was no project cost recorded in FYE 31 March 2018 as one of the projects was completed in FYE 31 March 2017 whilst the other on-going project has yet to reach the next billing milestone.

Our purchases of hardware and software include network and storage devices, power supply, pipes, parts and components, operating system software and application software. The purchases of hardware and software decreased from approximately RM3.4 million in FYE 31 March 2017 to approximately RM1.7 million in FYE 31 March 2018. This is in tandem with the decrease in revenue generated from IT-based products and services for the same financial year.

Our depreciation costs consist of depreciation on IT equipment, cabling and POP/data center equipment, which in aggregate, constituted approximately 9.6% and 10.2% of our total cost of sales for the Financial Period Under Review.

Overall, our total cost of sales represented approximately 46.5% and 38.8% of our Group's revenue for the Financial Period Under Review. The decrease in percentage of total cost of sales during the Financial Period Under Review was mainly due to a reduction in project costs being recognised, as well as the economies of scale and efficiency achieved as a result of higher level of managed network services provided.

**8. FINANCIAL INFORMATION (Cont'd)****(iv) GP and GP margin**

Our Group's GP and GP margin are illustrated in the tables below:-

**GP**

	Audited			
	FYE 31 March			
	2017		2018	
	RM'000	%	RM'000	%
<b><u>By activities</u></b>				
Managed network services and IT-based products and services	18,888	98.1	21,327	100.0
Project-based revenue	358	1.9	-	-
<b>Total GP</b>	<b><u>19,246</u></b>	<b><u>100.0</u></b>	<b><u>21,327</u></b>	<b><u>100.0</u></b>

**GP Margin**

	Audited	
	FYE 31 March	
	2017	2018
	%	%
<b><u>By activities</u></b>		
Managed network services and IT-based products and services	58.7	61.2
Project-based revenue	9.4	N/A
Overall GP margin	53.5	61.2

**Note:-**

N/A Not applicable

As our IT-based products and services complements our managed network services offered, the costs of sales for these two segments are on a shared basis.

Our managed network services and IT-based products and services contributed significantly to our GP compared to our project-based revenue. The overall GP margin for our managed network services and IT-based products and services were between 58.7% and 61.2% during the Financial Period Under Review.

Our overall GP margin increased from 53.5% to 61.2% during the Financial Period Under Review. This is mainly due to the growth in our managed network services and decline in project-based revenue which has lower GP margin.

**8. FINANCIAL INFORMATION (Cont'd)****(v) Administrative, selling and distribution, other operating expenses and finance costs**

For the Financial Period Under Review, the administrative, selling and distribution, other operating expenses and finance costs are illustrated in the table below:-

	<b>Audited</b>			
	<b>FYE 31 March</b>			
	<b>2017</b>		<b>2018</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b><u>Administrative expenses</u></b>				
- Staff costs and related expenses	5,532	45.9	5,283	40.6
- Directors' non-fee emoluments	412	3.4	453	3.5
- Rental of premises	367	3.1	404	3.1
- Others <sup>(1)</sup>	1,458	12.1	1,879	14.4
	<b>7,769</b>	<b>64.5</b>	<b>8,019</b>	<b>61.6</b>
Selling and distribution expenses	2,921	24.3	2,904	22.3
Other operating expenses	1,329	11.0	2,068	15.9
Finance costs	25	0.2	29	0.2
<b>Total expenses</b>	<b>12,044</b>	<b>100.0</b>	<b>13,020</b>	<b>100.0</b>

**Note:-**

- (1) *Comprising, amongst others, licence and registration fees, utility charges, consultancy fees, telephone and facsimile charges, legal fees, insurance, audit fees and interest payments.*

**Administrative expenses**

A significant portion of our administrative expenses comprised of staff costs and related expenses which constituted approximately 45.9% and 40.6% of our total expenses for the Financial Period Under Review.

The staff costs decreased slightly from approximately RM5.5 million in FYE 31 March 2017 to approximately RM5.3 million in FYE 31 March 2018. Despite the decrease in staff costs, our Group's total administrative expenses increased slightly from approximately RM7.8 million in FYE 31 March 2017 to approximately RM8.0 million in FYE 31 March 2018. The increase was mainly attributable to the listing expenses and legal stamping fees incurred in FYE 31 March 2018.

**Selling and distribution expenses**

Our selling and distribution expenses include advertising, event and exhibition expenses which relates to our branding activities, staff sales commission and other marketing expenses.

Our selling and distribution expenses represented approximately 8.1% and 8.3% over our Group's total revenue for the Financial Period Under Review.

**8. FINANCIAL INFORMATION (Cont'd)****Other operating expenses**

Our other operating expenses mainly includes back-end engineering support services, depreciation of motor vehicles and other fixed assets, impairment losses on trade receivables and equipment written off. Our other operating expenses represented approximately 3.7% and 5.9% over our Group's total revenue for the Financial Period Under Review.

The other operating expenses increased by approximately RM0.8 million from approximately RM1.3 million in FYE 31 March 2017 to approximately RM2.1 million in FYE 31 March 2018, mainly due to expenses relating to back-end engineering support services which has increased by approximately RM0.6 million and depreciation of RM0.1 million.

**Finance costs**

Our finance costs including bank charges, hire purchase interest and term loan interest which represented approximately 0.1% over our Group's total revenue during the Financial Period Under Review.

**(vi) PBT/PBT margin and EBITDA**

	<b>Audited</b>	
	<b>FYE 31 March</b>	
	<b>2017</b>	<b>2018</b>
PBT (RM'000)	7,387	8,552
PBT margin (%)	20.6	24.5
EBITDA (RM'000)	9,405	10,361
EBITDA margin (%)	26.2	29.7

As a result of the overall improvement in GP margin, our Group's PBT increased by approximately RM1.2 million from approximately RM7.4 million in FYE 31 March 2017 to approximately RM8.6 million in FYE 31 March 2018, representing an increase of approximately 15.8%.

**(vii) Taxation**

	<b>Audited</b>	
	<b>FYE 31 March</b>	
	<b>2017</b>	<b>2018</b>
Income tax expense (RM'000)	770	1,429
Effective tax rate (%)	10.4	16.7

One of our subsidiaries, MyKRIS Net was granted the Pioneer Status under Promotion of Investments Act 1986, which allowed MyKRIS Net to enjoy 100% income tax exemption on profit generated from pioneer activities for 5 years, from 1 October 2012 to 30 September 2017. As a result of the tax exemption from MyKRIS Net, our Group's effective tax rate for FYE 31 March 2017 was 10.4% which was lower compared to the statutory tax rate of 24.0%.



---

**8. FINANCIAL INFORMATION (Cont'd)**

---

However, as the tax exemption expired on 30 September 2017, we incurred tax expenses of RM1.4 million in FYE 31 March 2018 which translated to an effective tax rate of 16.7%. Nevertheless, our effective tax rate was lower compared to the statutory tax rate of 24.0% due to the tax exemption enjoyed from 1 April 2017 to 30 September 2017 in FYE 31 March 2018.

**8.2.3 Commentary on past performance****FYE 31 March 2018 ("FYE 2018") as compared to FYE 31 March 2017 ("FYE 2017")**

Although our revenue decreased by approximately 3.0% from approximately RM35.9 million in FYE 2017 to approximately RM34.9 million in FYE 2018, the GP increased from approximately RM19.2 million in FYE 2017 to approximately RM21.3 million in FYE 2018. The increase in GP was due to increase in revenue generated from our managed network services from approximately RM28.0 million in FYE 2017 to approximately RM31.8 million in FYE 2018. Accordingly, our overall GP margin improved from 53.5% in FYE 2017 to 61.2% in FYE 2018 mainly due to the increase in revenue contribution from managed network services and no recognition of project-based revenue which has lower GP margin.

In line with the increase in GP, we recorded a higher PBT of approximately RM8.6 million in FYE 2018 as compared to approximately RM7.4 million in FYE 2017, representing an increase of 15.8%.

Our tax expenses increased from RM0.7 million in FYE 2017 to approximately RM1.4 million in FYE 2018 due to the expiry of the Pioneer Status on 30 September 2017. Despite the increase in tax expenses, our PAT increased from approximately RM6.6 million in FYE 2017 to approximately RM7.1 million in FYE 2018 mainly due to the overall improvement in our GP margin.

**8.2.4 Orderbook**

We are primarily a managed network service provider, specialising in the provision of managed Internet and Intranet network services to our customers on contractual basis. The contracts that we enter into with our customers are generally for a period of 12 to 36 months, and in some instances up to 60 months. Most contracts have auto-renewal clauses whilst some customers may also choose to upgrade their service packages and/or top up for value-added services such as temporary increase in bandwidth, managed network security services and SLG services. As we provide flexibility and customisation options to our customers depending on their need, we do not maintain an order book for our managed network services.

