KEY ALLIANCE GROUP BERHAD

(Company No.609953-K)

ANNUAL REPORT **2019**

16TH ANNUAL GENERAL MEETING

VENUE : Level 4, Menara Lien Hoe,
No. 8 Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor
TIME : Thursday, 12.30 noon
DATE : 29 August 2019

OUR VISION

Our vision is to be a transitional group of companies in the provision of leading edge technology for total business and operational solutions.

OUR MISSION

- To enhance customer relationship and satisfaction level
- To innovate and step forward with continuous improvement cycles through continuous training and developing competencies and skills among employees
- To be pro-active and serve in nation-building activities, developing a digital and knowledge-based economy

KEY ALLIANCE GROUP BERHAD (609953-K)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Zaidi Bin Mat Isa @ Hashim
Independent Non-Executive Chairman

Roy Ho Yew Kee
Managing Director

Ong Gim Hai
Independent Non-Executive Director

Lee Kien Fatt
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Chairman
Lee Kien Fatt

Committee Members
Ong Gim Hai
Dato' Zaidi Bin Mat Isa @ Hashim

NOMINATION COMMITTEE

Committee Chairman
Dato' Zaidi Bin Mat Isa @ Hashim

Committee Members
Ong Gim Hai
Lee Kien Fatt

REMUNERATION COMMITTEE

Committee Chairman
Dato' Zaidi Bin Mat Isa @ Hashim

Committee Members
Ong Gim Hai
Lee Kien Fatt

SHARE ISSUANCE SCHEME COMMITTEE

Committee Chairman
Roy Ho Yew Kee

Committee Member
Dato' Zaidi Bin Mat Isa @ Hashim
Ong Gim Hai

COMPANY SECRETARIES

Ng Mei Wan (MIA 28862)
R. Malathi A/P Rajagopal
(MAICSA 7054884)

REGISTERED OFFICE

No. 3-2, 3rd Mile Square
No. 151, Jalan Kelang Lama,
Batu 3½, 58100 Kuala Lumpur.
Tel : +603-7987 5300
Fax : +603-7987 5200
Email : fancos.general@fancos.com.my

AUDITORS

Afrizan Tarmili Khairul Azhar (AF1300)
Chartered Accountants

SHARE REGISTRAR

Shareworks Sdn. Bhd. (229948-U)
2-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur.
Tel : +603-6201 1120
Fax : +603-6201 3121

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of the
Bursa Malaysia Securities Berhad
Stock Name : KGROUP
Stock Code : 0036

CORPORATE STRUCTURE

KEY ALLIANCE GROUP BERHAD
(609953-K)
(Incorporated in Malaysia)

- 80% Progenet Innovations Sdn Bhd
  - 100% Progenet Sdn Bhd
- 100% Design Dept Sdn Bhd
- 100% GE Green Sdn Bhd
- 100% Key Alliance Sdn Bhd
- 51% Digital Paper Solutions Sdn Bhd
- 100% Pacifica KAG Sdn Bhd
- 100% Key Alliance Officeworks Sdn Bhd
- 100% Corporate One Training Academy Sdn Bhd

BOARD OF DIRECTORS' PROFILE

DATO' ZAIDI BIN MAT ISA @ HASHIM

50 years, Male, Malaysian
Independent Non-Executive Chairman

Dato' Zaidi Bin Mat Isa @ Hashim ("Dato' Zaidi"), was appointed as the Chairman of KAG on 20 November 2017. He is also the Chairman of Nomination Committee and Remuneration Committee, a member of the Audit and Risk Management Committee. Dato' Zaidi obtained Masters in Business Administration. Dato' Zaidi was formerly the Director of Kumpulan Darul Aman Group and the Managing Director of Darul Aman Consolidated Bhd and subsidiaries of Darul Aman Group from 1995 to 2000. From 2001 to 2011, he was seconded as a Chief Executive Officer of My Prima Group Companies. He has gained substantial experience in branding, marketing and PR, and has good networking both in the government sector and in the corporate world.

Other than KAG, Dato' Zaidi also sits on the board of Metronic Global Berhad as Independent and Non-Executive Director.

ROY HO YEW KEE

44 years, Male, Malaysian
Managing Director

Roy Ho Yew Kee ("Mr Roy"), was appointed as the Executive Director of KAG on 30 December 2011, redesignated as Non-Independent and Non-Executive Director on 23 May 2014, redesignated as Executive Director on 27 November 2015 and redesignated as Managing Director on 14 August 2017. He obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. Mr Roy brings over 20 years of financial service and restructuring experience both locally and abroad in various capacities. He started his career in Australia in 1998, in the financial services industry, joining Hartley Poynton Ltd, a subsidiary of Royal Bank of Canda, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products. He then moved to a boutique trading firm, Tricom Futures Ltd in 2003, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structurers and derivatives. As Managing Director, he is responsible for strategic direction of the Group, and identifying opportunities for the Group's various business units.

Other than KAG, Mr Roy also sits on the board of XOX Berhad as Non-Independent Non-Executive Director.

BOARD OF DIRECTORS' PROFILE

LEE KIEN FATT

52 years, Male, Malaysian
Independent Non-Executive Director

Mr Lee Kien Fatt ("Mr Lee"), was appointed as Independent Non-Executive Director of KAG on 4 June 2018. He is also the Chairman of the Audit and Risk Management Committee, a member of Nomination Committee and Remuneration Committee. Mr Lee is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). Mr. Lee served as Finance Manager of Group Associated (C&L) Sdn Bhd from 1992 to 1994 and Ng Tiong Seng Corporation Berhad from 1995 to 1996. He served as Group Financial Controller of United Straits Amalgamated Berhad from 1997 to 1998. Mr Lee served as Consultant cum Executive Director of RNC Corporation Berhad from 1999 to 2003. Mr Lee served as Consultant cum Non-Executive Director of LBI Capital Berhad from 2003 to 2005. He acted as Non-Executive Director of Tenggara Oil Berhad from 2007 to 2008. Recently, Mr Lee is the Director of Fattco Holdings Sdn Bhd and as Partner of Searaven Ventures (M) PLT.

Mr Lee does not hold any directorships in other public company.

ONG GIM HAI

44 years, Male, Malaysian
Independent Non-Executive Director

Mr Ong Gim Hai ("Mr Ong"), was appointed as Independent Non-Executive Director of KAG on 10 August 2017. He is also the member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Mr Ong graduated with B.Eng. Bachelor of Engineering in Electrical and Electronic Engineering from University of Sussex Brighton, UK. Mr Ong has 20 years experience in the IT and computer industry, helping multi-nationals to establish and to grow operations in ASEAN ranging from start-ups to established organisations. In January 2004, he joined Mercury Interactive Hewlett-Packard as pre-sales consultant and subsequently being promoted to sales manager in the year of 2006 to manage large enterprise account and develop new business within assigned accounts. Mr Ong then joined VMware Inc in the year of 2008 as enterprise account manager. In 2010, Mr Ong joined Palo Alto Networks as country manager, managing operations in Malaysia. In 2015 to 2016, Mr Ong represented Nutanix Malaysia and Brunei as managing director, managing sales operations in Malaysia and Brunei.

Mr Ong does not hold any directorships in other public company.

Notes:
(i) All the Directors do not have any family relationship with any Director and/or substantial shareholders of KAG.
(ii) None of the directors have been convicted of any offences other than traffic offences within the past five (5) years.
(iii) None of the Directors have any conflict of interest with the Company.
(iv) Details of Directors' attendances at the Board meetings are set out in the Statement of Corporate Governance.

KEY SENIOR MANAGEMENT PROFILE

REUBEN GERARD PAUL

47 years, Male, Malaysian

Reuben Gerard Paul ("Mr Reuben") is the Managing Director of Progenet Innovations Sdn Bhd. Mr Reuben graduates from Binary University College in Advanced Business Administration and is currently pursuing his MBA.

With over 23 years of experience in the IT industry, specializing in complex sales in the Corporate sector. Mr Reuben started his career in providing commercial and marketing consultation for Advanced Statistical Analysis and Mathematical applications to Project Management solutions in the early years and moved on to providing complex solution consultation in the areas of Enterprise Resource Planning and Data Centre Infrastructure solutions in the ASEAN region.

Mr Reuben brings in a wealth of information on how the overall IT industry has evolved regionally and how corporations are able to garner the power of future IT technologies suited to the Asian corporate methodologies.

Mr Reuben does not hold any directorships in other public company.

LIEW WENG KEONG

54 years, Male, Malaysian

Mr Liew Weng Keong ("Mr Rickie Liew") is the director of Digital Paper Solutions Sdn Bhd ("DPS"). Mr Rickie Liew is responsible for the general management and is instrumental in defining the company's product and marketing strategies. Mr Rickie Liew has over 25 years of experience in the IT industry. He graduated from a university in USA with a degree in Bachelor of Business Administration. Prior to DPS, he had worked as a Divisional Manager of a local conglomerate specializing in IT products distribution. His blend of work experience and education has given him the ability to quickly assess business opportunities and drive innovation. He has also proven his strong abilities in the successful application of innovative marketing strategies to enhance the effectiveness of people in the business.

Mr Rickie Liew does not hold any directorships in other public company.