However, as at the LPD, one of our projects pertaining to the implementation and installation of network infrastructure is still pending completion. The said project has an unbilled amount of approximately RM4.0 million as at the LPD and is expected to be completed in the FYE 31 March 2019.

**8.2.5 Material capital commitments**

Our Board confirms that, as at the LPD, there are no other material commitments incurred or known to be incurred by our Group that have not been provided for, which upon becoming enforceable, may have material impact on our financial results/position.

## 8. FINANCIAL INFORMATION (Cont'd)

### 8.2.6 Contingent liabilities

Our Directors are not aware of any material contingent liabilities as at the LPD, which upon becoming enforceable may have a material impact on the financial position of our Group.

### 8.3 Trend information and factors affecting our financial condition and results of operation

Based on our track record for the Financial Period Under Review, including our segmental analysis of revenue and profitability, and our future plans, strategies and prospects as detailed in **Section 4.17** of this Information Memorandum, our Board observes and anticipates the following trends:-

- (a) Our revenue is primarily derived from managed network services and we have recorded a year-on-year growth of 13.3% in FYE 31 March 2018. In the near term, the revenue from our managed network services is expected to be fairly predictable as a result of recurring subscriptions from our diversified customers. Moving forward, we expect our managed network services to continue to be the main revenue driver for our Group.

We face competition from other managed network providers in Malaysia. Therefore, our future revenue may, to certain extent, be affected by the increased competition in terms of pricing and variety of services. Nevertheless, we believe that our revenue will be sustainable after taking into consideration our competitive strengths, our continued marketing efforts and our expansion plans as set out in **Sections 4.4, 4.8 and 4.17.1** of this Information Memorandum.

- (b) Our total cost of sales represented approximately 46.5% and 38.8% of our Group's total revenue for the Financial Period Under Review. The decrease is mainly due to no project cost being recognised in the FYE 31 March 2018, as well as the economies of scale and efficiency achieved as a result of higher level of managed network services provided.

Moving forward, we do not expect our cost of sales to increase significantly as the growth in demand from our existing and new customers may result in economies of scale and better efficiency. Further, we can also save costs by leveraging on our existing network coverage in Klang Valley, Penang and Johor Bahru to extend our services to our new corporate customers;

- (c) We have recorded improving overall GP margin of 53.5% and 61.2% for the Financial Period Under Review. We believe that the above range of margins are sustainable as we seek to maintain our conservative operating cost structure, improve our current service level, focus on our high value corporate customers and retain our loyal customers;
- (d) Our PBT is expected to move in tandem with the growth of our GP. Moving forward, our PBT will largely be affected by our administrative expenses (comprising mostly staff cost) as well as our selling and distribution expenses that are expected to increase in tandem with the growth of our business, as we expand our presence domestically and in other markets in Southeast Asia with additional network infrastructure and continued marketing efforts; and
- (e) Our effective tax rate for the FYE 31 March 2017 and FYE 31 March 2018 of 10.4% and 16.7% respectively, are lower compared to the statutory tax rate of 24%. This is primarily due to the tax exemption of income derived from MyKRIS Net that we had enjoyed from 1 October 2012 to 30 September 2017. As the tax exemption had expired, our income is subject to the statutory tax rate of 24% moving forward.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

Save as disclosed above, including our “management discussion and analysis of financial condition and results of operations” in **Section 8.2 as well as Sections 3 to 6** of this Information Memorandum, our Board believes that there are no other significant known trends, uncertainties, demand, commitments or events that are likely to have a material impact on our financial information as disclosed in this Information Memorandum.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

### 9.1 Related party transactions

Save as disclosed below, our Board confirms that there are no existing or presently proposed material related party transactions entered into by us which involves the direct or indirect interest of our Directors and substantial shareholders, and/or persons connected with them as defined under the LEAP Market Listing Requirements for the past 2 FYE 31 March 2017 and 2018, and the subsequent period up to the LPD:-

Transacting parties	Nature of relationship	Nature of transactions	Actual		Subsequent period up to the LPD RM
			FYE 31 March 2017 RM	FYE 31 March 2018 RM	
NetAssist and MyKRIS Asia	Chew Choo Soon, our Promoter, major shareholder and Chief Executive Officer / Managing Director is also a director and shareholder of NetAssist	(i) Purchase of cyber security services from NetAssist	-	5,500	9,680
		(ii) Provision of management service and rental of office to NetAssist	-	9,000	9,000
	Chang Wai Hoong, our Promoter, major shareholder and Business Development Director / Executive Director is also a director and shareholder of NetAssist				

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and substantial shareholders, and/or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or substantial shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

### 9.2 Transactions that are unusual in their nature or conditions

Our Directors have confirmed that there are no transactions that are unusual in nature, or conditions, involving goods, services, tangible or intangible assets, to which we were a party for the past 2 FYE 31 March 2017 and 2018 and up to the LPD.

### 9.3 Outstanding loans (including guarantees of any kind)

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) that have been granted by our Group to or for the benefits of related parties as at 31 March 2018 and the subsequent period up to the LPD.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

### 9.4 Interest in similar businesses and in businesses of our customers or suppliers

Save as disclosed below, as at the LPD, none of our Directors or substantial shareholders have any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as our Group and/or in any businesses and corporations of our customers or suppliers:-

Businesses/ Corporations	Principal activities	Director(s)/ substantial shareholder(s) of MyKRIS	Nature of interest	
			Designation	Shareholdings
HTCL	Provision of managed Internet access services to enterprises in Myanmar	Chew Choo Soon	Director	Nil
		Chang Wai Hoong	Director	Nil
NetAssist	Provision of cyber security solutions, training and consultancy	Chew Choo Soon	Director	Direct 27.5% (137,500 shares)
		Chang Wai Hoong	Director	Direct 27.5% (137,500 shares)

#### **Interest in HTCL**

As part of our expansion strategy into Myanmar, we had on 31 May 2016 entered into a Shareholders' Agreement as detailed in **Sections 4.17.1 and 10.2** of this Information Memorandum. Pursuant to the Shareholders' Agreement, MyKRIS Asia is expected to subscribe for 40% equity interest in HTCL for an investment sum of USD200,000 ("**Subscription**").

Pending the relevant regulatory approvals from Myanmar for the Subscription, Chew Choo Soon and Chang Wai Hoong were appointed as directors of HTCL on 31 May 2017.

For the FYE 31 March 2018, the sales of IT-based products and provision of consultancy services by MyKRIS Asia to HTCL amounts to RM23,368. The transactions between our Group and HTCL are in the ordinary course of business, on an arm's length basis and transacted on normal commercial terms. In addition, there were payments made by us on behalf of HTCL amounting to RM3,491 in FYE 31 March 2018, which has since been fully reimbursed.

The interest of Chew Choo Soon and Chang Wai Hoong in HTCL will not pose a conflict of interest to MyKRIS Group as HTCL will be a 40%-owned associate upon completion of the Subscription and they do not have any direct or indirect shareholdings in HTCL. In the event the relevant regulatory approvals are not obtained, the Subscription will be terminated, following which, Chew Choo Soon and Chang Wai Hoong will resign from the board of HTCL and we will explore other collaboration options to expand into Myanmar.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

### **Interest in NetAssist**

NetAssist is primarily focused in the provision of cyber security solutions, training and consultancy whereas our Group is primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services bundled with other value-added services to enterprises, including network security services. However, there is no situation of conflict of interest that exists or is likely to exist in relation to Chew Choo Soon's and Chang Wai Hoong's interests in NetAssist in view that:-

- (i) NetAssist provides advanced and specialised cyber security solutions, comprising, amongst others, talent management and training to assist organisations mitigating cyber threats, professional security and consultancy services, as well as a range of cyber security technologies such as cloud security, perimeter defence and virtualisation security. MyKRIS Group only provides basic network security services as one of our value-added services, and does not possess the required expertise; and
- (ii) Chew Choo Soon and Chang Wai Hoong are not involved in the day-to-day activities and operations of NetAssist as NetAssist is managed by Hon Fun Ping, a director and the largest shareholder of NetAssist (Direct 40.0%) and his qualified team. Chew Choo Soon's and Chang Wai Hoong's involvement in NetAssist is limited to attending board meetings and providing general advice to NetAssist as and when required.

Our dealings with NetAssist are set out in **Section 9.1** of this Information Memorandum.