Notes:
(i) All the Key Senior Management do not have any family relationship with any Director and/or substantial shareholders of KAG.
(ii) None of the Key Senior Management have been convicted of any offences other than traffic offences within the past five (5) years.
(iii) None of the Key Senior have any conflict of interest with the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operations

Company profile and business

The principal activities of the Company is investment holding. The Group is principally involved in the following business:
(1) provision of cloud services, co-location services;
(2) trading of kitchen appliances and multi-function printers and related services; and
(3) construction business and related services.

Corporate Vision

Our vision is to be a transitional group of companies in the provision of leading edge technology for total business and operational solutions.

Strategic in creating value

- To enhance customer relationship and satisfaction level
- To innovate and step forward with continuous improvement cycles through continuous training and developing competencies and skills among employees
- To be pro-active and serve in nation-building activities, developing a digital and knowledge-based economy

Financial highlights

	FYE 31 March 2019 (12 mths)	FYE 31 March 2018 (12 mths)	FPE 31 March 2017 (15 mths)	FYE 31 December 2015 (12 mths)	FYE 31 December 2014 (12 mths)
Revenue	44,336,306	27,016,686	33,878,624	38,370,180	57,437,025
Operating loss	(7,582,413)	(9,046,890)	(4,038,934)	(7,148,405)	(3,225,826)
Loss before taxation	(8,076,808)	(9,283,360)	(4,785,560)	(7,706,640)	(3,450,127)
Net loss attributable to equity holders	(6,978,354)	(9,600,615)	(5,201,795)	(9,203,003)	(4,282,485)
Total assets	107,359,536	97,412,939	63,057,267	64,805,933	74,961,383
Total borrowings	3,489,173	8,817,087	10,074,232	9,804,567	9,207,352
Shareholder equity	73,991,758	75,830,827	39,150,235	34,294,083	41,361,458
Basic earnings per share	(1.42)	(1.05)	(0.72)	(1.60)	(0.80)
Net assets per share	0.15	0.08	0.06	0.06	0.07

Review of Financial Results and Financial Condition

The Group revenue increased from RM27.02million to RM44.34 million during the financial year ended 31 March 2019 as compared to the financial year ended 31 March 2018. This is mainly due to the progress billing in Construction segment which commenced during the financial year.

The Group has recorded a loss after taxation of RM8.08 million for the financial year ended 31 March 2019. This is mainly due to the loss on disposal of subsidiary, impairment loss on trade receivables and share based payment expenses incurred during the financial year. Furthermore, the construction of the data centre of the Group was completed during the financial year, and therefore the depreciation has increased.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operating Activities

Corporate Development

On 9 April 2018, the Company announced its internal restructuring by way of the wholly owned subsidiary, DVM Innovate Sdn Bhd ("DVMI"), transferring the entire 80% equity interest in Progenet Innovations Sdn Bhd ("PGI") to the Company at the original cost of investment. DVMI was then become inactive subsidiary and the Company disposed the entire equity interest of DVMI subsequently in order to minimize the cost to maintain inactive company.

On 3 October 2018, the Company offered share options to eligible employees under its Share Issuance Scheme ("SIS") with an option of 100,000,000 at an exercise price of RM0.045 per option. 50,000,000 was granted and exercised. Remaining of the options was lapsed.

Anticipated or Known Risks

Market Competition Risk

ICT industry and trading of kitchen appliances and multi-function printers industry are always competitive. The Group faces competition from both new entrants and existing players in the industry. Increased competition could result in revenue erosion and loss of market share, any of which could materially and adversely affect the Group's business, operating results and financial condition.

The Group has hired competent sales staff to increase the sales and provided competitive pricing to customers.
In addition, the Group has expanded to provide cloud and disaster recovery services.

Security Risk

Data centres are a vulnerable target given the vast amount of valuable data contained and thus the Group has taken a holistic approach to data security. The Group has embarked on obtaining certification for ISO 27001 and PCI-DSS compliancy. The data centre is built based on a 4-Tier security level system and is protected by Artificial Intelligent ("AI") threat protection system which secures all the clients data from any breaches.

Dependence on key personnel

The Group believes that its continued success will depend upon the abilities and continued effort of its existing key management and technical personnel. The loss of any key members of the Group's management and technical personnel could adversely affect the Group's continued ability to compete.

The Group continues to attract and retain the key management personnel who are essential in the support of the Group's operations by providing employee benefits and incentives to ensure a longer term commitment of the key management personnel to the Group.

Apart from this, the Group actively grooms the younger members of its management team by providing the necessary guidance, experience and exposure in order to prepare them to take over from the senior management team in the future so that the Group is prepared to conduct a smooth transition.

Operational and business risks

The Group's trading business is affected by the performance and inherent risk associated with the industry, including general economic downturn in the global and regional economy causing a decline in consumer demand, changes in consumer tastes and preferences, increase in operating costs, delay in obtaining certification from SIRIM, etc.

Foreign exchange risks

The Group's business is exposed to foreign exchange risks as purchase are mainly denominated in USD whilst sales are mainly denominated in RM.

The Group takes initiative to negotiate with the suppliers/principles to provide a better rate on the goods purchased in the event if USD increases.

Regulatory and Political Risk

2018/2019 oversaw a change in government and the migration of Goods and Service Tax ("GST") to Sales and Service Tax ("SST"). Implementation of SST means additional resources and cost were incurred in this change. Mitigation is only restricted to implementing a more active financial facilities management.

Business Direction and Prospects

Due to competitive ICT industry, the Group has diverted its resources to a specific area, mainly cloud and disaster recovery services.

The new data centre located at Menara Lien Hoe, was completed in September 2018. The data centre was soft launched by then. The data centre is designed with the latest technologies offering high availability, redundancy and scalability. This modern data centre is designed for high density web scale infrastructure, allowing it to build its own public and private cloud as well as support private and public enterprises for their cloud services requirements.

The facility also comes with the latest data centre infrastructure (DCIM) solution, allowing for the efficient management of IT assets, reducing risk and increasing efficiency.

Progenet Innovations, the operator of the data centre, has provided a series of cloud offerings that are specifically tailored towards enterprise, commercial and public sector business requirements.

The Group is the first end-to-end cloud provider in the country that owns the real estate, the data centre and the cloud services.

In addition, the Group has undertaken various efforts including actively identifying opportunities to venture into other sectors with growth potential beyond the ICT industry. The construction segment has commenced during the financial year end.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

The Board of Directors ("the Board") of Key Alliance Group Berhad ("the Company" or "KAG") recognises and is committed to ensure the importance of good CG is being practiced by the Company and the subsidiaries ("Group" or "KAG Group") in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with principles and recommendations as set out in the Malaysian Code on Corporate Governance 2017 ("Code"), the relevant chapters of the ACE Market Listing Requirements ("Listing Requirements") on CG and all applicable laws and regulations throughout the financial year ended 31 March 2019 ("FY2019").

The CG report which provides the manner in and the extent in which the CG framework has applied by the Group throughout the FY2019, is available on the Group's website at www.kag.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS

1.1 Functions, roles and responsibilities of the Board

The Board leads KAG and plays a strategic role in overseeing the Group's objectives, direction, goals and overall corporate governance to ensure that the strategic plans of the Group are implemented and accountability is monitored well.

The following are the key matters of the Company reserved for the Board's approval:

- Reviewing and approving the financial results, strategies, business plan and policies;
- Overseeing and evaluating the conduct of the Group's businesses;
- Ensuring competent management;
- Ensuring the establishment of risk management framework and policies;
- Reviewing the adequacy and integrity of the internal control systems and management information systems which include sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directive and guidelines; and
- Acquisition and disposal of companies within the Group.

The Board reserves certain powers for itself and has delegated certain matters, such as the day-to-day management of the Group to the Managing Director. The Non-Executive Directors including the Chairman are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. In this manner, the Non-Executive Directors fulfil a crucial corporate accountability role as they provide independent and objective views, opinions and judgement on issues being deliberated and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (cont'd)

1.1 Functions, roles and responsibilities of the Board (cont'd)

In discharging its function and responsibilities, the Board has established and approved to the respective Terms of Reference ("ToR") for the relevant Board Committees where specific powers of the Board are delegated to the relevant Board Committees. The Board Committees include the following:

- Audit and Risk Management Committee ("ARMC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Share Issuance Scheme ("SIS") Committee ("SISC").

Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee, including key issues via reports by the Chairman and/or Chairperson of each of the Board Committees, as well as the tabling of minutes of all Board Committee meetings, to the Board at Board meetings. The Board reviews the respective Board Committees' authority and ToR from time to time to ensure their relevance and enhance its efficiency. The ultimate responsibility for the final decision on all matters, however, lies with the Board of Directors as a whole.

The ToR of each of the Board Committees as approved by the Board is available on the Company's corporate website: www.kag.com.my.

The Board owes fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times. Aside from the key responsibilities as delineated in the Board Charter, each Board member is also expected to demonstrate and adhere with the following:

(a) Time commitment

(i) Attendance of Meetings

The Board ordinarily schedules 4 meetings in a year. Board and Board Committee meetings are scheduled well in advanced, i.e. prior to the closing of each quarter to facilitate the Directors in planning ahead and to ensure that the Board and Board Committees meetings are booked in their respective schedules.

Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The agenda for the meeting of the Board are set by the Company Secretaries in consultation with the Non-Executive Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

CG OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (cont'd)

1.1 Functions, roles and responsibilities of the Board (cont'd)

(a) Time commitment (cont'd)

(i) Attendance of Meetings (cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of KAG. This is evidenced by the attendance record of the Directors at Board of Directors and Board Committee meetings during the year under review as set out as follows:

Meeting Attendance	Board	ARMC	NC	RC	SISC	@AGM
Dato' Zaidi Bin Mat Isa @ Hashim	^5/5	4/4	^1/1	^1/1	1/1	^1/1
Mr Roy Ho Yew Kee	5/5	-	-	-	^1/1	^1/1
Mr Ong Gim Hai	5/5	4/4	1/1	1/1	1/1	^1/1
Mr Lee Kien Fatt (Appointed on 04 June 2018)	4/4	^3/3	1/1	1/1	-	^1/1

@ Fifteenth Annual General Meeting ("AGM") held on 05 September 2018
^ Chairperson/Chairman of the Board or Board Committees or AGM

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

(ii) New Directorships

Prior to the acceptance of new Board appointment(s) in other companies and/or Public Listed Companies ("PLCs"), the Directors are to notify the Chairman and/or the Company Secretaries in writing. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, 1 criterion as agreed by the Board is that they must not hold directorships at more than 5 PLCs (as prescribed in Rule 15.06 of Listing Requirements).

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held and for notification to the Companies Commission of Malaysia ("CCM") accordingly.

(b) Continuing training programmes

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (cont'd)

1.1 Functions, roles and responsibilities of the Board (cont'd)

(b) Continuing training programmes (cont'd)

The external auditors also briefed the Board members on any changes to the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB") that affect the Group's financial statements during the year. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, at the Company's expense.

All the Directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities") and were updated by the Company Secretaries and external auditors on the various salient amendments to the Listing Requirements and the applicable approved accounting standards as per MASB from time to time.

The details of trainings and various external programs attended by the Directors during the financial year under review are as follows:

Board members	Courses/Training Programmes Attended
Dato' Zaidi Bin Mat Isa @ Hashim	•The Company Constitution Purpose, Effect and Alteration
Mr Roy Ho Yew Kee	•Annual Report – What A Director Must Know
Mr Ong Gim Hai	•Annual Report – What A Director Must Know
Mr Lee Kien Fatt	•The Company Constitution Purpose, Effect and Alteration

(c) Conflict of interest and related party transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions (if any) will be submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

1.2 The Chairman of the Board

The Non-Executive Chairman is not related to the Executive Director. The Non-Executive Chairman is responsible for the Board's effectiveness and conduct, implementing the Group's policies, business plans and executive decision making and is assisted by the Executive Director.

CG OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (cont'd)

1.2 The Chairman of the Board (cont'd)

The Non-Executive Chairman also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management.

At a general meeting, the Non-Executive Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

1.3 Separation of roles of Non-Executive Chairman and Executive Director

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of Non-Executive Chairman and Managing Director are strictly separated. The Company practises a division of responsibilities between the Non-Executive Chairman and the Managing Director. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Non-Executive Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Managing Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

1.4 Qualified and competent Company Secretaries

The Company Secretaries of KAG, have the requisite credentials and are competent and suitably qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and adhered to board policies and procedures, rules, relevant laws and best practices on CG and deliberations at the Board and Board Committee meetings as well as follow-up on matters arising are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements of Bursa Securities and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretaries is a matter for the Board, as a whole to decide.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview.

CG OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (cont'd)

1.5 Access to information and advice (cont'd)

Prior to the Board meetings, the agenda for each meeting together with a full set of the board papers containing the information relevant to the business of the meetings are circulated to the Directors at least seven (7) days before the meeting. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision.

The Directors are also notified of any corporate announcement(s) released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

2. DEMARCATION OF RESPONSIBILITIES

2.1 Board Charter

The Board recognises the importance of establishing a single source of reference for Board activities through a Board Charter as recommended by the Code. As such, a Board Charter was formalised on 24 November 2014 to clearly delineate the roles of the Board, Board Committees and Management in order to provide a structured guidance for Directors and Management regarding their responsibilities of the Board, its Board Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities.

The Board reviews and updates its Charter regularly as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. Any subsequent amendment to the Charter can only be approved by the Board. The salient features of the Board Charter was last reviewed on 24 May 2019 and is available on the Company's corporate website website: www.kag.com.my.

3. PROMOTING GOOD BUSINESS CONDUCT AND MAINTAINING A HEALTHY CORPORATE CULTURE

3.1 Code of Ethics

The Company's Code of Ethics, requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities. As employers and representatives of KAG, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable laws and regulations. It is thus the responsibility of all officers and employees to comply with the Code of Ethics and to report violations or suspected violations thereto.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART I – BOARD RESPONSIBILITIES (cont'd)

3. PROMOTING GOOD BUSINESS CONDUCT AND MAINTAINING A HEALTHY CORPORATE CULTURE (cont'd)

3.1 Code of Ethics (cont'd)

The salient features of the Code of Ethics are accessible by the public through the Company's corporate website: www.kag.com.my.