### **9.5 Declaration by Advisers for our Proposed Listing**

#### **(i) Approved Adviser and Placement Agent**

UOBKH confirms that as at the LPD, there are no equity and/or financial relationships with our Group. UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Approved Adviser and Placement Agent to our Group for the Proposed Listing.

#### **(ii) Due Diligence Solicitors**

Lee Hishammuddin Allen & Gledhill has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for the Proposed Listing.

#### **(iii) Auditors and Reporting Accountants**

Crowe Malaysia (formerly known as Crowe Horwath) (AF1018) has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for the Proposed Listing.

#### **(iv) IMR**

Providence has given its confirmation that there is no existing or potential conflict of interest in its capacity as the IMR for the Proposed Listing.

---

**10. OTHER INFORMATION**

---

**10.1 Responsibility statements**

Our Directors and Promoters have seen and approved this Information Memorandum, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Information Memorandum false or misleading.

UOBKH acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing.

**10.2 Material contracts**

Save as disclosed below, we have not entered into and/or completed any material contract with parties outside of our Group which is not in the ordinary course of our business during the 2 years preceding the LPD:-

- (i) Shareholders' Agreement dated 31 May 2016 entered into between Min Banyar San (a company incorporated in Myanmar) ("**MBS**"), MyKRIS Asia and Keep Talk Telecommunication Sdn Bhd ("**KTSB**") ("**Shareholders' Agreement**") to regulate their relationships as shareholders of HTCL. Pursuant to the Shareholders' Agreement, the parties agreed that the total paid-up capital of HTCL shall be USD500,000 divided into 500,000 ordinary shares of par value USD1 each ("**HTCL Share(s)**") where MBS and MyKRIS Asia shall each subscribe to 200,000 HTCL Shares representing 40% of the total paid-up capital of HTCL and KTSB shall subscribe to 100,000 HTCL Shares representing 20% of the total paid-up capital of HTCL at USD1 per HTCL Share. As at the LPD, the said agreement is still pending the subscription of HTCL Shares by the respective parties which is subject to the relevant regulatory approvals from Myanmar; and
- (ii) Sale and purchase agreement dated 17 April 2014 between Berjaya Golf Resort Berhad, as the vendor and MyKRIS Asia, as the purchaser for the acquisition of a 6-storey shop office ("**The Link 2 Office**") within the development known as "The Link 2 @ Bukit Jalil" for a purchase consideration of RM9,298,880. Vacant possession of The Link 2 Office was obtained by MyKRIS Asia on 30 March 2018.

**10.3 Material litigation and contingent liabilities**

As at the LPD, neither our Company nor our subsidiaries are involved in any material litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of our Group.

As at the LPD, there are no contingent liabilities which, upon becoming enforceable, may have a material impact on our financial position and business.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

**10. OTHER INFORMATION (Cont'd)**

---

**10.4 Letters of consent**

The written consents of our Approved Adviser, Placement Agent, Continuing Adviser, Company Secretary, Due Diligence Solicitors, Auditors and Reporting Accountants, and Share Registrar as set out in the Corporate Directory of this Information Memorandum to the inclusion in this Information Memorandum of their names in the form and context in which such names appear have been given before the issue of this Information Memorandum and have not subsequently been withdrawn.

The written consent of the IMR for the inclusion of their name and the Independent Market Research Report in the form and context in which it is contained in this Information Memorandum has been given before the issue of this Information Memorandum and has not subsequently been withdrawn.

**10.5 Documents available for inspection**

Copies of this Information Memorandum are available free of charge and available for inspection at our registered office at No 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), during normal working hours for at least 1 month after our Proposed Listing on the LEAP Market.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



**APPENDIX I**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL  
YEAR ENDED 31 MARCH 2018**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)

Company No: 811039 - T

**FINANCIAL REPORT**  
for the financial year ended 31 March 2018

**Contents**

	Page
Directors' Report.....	1
Statement by Directors.....	6
Statutory Declaration.....	6
Independent Auditors' Report .....	7
Statements of Financial Position .....	11
Statements of Profit or Loss and Other Comprehensive Income .....	13
Statements of Changes in Equity.....	14
Statements of Cash Flows .....	16
Notes to the Financial Statements .....	18

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

**CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY**

On 14 February 2018, MyKRIS International Sdn. Bhd. converted from a private limited company to a public limited company and assumed its present name, MyKRIS International Berhad.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

**RESULTS**

	The Group RM	The Company RM
Profit after taxation for the financial year	7,122,815	6,649,721
Attributable to:- Owners of the Company	7,122,815	6,649,721

**DIVIDENDS**

Since the end of the previous financial year, the Company:

- (a) paid a second interim tax-exempt dividend of RM0.0062 per ordinary share on 130,001,400 ordinary shares, amounting to RM800,000 in respect of the financial year ended 31 March 2017 as declared in the Directors' report of that financial year on 5 April 2017; and
- (b) declared and paid a final tax-exempt dividend of RM0.0077 per ordinary share amounting to RM1,000,000 in respect of the financial year ended 31 March 2017 on 20 October 2017.

The directors do not recommend the payment of any further dividends for the financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

- (a) the Company sub-divided its paid-up share capital of RM13,000,140 comprising 130,001,400 ordinary shares into 260,002,800 ordinary shares; and
- (b) there were no issues of debentures by the Company.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**

---

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

**CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**
**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**DIRECTORS**

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chew Choo Soon  
Chang Wai Hoong  
Siow Hock Lee (Appointed on 9.2.2018)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares				At 31.3.2018
	At 1.4.2017	Bought	Sold	Share split ^	
<i>Direct Interests</i>					
Chew Choo Soon	65,000,700	-	-	65,000,700	130,001,400
Chang Wai Hoong	65,000,700	-	-	65,000,700	130,001,400

^ Share split of every one (1) existing ordinary share into two (2) ordinary shares ("Subdivided Shares").

By virtue of their shareholdings in the Company, Chew Choo Soon and Chang Wai Hoong are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**

---

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30 to the financial statements.

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

**DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 26 to the financial statements.

**INDEMNITY AND INSURANCE COST**

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

**SUBSIDIARIES**

The details of the Group's subsidiaries are disclosed in Note 5 to the financial statements.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 34 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**

---

**AUDITORS**

The auditors, Messrs. Crowe Horwath (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated **26 JUN 2018**



**Chew Choo Soon**



**Chang Wai Hoong**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**DIRECTORS' REPORT**

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Chew Choo Soon and Chang Wai Hoong, being two of the directors of MyKRIS International Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 74 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 of 31 March 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **26 JUN 2016**



Chew Choo Soon



Chang Wai Hoong

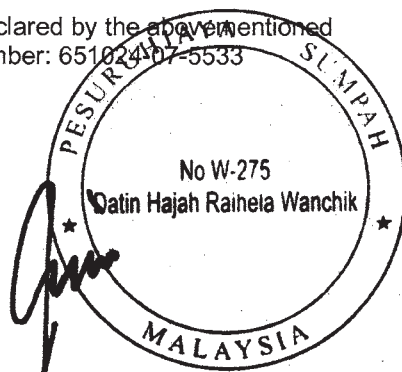
**STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Chew Choo Soon, being the director primarily responsible for the financial management of MyKRIS International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 74 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above mentioned  
Chew Choo Soon, NRIC number: 651024-D7-5533  
at Kuala Lumpur  
in the Federal Territory  
on this

**26 JUN 2018**

Before me



Chew Choo Soon

SUITE C-5-9  
BLOK C, LEVEL 7,  
MENARA UNCANG EMAS,  
85, JALAN LOKE YEW,  
55200 KUALA LUMPUR  
TEL: 012-300 8300



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**


**Crowe Malaysia** AF1018  
(FKA Crowe Horwath)

Level 16, Tower C, Megan Avenue 2  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

Main +6 03 2788 9999

Fax +6 03 2788 9998

www.crowe.my

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)

Company No: 811039 - T

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**
**Opinion**

We have audited the financial statements of MyKRIS International Berhad, which comprise the statements of financial position as at 31 March 2018 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 11 to 74.

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 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

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

**Independence and Other Ethical Responsibilities**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MYKRIS INTERNATIONAL BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 811039 - T

**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 Directors' 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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MYKRIS INTERNATIONAL BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 811039 - T

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MYKRIS INTERNATIONAL BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 811039 - T

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

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.

**OTHER MATTERS**

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

A handwritten signature in black ink, appearing to be "A. Hone", written over a horizontal line.

**Crowe Malaysia**  
Firm No: AF 1018  
Chartered Accountants

**26 JUN 2018**

Kuala Lumpur

A handwritten signature in black ink, appearing to be "Chua Wai Hong", written over a horizontal line.

**Chua Wai Hong**  
Approval No: 02974/09/2019 J  
Chartered Accountant

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2018**

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	36,297,718	36,297,718
Investment in an associate	6	-	-	-	-
Property and equipment	7	13,261,487	11,529,267	747	1,067
Investment properties	8	767,684	776,517	-	-
Development expenditure	9	34	34	-	-
Goodwill on consolidation	10	6,828,836	6,828,836	-	-
Deferred tax assets	11	292,000	230,000	-	-
		21,150,041	19,364,654	36,298,465	36,298,785
<b>CURRENT ASSETS</b>					
Trade receivables	12	3,128,962	2,168,931	-	-
Other receivables, deposits and prepayments	13	1,780,449	1,994,401	2,000	-
Amount owing by a subsidiary	14	-	-	-	800,000
Current tax assets		-	1,125	-	-
Short-term deposit	15	1,017,609	1,301,307	-	-
Fixed deposits with licensed banks	16	-	2,016,145	-	-
Cash and bank balances		12,581,007	10,922,875	3,324	28,829
		18,508,027	18,404,784	5,324	828,829
<b>TOTAL ASSETS</b>		39,658,068	37,769,438	36,303,789	37,127,614

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2018 (CONT'D)**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	17	13,000,140	13,000,140	13,000,140
Retained profits		15,175,005	22,983,668	17,333,947
<b>TOTAL EQUITY</b>		<b>28,175,145</b>	<b>35,983,808</b>	<b>30,334,087</b>
<b>NON-CURRENT LIABILITIES</b>				
Hire purchase payables	18	210,208	-	-
Term loan	19	6,857,264	-	-
		<b>7,067,472</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	20	653,166	-	-
Other payables and accruals	21	2,558,392	221,969	5,993,527
Hire purchase payables	18	206,971	-	-
Term loan	19	498,720	-	-
Amount owing to directors	22	-	-	-
Amount owing to a subsidiary	23	-	97,712	-
Dividend payable	24	-	-	800,000
Current tax liabilities		498,202	300	-
		<b>4,415,451</b>	<b>319,981</b>	<b>6,793,527</b>
<b>TOTAL LIABILITIES</b>		<b>11,482,923</b>	<b>319,981</b>	<b>6,793,527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,658,068</b>	<b>36,303,789</b>	<b>37,127,614</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	25	34,854,838	35,942,418	6,910,000	3,200,000
COST OF SALES		(13,527,895)	(16,696,442)	-	-
GROSS PROFIT		21,326,943	19,245,976	6,910,000	3,200,000
OTHER INCOME		244,510	185,482	3,090	-
		21,571,453	19,431,458	6,913,090	3,200,000
ADMINISTRATIVE EXPENSES		(8,018,990)	(7,768,583)	(253,956)	(12,393)
SELLING AND DISTRIBUTION EXPENSES		(2,903,578)	(2,920,562)	-	-
OTHER OPERATING EXPENSES		(2,068,157)	(1,329,955)	(8,413)	(1,047)
FINANCE COSTS		(28,908)	(25,020)	-	-
PROFIT BEFORE TAXATION	26	8,551,820	7,387,338	6,650,721	3,186,560
INCOME TAX EXPENSE	27	(1,429,005)	(770,047)	(1,000)	-
PROFIT AFTER TAXATION		7,122,815	6,617,291	6,649,721	3,186,560
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,122,815	6,617,291	6,649,721	3,186,560
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		7,122,815	6,617,291	6,649,721	3,186,560
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		7,122,815	6,617,291	6,649,721	3,186,560



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

The Group	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.4.2016		13,000,140	5,634,899	18,635,039
Profit after taxation for the financial year		-	6,617,291	6,617,291
Distributions to owners of the Company:				
- Dividend:-				
- by the Company	28	-	(3,200,000)	(3,200,000)
Balance at 31.3.2017/ 1.4.2017		13,000,140	9,052,190	22,052,330
Profit after taxation for the financial year		-	7,122,815	7,122,815
Distributions to owners of the Company:				
- Dividend:-				
- by the Company	28	-	(1,000,000)	(1,000,000)
Balance at 31.3.2018		13,000,140	15,175,005	28,175,145



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
The Company				
Balance at 1.4.2016		13,000,140	17,347,387	30,347,527
Profit after taxation/Total comprehensive income for the financial year		-	3,186,560	3,186,560
Distributions to owners of the Company: - Dividend	28	-	(3,200,000)	(3,200,000)
Balance at 31.3.2017/1.4.2017		13,000,140	17,333,947	30,334,087
Profit after taxation/Total comprehensive income for the financial year		-	6,649,721	6,649,721
Distributions to owners of the Company: - Dividend	28	-	(1,000,000)	(1,000,000)
Balance at 31.3.2018		13,000,140	22,983,668	35,983,808

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Profit before taxation		8,551,820	7,387,338	6,650,721	3,186,560
Adjustments for:-					
Depreciation of property and equipment		1,865,451	2,014,046	320	320
Depreciation of investment properties		8,833	8,832	-	-
Impairment losses on trade receivables		41,385	-	-	-
Interest expense		25,584	19,029	-	-
Amortisation of development expenditure		-	14,326	-	-
Property and equipment written off		4,738	-	-	-
Gain on disposal of an associate		(49)	-	-	-
Dividend income		-	-	(6,910,000)	(3,200,000)
(Gain)/Loss on disposal of property and equipment		(29,056)	29	-	-
Interest income		(91,478)	(37,980)	(3,090)	-
Writeback of impairment losses on receivables		(53,139)	(55,426)	-	-
Operating profit/(loss) before working capital changes		10,324,089	9,350,194	(262,049)	(13,120)
(Increase)/Decrease in trade and other receivables		(734,325)	8,085,059	(2,000)	-
(Decrease)/Increase in trade and other payables		(5,093,744)	(5,592,580)	(5,771,558)	100
Increase in amount owing to a subsidiary		-	-	97,712	-
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>4,496,020</b>	<b>11,842,673</b>	<b>(5,937,895)</b>	<b>(13,020)</b>
Interest paid		(25,584)	(19,029)	-	-
Income tax paid		(1,185,193)	(698,157)	(700)	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>3,285,243</b>	<b>11,125,487</b>	<b>(5,938,595)</b>	<b>(13,020)</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**STATEMENTS OF CASH FLOWS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)**

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Dividends received		-	-	7,710,000	2,400,000
Interest received		91,478	37,980	3,090	-
Proceeds from disposal of an associate		49	-	-	-
Proceeds from disposal of property and equipment		29,057	1,388	-	-
Purchase of property and equipment	29(a)	(3,602,410)	(5,477,843)	-	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(3,481,826)</b>	<b>(5,438,475)</b>	<b>7,713,090</b>	<b>2,400,000</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Dividend paid		(1,800,000)	(2,400,000)	(1,800,000)	(2,400,000)
Drawdown of term loan		1,859,776	2,789,664	-	-
(Repayment to)/Advance from directors		(209,245)	209,245	-	-
Net withdrawal/(placement) of fixed deposits with maturity of more than 3 months	29(b)	2,016,145	(1,933,636)	-	-
Repayment of hire purchase obligations		(212,539)	(166,834)	-	-
Repayment of term loan		(83,120)	-	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>1,571,017</b>	<b>(1,501,561)</b>	<b>(1,800,000)</b>	<b>(2,400,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,374,434</b>	<b>4,185,451</b>	<b>(25,505)</b>	<b>(13,020)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>12,224,182</b>	<b>8,038,731</b>	<b>28,829</b>	<b>41,849</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	29(c)	<b>13,598,616</b>	<b>12,224,182</b>	<b>3,324</b>	<b>28,829</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**1. GENERAL INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 2-1, Jalan Sri Hartamas 8,  
Sri Hartamas,  
50480 Kuala Lumpur,  
Wilayah Persekutuan.

Principal places of business : Block H-08-01 Setia Walk,  
Persiaran Wawasan,  
Pusat Bandar Puchong,  
47100 Puchong,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 June 2018.

**2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

**3. BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**3. BASIS OF PREPARATION (CONT'D)**

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between opening and closing balances of these items is provided in Note 29 to the financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**3. BASIS OF PREPARATION (CONT'D)**

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (Cont'd)

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2018
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**3. BASIS OF PREPARATION (CONT'D)**

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (Cont'd)

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 Critical Accounting Estimates And Judgements***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made 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 other than as disclosed below:-

**(a) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises 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 expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is RM498,202 (2017 - RM193,515).