3.2 Formalised policies and procedures on Whistle-Blowing

The Board also has a separate Whistle-Blowing Policy stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of such policy is in line with Section 587 of the Act where provisions have been made to protect KAG's officers or stakeholders who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

The Whistle-Blowing Policy is accessible by the public through the Company's corporate website: www.kag.com.my.

PART II – BOARD COMPOSITION

4. BOARD'S OBJECTIVITY

4.1 Composition of the Board

The Board comprises of 4 members, of whom 1 is Managing Director, 1 is Independent Non-Executive Chairman and 2 are Independent Non-Executive Directors. In this respect, the Board comprises a majority of Independent Directors, representing 75% of the Board. In addition, KAG also complies with the requirement of the Listing Requirements for Independent Non-Executive Directors to make up at least 1/3 of the Board membership.

The Board views the present number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. There is a good mix of skills and core competencies in the current Board membership. The Board is of the opinion that the existing 3 Independent Non-Executive Directors, with their extensive knowledge and experience would be able to represent the investment of the public and the minority shareholders. The Board is, however, open to board changes as and when appropriate. The profile of each of the Director is set out on pages 4 to 5 of this Annual Report.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:

Dato' Zaidi Bin Mat Isa @ Hashim / Mr Lee Kien Fatt / Mr Ong Gim Hai
Key Alliance Group Berhad
Lot 18.2, 18th Floor, Menara Lien Hoe,
No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART II – BOARD COMPOSITION (cont'd)

4. BOARD'S OBJECTIVITY (cont'd)

4.2 Tenure of Independent Directors

As at the date of this Statement, none of the Independent Directors has reached 9 years of service since their appointment as Directors. Their tenure of service is set out in the Board of Directors' and Key Senior Management's Profile of this Annual Report on pages 4 to 6 of this Annual Report.

4.3 Policy of Independent Director's Tenure

The Board has adopted a 9 years policy for Independent Directors. Upon completion of 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to retain as an Independent Director, the Board would have to justify in the notice convening the AGM and seek shareholders' approval the retention of such Independent Director at every AGM.

The Board should seek annual shareholders' approval through a two-tier voting process if the retention of such Independent Director was after the twelfth year.

4.4 Diverse Board and Senior Management Team

The Company does not set specific criteria for the assessment and selection of director candidate. However, all candidates for appointment and/or election are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the subject candidate.

4.5 Gender diversity policy

The Board is presently of the view that there is no necessity to fix a specific gender diversity policy. However, the Board will endeavor to tap talent from human capital market from time to time with the aim to have at least 1 female director in its Board in the future.

4.6 New Candidates for Board Appointment

The screening and evaluation process for potential candidates to be nominated as Directors are delegated to the NC. The process involves the NC's consideration and submission to the Board its recommendation of suitable candidates from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment as Directors of the Company. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

The shortlisted candidates whom were not known to the existing Board members, were interviewed by the NC and thereafter, met with the Board of Directors for endorsement of appointment.

CG OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART II – BOARD COMPOSITION (cont'd)

4. BOARD'S OBJECTIVITY (cont'd)

4.7 NC

The NC of KAG was established on 29 April 2005 to assist the Board in recommending appointment of new Director(s) and assessing the effectiveness of the Board as a whole.

The activities undertaken by NC during the financial year under review are as follows:
- reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- reviewed and recommended the appointment of shortlisted candidates to fill casual vacancies of Directors;
- undertook annual assessment of its Independent Directors;
- reviewed the training needs for the Directors regularly; and
- reviewed the performance of the Board as a whole and the Board Committees, particularly the term of office and performance of the ARMC and each of its members and recommending to the Board the appointment of members of ARMC and other Board Committees established by the Board.

4.8 SISC

The SISC was established on 7 May 2015 to assist the Board in establishment of the SIS by rewarding and retaining the eligible Directors and key management personnel who have contributed to the growth of the Company.

The duration of SIS which was implemented on 6 May 2015, is 5 years and will be expiring on 6 May 2020.

On 3 October 2018, the Company had offered a total of 100,000,000 options under the SIS at an exercise price of RM0.045 per option of which 50,000,000 were being exercised. The remaining of options are lapsed.

5. OVERALL BOARD EFFECTIVENESS

5.1 Annual evaluation

The NC will be reviewing the Board's effectiveness in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance of the Chairman and Executive Director, the time commitment in discharging their role and responsibilities through attendance at their respective meetings as well as the application of good governance principles to create sustainable shareholder's value.

The Board will undertake an annual assessment of Independent Directors as to justify whether they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment will be carried out by the Directors and the ARMC members once every year. The results, in particular the key strength and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.

The Company Secretaries will facilitate the NC in carrying out the annual assessment exercise via the ARMC evaluation questionnaire, Board members' self and peer evaluation form, Independent Directors' evaluation form, Directors' evaluation form, Board and Board committee evaluation form.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART II – BOARD COMPOSITION (cont'd)

5. OVERALL BOARD EFFECTIVENESS (cont'd)

5.1 Annual evaluation (cont'd)

From the annual assessment and review conducted for FY2019, the NC was satisfied that all the Managing Directors, Non-Executive Directors and Independent Directors possess sufficient qualification to remain on the Board. Save for the NC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC Members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. The NC further concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

The NC was also satisfied that the Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. Additionally, each of the Independent Directors has provided an annual confirmation of their independence to the NC and the Board.

PART III - REMUNERATION

6. LEVEL AND COMPOSITION OF REMUNERATION

6.1 Remuneration policy

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary caliber needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The salient features of the remuneration policy of the Group are summarised as follows:

a) The salary for Managing Director is set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.
b) Directors' Fees are based on a standard fixed fee and are subject to approval by the Shareholders at the AGM.
c) Only Managing Director is entitled to benefits-in-kind provided by the Group.
d) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

For FY2019, the Board approved the RC's recommendation on remuneration of the Managing Director, remuneration of the Non-Executive Directors, and Directors' fees for FY2019 for the approval of the Shareholders at the Sixteenth (16th) AGM. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The remuneration policy is not made available on the Company's corporate website as the Board is of the view that the confidentiality and sensitivity of the features of the Company's remuneration structure which are in supportive of the strategies and long-term vision of the Company will be able to safeguard accordingly.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART III - REMUNERATION (cont'd)

6. LEVEL AND COMPOSITION OF REMUNERATION (cont'd)

6.2 RC

The RC was established on 06 June 2003 and is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Director to ensure that rewards commensurate with his contributions to the Group's growth and profitability in order to align the interest of the Director with those of the shareholders. The RC also ensures the level of remuneration for Non-Executive Directors and Managing Director are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The activities undertaken by the RC during the financial year under review were as follows:

- Formulated the remuneration policies and remuneration for the members of the Board and Board Committees, and recommended the same to the Board for approval.

7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

7.1 Details of Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the FY2019 are as follows:

GROUP

Name	Fees RM'000	Salaries & Bonus RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total Remuneration RM'000
Roy Ho Yew Kee	96,000	199,000	23,880	7,000	325,880
Dato' Zaidi Bin Mat Isa @ Hashim	60,000	-	-	-	60,000
Lee Kien Fatt	40,000	-	-	-	40,000
Ong Gim Hai	41,000	-	-	-	41,000
Total	**237,000**	**199,000**	**23,880**	**7,000**	**466,880**

COMPANY

Name	Fees RM'000	Salaries & Bonus RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total Remuneration RM'000
Roy Ho Yew Kee	96,000	-	-	-	96,000
Dato' Zaidi Bin Mat Isa @ Hashim	60,000	-	-	-	60,000
Lee Kien Fatt	40,000	-	-	-	40,000
Ong Gim Hai	41,000	-	-	-	41,000
Total	**237,000**	**-**	**-**	**-**	**237,000**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART III - REMUNERATION (cont'd)

7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (cont'd)

7.2 Details of Key Senior Management's remuneration

No disclosure of the top five Key Senior Management's remuneration component on named basis is made herein due to confidentiality and sensitivity of each remuneration package. The Company believes that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the top five Key Senior Management's remuneration.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - ARMC

8. EFFECTIVE AND INDEPENDENT ARMC

8.1 The chairman of the ARMC is not the Chairman of the Board

The positions of Chairman of the ARMC and the Board are held by 2 different individuals. Hence, the objectivity of the Board's review of the ARMC's findings and recommendations will be able to preserve. The Board is of the view that the chairperson of the ARMC has performed the duties as defined and his judgment was not impaired as he is sufficiently independent from Management in leading the discussion on the matters being deliberated and findings as well as recommendations made by the ARMC objectively in the Board meetings.

8.2 Cooling-off period for a former audit partner to be appointed as ARMC member

The ARMC has not adopted a two-year cooling-off period policy for a candidate whom is a former audit partner before being appointed as a member of the ARMC.

However, the said policy currently does not apply to the ARMC given none of the ARMC nor Board members is a former audit partner as at the date of this Statement.

8.3 Policies and procedures for assessment of suitability, objectivity and independence of external auditors

The external auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management, and if necessary, to the ARMC and the Board.

The external auditors are working closely with the internal auditors and tax consultants, without compromising their independence. Their liaison with the internal auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The external auditors reviews internal audit reports and discuss findings with internal auditors where necessary.