**(b) Impairment of Trade Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 12 to the financial statements.

**(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Critical Accounting Estimates And Judgements (Cont'd)***Critical Judgements Made in Applying Accounting Policies*

In the process of applying the Group's accounting policies, the management is not aware of any judgements that have significant effects on the amounts recognised in the financial statements.

There are also no assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)****MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 Basis of Consolidation (Cont'd)***(a) Business Combinations (Cont'd)*

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

*(b) Non-Controlling Interests*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

*(c) Changes In Ownership Interests In Subsidiaries Without Change of Control*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

*(d) Loss of Control*

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

**4.4 Functional and Foreign Currencies***(a) Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

*(b) Foreign Currency Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial Instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value Through Profit or Loss**

As at the end of the reporting period, there were no financial assets classified under this category.

**(ii) Held-to-maturity Investments**

As at the end of the reporting period, there were no financial assets classified under this category.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 Financial Instruments (Cont'd)**

(a) *Financial Assets (Cont'd)*

(iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 Financial Instruments (Cont'd)**

*(b) Financial Liabilities*

*(i) Financial Liabilities at Fair Value through Profit or Loss*

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

*(ii) Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*(c) Equity Instruments*

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

*(d) Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial Instruments (Cont'd)***(d) Derecognition (Cont'd)*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

**4.6 Investments in Subsidiaries**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments include transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

**4.7 Investments in Associates**

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2018. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gain or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**
**4.8 Property and Equipment**

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment, other than freehold buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold building is stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold building	2%
Motor vehicles	20%
Furniture and fittings	10 - 20%
Office equipment	20%
Computer equipment	20% - 33.33%
Broadband equipment	20% - 33.33%
Data centre equipment	20%
Cabling	20% - 33.33%
Renovation	20%
Wireless equipment	20% - 33.33%
Software	20%
Infrastructure	20%

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.8 Property and Equipment (Cont'd)**

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

**4.9 Investment Properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 90 years to 95 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)****MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.10 Development Expenditure**

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

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

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

**4.11 Impairment****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.11 Impairment (Cont'd)***(a) Impairment of Financial Assets (Cont'd)*

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

*(b) Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.11 Impairment (Cont'd)***(b) Impairment of Non-financial Assets (Cont'd)*

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**4.12 Leased Assets***Finance Assets*

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. 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. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.13 Income Taxes***(a) Current Tax*

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

*(b) Deferred Tax*

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.13 Income Taxes (Cont'd)***(c) Goods and Services Tax ("GST")*

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

**4.14 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

**4.15 Employee Benefits***(a) Short-term Benefits*

Wages, salaries, paid annual leave and bonuses and are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

*(b) Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.16 Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**4.17 Fair Value Measurements**

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**4.18 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.19 Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts

*(a) Sale of Goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

*(b) Contracts*

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract cost incurred for work performed to date bear to the estimate total contract costs.

*(c) Services*

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

*(d) Interest Income*

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

*(e) Dividend Income*

Dividend income from investment is recognised when the right to receive dividend payment is established.

*(f) Rental Income*

Rental income is recognised on an accrual basis.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**5. INVESTMENT IN SUBSIDIARIES**

	The Company	
	2018 RM	2017 RM
Unquoted shares in Malaysia, at cost	36,297,718	36,297,718

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018	2017	
		%	%	
MyKRIS Asia Sdn. Bhd.	Malaysia	100	100	Provision of managed network services and other network services.
MyKRIS Net (MSC) Sdn. Bhd.	Malaysia	100	100	Development and provision of web-based application software.

**6. INVESTMENT IN AN ASSOCIATE**

	The Group	
	2018 RM	2017 RM
Unquoted shares in Malaysia, at cost	-	49
Share of post acquisition losses	-	(49)
	-	-

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018	2017	
		%	%	
Rangkaian MyKRIS Sdn Bhd <sup>^</sup>	Malaysia	-	49	Dormant.

<sup>^</sup> Not audited by Messrs. Crowe Malaysia (formerly known as Crowe Horwath)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**6. INVESTMENT IN AN ASSOCIATE (CONT'D)**

- (a) The summarised audited financial information (after any fair value adjustment at acquisition date and the alignment for the Company's accounting policies) for the associate is as follows:-

	2018 RM	2017 RM
<u>At 31 March</u>		
Current assets	-	20,576
Current liabilities	-	(28,634)
Net liabilities	<u>-</u>	<u>(8,058)</u>
<u>12-month Period Ended 31 March</u>		
Expenses	<u>-</u>	<u>(4,077)</u>

- (b) In the previous financial year, the Group has not recognised losses relating to Rangkaian MyKRIS Sdn Bhd, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM3,948, of which RM1,998 was the share of losses for the financial year ended 31 March 2017. The Group has no obligation in respect of these losses.
- (c) On 18 December 2017, a subsidiary of the Group disposed of its entire equity interest in an associate, Rangkaian Mykris Sdn Bhd, for a cash consideration of RM49 which resulted in a gain on disposal of RM49 to the Group.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)

## MYKRIS INTERNATIONAL BERHAD

(Incorporated in Malaysia)  
Company No: 811039 - TNOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 7. PROPERTY AND EQUIPMENT

The Group	At 1.4.2017 RM	Additions RM	Transfer RM	Disposal/ Write-Off RM	Depreciation Charge RM	At 31.3.2018 RM
Net Book Value						
Freehold building	91,875	-	9,392,414	-	(2,500)	9,481,789
Motor vehicles	1,280,264	-	-	(1)	(335,365)	944,898
Furniture and fittings	37,178	81,457	-	(4,586)	(7,980)	106,069
Office equipment	64,495	24,355	-	(151)	(18,225)	70,474
Computer equipment	74,757	51,862	-	-	(56,498)	70,121
Broadband equipment	1,056,455	1,091,160	-	-	(699,142)	1,448,473
Data centre equipment	45,018	37,125	-	-	(37,378)	44,765
Cabling	77,383	113,824	-	-	(63,641)	127,566
Renovation	16,263	-	-	-	(16,254)	9
Wireless equipment	1,172,739	296,816	-	(1)	(576,745)	892,809
Software	47,702	46,035	-	-	(25,723)	68,014
Infrastructure	32,500	-	-	-	(26,000)	6,500
Capital work-in-progress	7,532,638	1,859,776	(9,392,414)	-	-	-
	11,529,267	3,602,410	-	(4,739)	(1,865,451)	13,261,487

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)

## MYKRIS INTERNATIONAL BERHAD

(Incorporated in Malaysia)  
Company No: 811039 - TNOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 7. PROPERTY AND EQUIPMENT (CONT'D)

The Group	At 1.4.2016 RM	Additions RM	Disposal RM	Depreciation Charge RM	At 31.3.2017 RM
Net Book Value					
Freehold building	94,375	-	-	(2,500)	91,875
Motor vehicles	574,039	958,085	-	(251,860)	1,280,264
Furniture and fittings	32,827	12,315	-	(7,964)	37,178
Office equipment	22,093	55,998	-	(13,596)	64,495
Computer equipment	91,108	31,599	(1,417)	(46,533)	74,757
Broadband equipment	622,504	953,139	-	(519,188)	1,056,455
Data centre equipment	78,750	-	-	(33,732)	45,018
Cabling	201,759	21,000	-	(145,376)	77,383
Renovation	59,523	-	-	(43,260)	16,263
Wireless equipment	926,810	1,149,864	-	(903,935)	1,172,739
Software	61,625	6,179	-	(20,102)	47,702
Infrastructure	58,500	-	-	(26,000)	32,500
Capital work-in-progress	4,742,974	2,789,664	-	-	7,532,638
	7,566,887	5,977,843	(1,417)	(2,014,046)	11,529,267

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**7. PROPERTY AND EQUIPMENT (CONT'D)**

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.3.2018			
Freehold building	9,517,414	(35,625)	9,481,789
Motor vehicles	1,877,919	(933,021)	944,898
Furniture and fittings	142,226	(36,157)	106,069
Office equipment	108,967	(38,493)	70,474
Computer equipment	451,906	(381,785)	70,121
Broadband equipment	3,414,712	(1,966,239)	1,448,473
Data centre equipment	205,785	(161,020)	44,765
Cabling	669,904	(542,338)	127,566
Renovation	216,300	(216,291)	9
Wireless equipment	4,526,160	(3,633,351)	892,809
Software	150,149	(82,135)	68,014
Infrastructure	130,000	(123,500)	6,500
	<b>21,411,442</b>	<b>(8,149,955)</b>	<b>13,261,487</b>
At 31.3.2017			
Freehold building	125,000	(33,125)	91,875
Motor vehicles	2,027,919	(747,655)	1,280,264
Furniture and fittings	66,739	(29,561)	37,178
Office equipment	84,895	(20,400)	64,495
Computer equipment	400,044	(325,287)	74,757
Broadband equipment	2,323,552	(1,267,097)	1,056,455
Data centre equipment	168,660	(123,642)	45,018
Cabling	556,080	(478,697)	77,383
Renovation	216,300	(200,037)	16,263
Wireless equipment	4,237,094	(3,064,355)	1,172,739
Software	104,114	(56,412)	47,702
Infrastructure	130,000	(97,500)	32,500
Capital work-in-progress	7,532,638	-	7,532,638
	<b>17,973,035</b>	<b>(6,443,768)</b>	<b>11,529,267</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**7. PROPERTY AND EQUIPMENT (CONT'D)**

	At 1.4.2017 RM	Depreciation Charge RM	At 31.3.2018 RM
The Company			
Net Book Value			
Furniture and fittings	1,067	(320)	747
	At 1.4.2015 RM	Depreciation Charge RM	At 31.3.2017 RM
Net Book Value			
Furniture and fittings	1,387	(320)	1,067
	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
The Company			
At 31.3.2018			
Furniture and fittings	3,200	(2,453)	747
At 31.3.2017			
Furniture and fittings	3,200	(2,133)	1,067

(a) The net book value of assets pledged to a licensed bank for banking facilities granted to the Group is as follows:-

	The Group	
	2018 RM	2017 RM
Freehold building	9,392,414	-
Capital work-in-progress	-	7,532,638

(b) At the end of the reporting period, the net book value of the property and equipment acquired under hire purchase terms are as follows:-

	The Group	
	2018 RM	2017 RM
Motor vehicles	789,168	1,088,272

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**8. INVESTMENT PROPERTIES**

	The Group	
	2018 RM	2017 RM
Building, at cost	803,750	803,750
Accumulated depreciation: At 1.4.2017/1.4.2016	(27,233)	(18,401)
Depreciation for the financial year	(8,833)	(8,832)
	(36,066)	(27,233)
At 31.3.2018/31.3.2017	767,684	776,517

**9. DEVELOPMENT EXPENDITURE**

	The Group	
	2018 RM	2017 RM
At cost:-	1,847,381	1,847,381
Accumulated amortisation:- At 1.4.2017/1.4.2016	(1,847,347)	(1,833,021)
Amortisation for the financial year	-	(14,326)
At 31.3.2018/31.3.2017	(1,847,347)	(1,847,347)
Net carrying amount	34	34

**10. GOODWILL**

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2018 RM	2017 RM
MyKRIS Asia Sdn. Bhd.	938,353	938,353
MyKRIS Net (MSC) Sdn. Bhd.	5,890,483	5,890,483
At 31.3.2018/31.3.2017	6,828,836	6,828,836

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**10. GOODWILL (CONT'D)**

Goodwill arose from the investment in subsidiaries made in prior years.

Goodwill is stated at cost and reviewed for impairment annually.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

(a) The key assumptions used for value in use calculations are as follows:-

	The Group	
	2018 %	2017 %
Gross margin	56.0 - 100.0	49.0 - 100.0
Growth rate	5.0 - 15.0	5.0 - 15.0
Discount rate	6.92	6.67

(i) Budgeted gross margin

Average gross margin achieved in the year immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate

Based on the expected projection of the royalty & licensing and wireless internet access.

(iii) Discount rate (pre-tax)

Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumption represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

(b) The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to be exceeded its recoverable amount.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**11. DEFERRED TAX ASSETS**

	The Group	
	2018 RM	2017 RM
At 1.4.2017/1.4.2016	230,000	241,000
Recognised in profit or loss (Note 27)	62,000	(11,000)
At 31.3.2018/31.3.2017	292,000	230,000

The deferred tax assets are attributable to the following:-

	The Group	
	2018 RM	2017 RM
Deferred tax asset:-		
Accelerated capital allowances	292,000	217,000
General provisions	-	13,000
	292,000	230,000

**12. TRADE RECEIVABLES**

	The Group	
	2018 RM	2017 RM
Trade receivables	3,170,347	2,222,070
Allowance for impairment losses	(41,385)	(53,139)
	3,128,962	2,168,931
Allowance for impairment losses:-		
At 1.4.2017/1.4.2016	(53,139)	(108,565)
Addition during the financial year	(41,385)	-
Writeback during the financial year	53,139	55,426
At 31.3.2018/31.3.2017	(41,385)	(53,139)

The Group's normal trade credit terms range from 30 to 90 (2017 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables is an amount owing by related parties of RM13,066 (2017 - Nil). The amount owing is trade in nature and subjected to the trade credit terms ranging from 30 to 90 days.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**12. TRADE RECEIVABLES (CONT'D)**

The foreign currency exposure profile of the trade receivables is as follows:-

	The Group	
	2018 RM	2017 RM
United States Dollar	27,852	404,130
Singapore Dollar	36,075	-

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits	605,427	514,858	-	-
Prepayments	783,356	916,544	2,000	-
Other receivables	225,746	397,079	-	-
Performance bond	165,920	165,920	-	-
	<u>1,780,449</u>	<u>1,994,401</u>	<u>2,000</u>	<u>-</u>

Performance bond of the Group is to guarantee satisfactory completion of a project.

**14. AMOUNT OWING BY A SUBSIDIARY**

In the previous financial year, the non-trade balance (current) represented a second interim tax-exempt dividend declared by a subsidiary of the Group.

**15. SHORT-TERM DEPOSIT**

The short-term deposit bore effective interest rates ranging from of 3.29% to 3.74% (2017 - 3.33%) per annum. The short-term deposit has a maturity period of 1 (2017 - 1) day.

**16. FIXED DEPOSITS WITH LICENSED BANKS**

In the previous financial year, the fixed deposits bore effective interest rates ranging from 3.15% to 3.90% per annum. The fixed deposits had maturity periods ranging from 7 to 12 months.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**17. SHARE CAPITAL**

	The Company		2018 RM	2017 RM
	2018 Number Of Shares	2017 Number Of Shares		
ISSUED AND FULLY PAID-UP				
Ordinary shares with no par value				
At 1.4.2017/1.4.2016	130,001,400	130,001,400	13,000,140	13,000,140
Sub-division of shares	130,001,400	-	-	-
At 31.3.2018/31.3.2017	<u>260,002,800</u>	<u>130,001,400</u>	<u>13,000,140</u>	<u>13,000,140</u>

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.
- (ii) On 24 January 2018, the Company sub-divided its paid-up share capital of RM13,000,140 comprising 130,001,400 ordinary shares into 260,002,800 ordinary shares.

**18. HIRE PURCHASE PAYABLES**

	The Group	
	2018 RM	2017 RM
Minimum hire purchase payments:		
- not later than 1 year	221,270	234,280
- later than 1 year and not later than 5 years	216,751	440,107
	<u>438,021</u>	<u>674,387</u>
Less: Future finance charges	(20,842)	(44,669)
Present value of hire purchase payables	<u>417,179</u>	<u>629,718</u>
Analysed by:		
Current liabilities	206,971	210,453
Non-current liabilities	210,208	419,265
	<u>417,179</u>	<u>629,718</u>

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.35% to 4.86% (2017 - 4.35% to 5.40%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**19. TERM LOAN**

	The Group	
	2018 RM	2017 RM
Current liabilities	498,720	124,680
Non-current liabilities	6,857,264	5,454,648
	<u>7,355,984</u>	<u>5,579,328</u>

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment
1	300	41,560	February 2018

The term loan of the Group bore an effective interest rate of 4.62% (2017 - 4.37%) per annum at the end of the reporting period and is secured by:-

- (i) a legal charge over the freehold building (2017 - capital work-in-progress) of the Group; and
- (ii) a joint and several guarantee of the directors of the Group.

**20. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 (2017 - 30 to 90) days.

The foreign currency exposure profile of trade payables is as follows:-

	The Group	
	2018 RM	2017 RM
United States Dollar	<u>305,134</u>	<u>231,109</u>

Included in the trade payables is an amount owing to a related party amounting to RM5,830 (2017 - Nil). The amount owing is trade in nature and is subjected to trade credit terms ranging from 30 to 90 days.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**21. OTHER PAYABLES AND ACCRUALS**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	678,343	6,377,986	212,269	5,983,527
Accruals	1,880,049	1,081,463	9,700	10,000
	<u>2,558,392</u>	<u>7,459,449</u>	<u>221,969</u>	<u>5,993,527</u>

**22. AMOUNT OWING TO DIRECTORS**

In the previous financial year, the amounts owing were non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing were settled in cash.

**23. AMOUNT OWING TO A SUBSIDIARY**

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing are be settled in cash.

**24. DIVIDEND PAYABLE**

	The Group/The Company	
	2018 RM	2017 RM
Second interim tax-exempt dividend of Nil (2017 - RM0.0062) per ordinary share	-	800,000
	<u>-</u>	<u>800,000</u>

**25. REVENUE**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wireless internet access	31,766,154	28,036,571	-	-
Project based revenue	-	3,791,868	-	-
IT based products and services	3,088,684	4,113,979	-	-
Dividend income	-	-	6,910,000	3,200,000
	<u>34,854,838</u>	<u>35,942,418</u>	<u>6,910,000</u>	<u>3,200,000</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**26. PROFIT BEFORE TAXATION**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of development expenditure	-	14,326	-	-
Auditors' remuneration:				
- for the current financial year	49,700	49,700	7,700	7,700
- underprovision in the previous financial year	3,800	6,800	-	-
Depreciation of property and equipment	1,865,451	2,014,046	320	320
Depreciation of investment properties	8,833	8,832	-	-
Directors' non-fee emoluments:				
- salaries and bonuses	370,000	334,000	-	-
- other emoluments	83,077	78,462	-	-
Property and equipment written off	4,738	-	-	-
Interest expense:				
- hire purchase	23,827	16,633	-	-
- term loan	1,757	2,396	-	-
Impairment losses on trade receivables	41,385	-	-	-
Realised loss/(gain) on foreign exchange	68,948	(55,821)	-	-
Staff costs:				
- salaries, bonuses and overtime	4,049,598	4,177,825	-	-
- defined contribution plan	515,764	534,729	-	-
- other benefits	233,053	281,739	-	-
Dividend income	-	-	(6,910,000)	(3,200,000)
Gain on disposal of an associate	(49)	-	-	-
(Gain)/Loss on disposal of property and equipment	(29,056)	29	-	-
Interest income	(91,478)	(37,980)	(3,090)	-
Writeback of impairment losses on receivables	(53,139)	(55,426)	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**27. INCOME TAX EXPENSE**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:				
- for the current financial year	1,471,000	879,000	1,000	-
- under/(over)provision in the previous financial year	20,005	(119,953)	-	-
	<u>1,491,005</u>	<u>759,047</u>	<u>1,000</u>	<u>-</u>
Deferred tax liabilities (Note 11):				
- for the current financial year	(54,000)	(108,000)	-	-
- (under)/overprovision in the previous financial year	(8,000)	119,000	-	-
	<u>(62,000)</u>	<u>11,000</u>	<u>-</u>	<u>-</u>
	<u>1,429,005</u>	<u>770,047</u>	<u>1,000</u>	<u>-</u>

There is no income tax charge on its business income of one of the subsidiaries for the financial period from 1 April 2017 to 30 September 2017 as the subsidiary was granted the Pioneer Status under Promotion of Investments Act 1986. Under this incentive, the subsidiary enjoys full exemption from income tax on its statutory income from pioneer activities for five years, from 1 October 2012 to 30 September 2017.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**27. INCOME TAX EXPENSE (CONT'D)**

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	8,551,820	7,387,338	6,650,721	3,186,560
Tax at the statutory tax rate of 24%	2,052,000	1,773,000	1,596,000	765,000
Tax effects of:-				
Non-deductible expenses	169,000	88,000	63,400	3,000
Non-taxable income	(5,000)	-	(1,658,400)	(768,000)
Tax-exempt pioneer income	(799,000)	(1,090,000)	-	-
Under/(Over)provision of current tax in the previous financial year	20,005	(119,953)	-	-
(Under)/Overprovision of deferred tax in the previous financial year	(8,000)	119,000	-	-
Tax for the financial year	1,429,005	770,047	1,000	-



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**28. DIVIDENDS**

	The Group/The Company	
	2018	2017
	RM	RM
Declared and paid:-		
First interim tax-exempt dividend of approximately RM0.0185 per ordinary share in respect of the financial year ended 31 March 2017	-	2,400,000
Final tax-exempt dividend of approximately RM0.0077 per ordinary share in respect of the financial year ended 31 March 2017	1,000,000	-
Declared:-		
Second interim tax-exempt dividend of approximately RM0.0062 per ordinary share in respect of the financial year ended 31 March 2017	-	800,000
	<u>1,000,000</u>	<u>3,200,000</u>

**29. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of property and equipment is as follows:-

	The Group	
	2018	2017
	RM	RM
Cost of property and equipment purchased	3,602,410	5,977,843
Amount financed through hire purchase	-	(500,000)
Cash disbursed for purchase of property and equipment	<u>3,602,410</u>	<u>5,477,843</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**29. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loan	Hire Purchase	Total
2018	RM	RM	RM
At 1.4.2017	5,579,328	629,718	6,209,046
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	1,859,776	-	1,859,776
Repayment of borrowing principal	(83,120)	(212,539)	(295,659)
Repayment of borrowing interests	(1,757)	(23,827)	(25,584)
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	1,757	23,827	25,584
At 31.3.2018	<u>7,355,984</u>	<u>417,179</u>	<u>7,773,163</u>

Comparative information is not presented by virtue of the exemption given in MFRS 107.

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term deposit (Note 15)	1,017,609	1,301,307	-	-
Fixed deposits with licensed banks (Note 16)	-	2,016,145	-	-
Cash and bank balances	12,581,007	10,922,875	3,324	28,829
	<u>13,598,616</u>	<u>14,240,327</u>	<u>3,324</u>	<u>28,829</u>
Less: Fixed deposits with original maturity of more than 3 months	-	(2,016,145)	-	-
	<u>13,598,616</u>	<u>12,224,182</u>	<u>3,324</u>	<u>28,829</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**


---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**


---

**29. CASH FLOW INFORMATION (CONT'D)**

The foreign currency exposure profile of the cash and bank balances is as follows:-

	The Group	
	2018 RM	2017 RM
United States Dollar	149,755	397,929
New Zealand Dollar	469	462
Singapore Dollar	33,773	20,991
	<hr/>	<hr/>

**30. RELATED PARTY DISCLOSURES**
**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**30. RELATED PARTY DISCLOSURES (CONT'D)**

## (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend received from a subsidiary:- MyKRIS Net (MSC) Sdn. Bhd.	-	-	6,910,000	3,200,000
Revenue from IT based products and services to a related party:- Hongsa Telecom Company Limited	23,368*	-	-	-
Payment on behalf of a related party:- Hongsa Telecom Company Limited	3,491*	-	-	-
Purchases from a related party:- NetAssist (M) Sdn Bhd	5,500	-	-	-
Other income from a related party:- NetAssist (M) Sdn Bhd	9,000	-	-	-
Key management personnel compensation	453,077	412,462	-	-

\* The entity became a related party to the Company during the current financial year due to common directors.

**31. CAPITAL COMMITMENT**

	The Group	
	2018 RM	2017 RM
Purchase of property and equipment	-	1,859,776

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**32. FOREIGN EXCHANGE RATES**

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balance at the end of the reporting period:-

	The Group	
	2018 RM	2017 RM
United States Dollar	3.86	4.43
New Zealand Dollar	2.79	3.10
Singapore Dollar	2.95	3.17

**33. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**33.1 Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**
*(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), New Zealand Dollar ("NZD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(a) Market Risk (Cont'd)**
*(i) Foreign Currency Risk (Cont'd)*

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign Currency Exposure*

The Group	United States Dollar RM	New Zealand Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2018					
<b>Financial assets</b>					
Trade receivables	27,852	-	36,075	3,065,035	3,128,962
Other receivables and deposits	-	-	-	997,093	997,093
Short-term deposit	-	-	-	1,017,609	1,017,609
Cash and bank balances	149,755	469	33,773	12,397,010	12,581,007
	<b>177,607</b>	<b>469</b>	<b>69,848</b>	<b>17,476,747</b>	<b>17,724,671</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(a) Market Risk (Cont'd)**
*(i) Foreign Currency Risk (Cont'd)*
*Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM	New Zealand Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2018					
<b>Financial liabilities</b>					
Trade payables	305,134	-	-	348,032	653,166
Other payables and accruals	-	-	-	2,558,392	2,558,392
Hire purchase payables	-	-	-	417,179	417,179
Term loan	-	-	-	7,355,984	7,355,984
	305,134	-	-	10,679,587	10,984,721
Net financial (liabilities)/ assets	(127,527)	469	69,848	6,797,160	6,739,950
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	(6,797,160)	(6,797,160)
Currency exposure	(127,527)	469	69,848	-	(57,210)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(a) Market Risk (Cont'd)**
*(i) Foreign Currency Risk (Cont'd)*
*Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM	New Zealand Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2017					
<b>Financial assets</b>					
Trade receivables	404,130	-	-	1,764,801	2,168,931
Other receivables and deposits	-	-	-	1,077,857	1,077,857
Short-term deposit	-	-	-	1,301,307	1,301,307
Fixed deposits with licensed banks	-	-	-	2,016,145	2,016,145
Cash and bank balances	397,929	462	20,991	10,503,493	10,922,875
	802,059	462	20,991	16,663,603	17,487,115



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(a) Market Risk (Cont'd)**
*(i) Foreign Currency Risk (Cont'd)*
*Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM	New Zealand Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2017					
<b>Financial liabilities</b>					
Trade payables	231,109	-	-	614,744	845,853
Other payables and accruals	-	-	-	7,459,449	7,459,449
Amount owing to directors	-	-	-	209,245	209,245
Dividend payable	-	-	-	800,000	800,000
Hire purchase payables	-	-	-	629,718	629,718
Term loan	-	-	-	5,579,328	5,579,328
	231,109	-	-	15,292,484	15,523,593
Net financial assets	570,950	462	20,991	1,371,119	1,963,522
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	(1,371,119)	(1,371,119)
Currency exposure	570,950	462	20,991	-	592,403

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.1 Financial Risk Management Policies (Cont'd)**

**(a) Market Risk (Cont'd)**

*(i) Foreign Currency Risk (Cont'd)*

*Foreign Currency Exposure (Cont'd)*

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

*Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(a) Market Risk (Cont'd)**
**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

***Interest Rate Risk Sensitivity Analysis***

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

The Group	2018 RM	2017 RM
<b>Effects on Profit After Taxation</b>		
Increase of 100 points	(55,900)	(42,400)
Decrease of 100 points	55,900	42,400
<b>Effects on Other Comprehensive Income</b>		
Increase of 100 points	(55,900)	(42,400)
Decrease of 100 points	55,900	42,400

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**

---

**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

---

**33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)***(iii) Equity Price Risk*

The Group does not have any quoted investments and hence is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(b) Credit Risk (Cont'd)**
**(i) Credit risk concentration profile**

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 56% of its total trade receivables as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2018 RM	2017 RM
Malaysia	3,030,489	1,729,518
Indonesia	55,961	28,520
Singapore	38,986	9,512
Myanmar	3,526	401,381
	3,128,962	2,168,931

**(ii) Exposure to credit risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

 (Incorporated in Malaysia)  
 Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(b) Credit Risk (Cont'd)**

 (ii) Ageing Analysis

The ageing analysis of the Group's trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2018				
Not past due	1,013,723	-	-	1,013,723
Past due:				
- 0 - 30 days	813,336	-	-	813,336
- 31 - 90 days	1,094,575	-	-	1,094,575
- more than 90 days	248,713	(41,385)	-	207,328
	<b>3,170,347</b>	<b>(41,385)</b>	<b>-</b>	<b>3,128,962</b>
2017				
Not past due	524,463	-	-	524,463
Past due:				
- 0 - 30 days	511,071	-	-	511,071
- 31 - 90 days	938,905	-	-	938,905
- more than 90 days	247,631	(53,139)	-	194,492
	<b>2,222,070</b>	<b>(53,139)</b>	<b>-</b>	<b>2,168,931</b>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
2018						
<u>Non-derivative</u>						
<u>Financial</u>						
<u>Liabilities</u>						
Trade payables	-	653,166	653,166	653,166	-	-
Other payables and accruals	-	2,558,392	2,558,392	2,558,392	-	-
Hire purchase payables	4.35 - 4.86	417,179	438,021	221,270	216,751	-
Term loan	4.62	7,355,984	12,372,368	498,720	1,994,880	9,878,768
		10,984,721	16,021,947	3,931,548	2,211,631	9,878,768

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(c) Liquidity Risk (Cont'd)**
*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
2017						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	845,853	845,853	845,853	-	-
Other payables and accruals	-	7,459,449	7,459,449	7,459,449	-	-
Amount owing to directors		209,245	209,245	209,245	-	-
Dividend payable	-	800,000	800,000	800,000	-	-
Hire purchase payables	4.35 - 5.40	629,718	674,387	234,280	440,107	-
Term loan	4.37	5,579,328	5,579,328	124,680	1,994,880	3,459,768
		15,523,593	15,568,262	9,673,507	2,434,987	3,459,768



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.1 Financial Risk Management Policies (Cont'd)**
**(c) Liquidity Risk (Cont'd)**
*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
2018						
<u>Non-derivative</u>						
<u>Financial</u>						
<u>Liabilities</u>						
Other payables and accruals	-	221,969	221,969	221,969	-	-
Amount owing to a subsidiary	-	97,712	97,712	97,712	-	-
		<b>319,681</b>	<b>319,681</b>	<b>319,681</b>	<b>-</b>	<b>-</b>
2017						
<u>Non-derivative</u>						
<u>Financial</u>						
<u>Liabilities</u>						
Other payables and accruals	-	5,993,527	5,993,527	5,993,527	-	-
Dividend payable	-	800,000	800,000	800,000	-	-
		<b>6,793,527</b>	<b>6,793,527</b>	<b>6,793,527</b>	<b>-</b>	<b>-</b>

**33.2 Capital Risk Management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.2 Capital Risk Management (Cont'd)**

The Group manages its capital based on debt-to-equity ratio that complies with debt covenant and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institution divided by total equity.

The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as the cash and cash equivalents exceeded the total bank borrowings.

**33.3 Classification of Financial Instruments**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Financial Assets</b>				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	3,128,962	2,168,931	-	-
Other receivables and deposits	999,093	1,077,857	-	-
Amount owing by a subsidiary	-	-	-	800,000
Short-term deposit	1,017,609	1,301,307	-	-
Fixed deposits with licensed banks	-	2,016,145	-	-
Cash and bank balances	12,581,007	10,922,875	3,234	28,829
	<u>17,726,671</u>	<u>17,487,115</u>	<u>3,234</u>	<u>828,829</u>
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	653,166	845,853	-	-
Other payables and accruals	2,558,392	7,459,449	221,969	5,993,527
Amount owing to directors	-	209,245	-	-
Dividend payable	-	800,000	-	800,000
Amount owing to a subsidiary	-	-	97,712	-
Hire purchase payables	417,179	629,718	-	-
Term loan	7,355,984	5,579,328	-	-
	<u>10,984,721</u>	<u>15,523,593</u>	<u>319,681</u>	<u>6,793,527</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.4 Fair Value Information**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of the Group's investment in unquoted shares with carrying amount of RM36,297,718 (2017 - RM36,297,718) is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period

The Group	Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2018</b>					
<u>Financial Liabilities</u>					
Hire purchase payables	-	417,179	-	417,179	417,179
Term loan	-	7,355,984	-	7,355,984	7,355,984
<b>2017</b>					
<u>Financial Liabilities</u>					
Hire purchase payables	-	629,718	-	629,718	629,718
Term loan	-	5,579,328	-	5,579,328	5,579,328

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (Cont'd)**
**MYKRIS INTERNATIONAL BERHAD**

(Incorporated in Malaysia)  
Company No: 811039 - T

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**
**33. FINANCIAL INSTRUMENTS (CONT'D)**
**33.4 Fair Value Information (Cont'd)**
*Fair Value of Financial Instruments not Carried at Fair Value*

The fair values, which are for disclosure purposes, above have been determined using the following basis:-

- (i) The fair values of the Group's terms loan that carry floating interest rate approximated its carrying amount as it is repriced to market interest rates on or near the reporting date.
- (ii) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2018 %	2017 %
Hire purchase payables	4.35 - 4.86	4.35 - 5.40
Term loan	4.62	4.37

**34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 18 December 2017, a subsidiary of the Group disposed of its entire equity interest in an associate, Rangkaian Mykris Sdn Bhd, for a cash consideration of RM49 which resulted in a gain on disposal of RM49 to the Group.
- (b) On 24 January 2018, the Company sub-divided its paid-up share capital of RM13,000,140 comprising 130,001,400 ordinary shares into 260,002,800 ordinary shares.
- (c) On 14 February 2018, the Company converted from a private limited company to a public limited company and assumed its present name, MyKRIS International Berhad.