CG OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

PART I - ARMC (cont'd)

8. EFFECTIVE AND INDEPENDENT ARMC (cont'd)

8.3 Policies and procedures for assessment of suitability, objectivity and independence of external auditors (cont'd)

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the external auditors have brought to the Board's attention through the ARMC, all the significant accounting, auditing, taxation, internal accounting systems & process control and other related matters that arise from the audit of the financial statements of the Company. The ARMC, without the presence of Executive Board member and Management also meets with the external auditors at least twice during each financial year to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit findings.

In this regard, the ARMC had on 25 February 2019, assessed the independence of Messr. Afrizan Tarmili Khairul Azhar ("AFTAAS") as external auditors of the Company as well as reviewed the level of non-audit services rendered by AFTAAS to the Company for FY2019. The ARMC had obtained written assurance from AFTAAS confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The external auditors provided such declaration in their annual audit plan presented to the ARMC prior to the commencement of audit for a particular financial year.

The ARMC was satisfied with AFTAAS's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to AFTAAS. Having satisfied itself with their performance and technical competency as well as received the assurance from AFTAAS as stated above, the ARMC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the 16th AGM.

8.4 ARMC composition

The ARMC comprises 3 Non-Executive Directors of whom all are Independent Directors. On the composition, please refer to the Corporate Information of this Annual Report on page 2.

The Board is of the view that the ARMC is able to assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards.

The ARMC chairman, Mr Lee Kien Fatt together with all ARMC members, reviewed the Company's financial statements and annual audited financial statements in the presence of external auditors, prior to recommending them for the Board's approval and issuance to stakeholders.

8.5 Continuous professional development

To assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards, all the ARMC members will undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

PART I - ARMC (cont'd)

8. EFFECTIVE AND INDEPENDENT ARMC (cont'd)

8.5 Continuous professional development (cont'd)

The Board, through the recommendation of the NC and with the exception of the Directors who are also ARMC is generally satisfied that all the ARMC members are financially literature and have sufficient understanding of the Company's business.

Further details on the external programs attended by the ARMC members are set out in this Annual Report on page 13.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Sound framework to manage risk

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls.

On-going reviews are performed on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Company's Management Team as well as the Group's independent and sufficiently resourced internal audit function. The findings of the internal audit function are regularly reported to the ARMC.

Nevertheless, the Board has established Enterprise Risk Management framework during the financial year under review. The ARMC is tasked to review the risk management policies and internal control procedures formulated by Management and make relevant recommendations to the Board for approval from time to time as to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Details of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on pages 30 to 32 respectively.

9.2 Implementation of mitigating measures

The responsibilities of identifying and managing risks are delegated to the respective Heads of Department ("HoD"). The ARMC is responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The ARMC will assist the Board in implementing and overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

Main features of the Company's risk management framework and internal controls system are further elaborated in the Statement on Internal Control and Risk Management of this Annual Report on pages 30 to 32.

CG OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

9.3 Risk Management Committee

The ARMC was renamed on 27 November 2017 with its scope of duty and responsibilities being broadened and the importance being placed on the risk management of the various elements of the Company's business whilst also covering the areas of internal control, financial reporting and CG.

The ARMC comprises 3 Non-Executive Directors of whom all are Independent Directors. This is in line with Practice Note 9.3 of the MCCG whereby the risk management committee should comprise a majority of Independent Directors.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Internal Control and Risk Management of this Annual Report.

10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

10.1 Internal audit function

The Board has delegated the implementation and monitoring of the internal control system to the Management and has engaged the services of an independent assurance provider to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the ARMC on its activities based on the approved annual internal audit plans. The principal role of the internal auditors is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

10.2 Competency of internal auditors

To ensure that the responsibilities of internal auditors are fully discharged, the ARMC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors on a yearly basis.

The Group has outsourced is internal audit function to NGL Tricor Governance Sdn Bhd, a professional service firm ("Outsourced IA"). The internal audit personnel assigned by the Outsourced IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence pursuant to the written declaration made by them.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

10.2 Competency of internal auditors (cont'd)

The Outsourced IA is headed by its director, Mr Chang Ming Chew, who is a Certified Internal Auditor and holds a certification in Risk Management Assurance from the Institute of Internal Auditors. Mr Chang is a member of the Institute of Internal Auditors Malaysia and the Association of Chartered Certified Accountants (UK) and the Malaysian Institute of Accountants. The Outsourced IA has assigned three (3) staff to provide internal audit services during the financial year. The Outsourced IA performed its work in accordance with a recognized framework such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. Premised on the performance assessment by the ARMC and feedback from the Management Team, the ARMC is satisfied that the internal auditors are free from any relationships or conflicts of interest with those involved which could impair their objectivity and independence and is capable of carrying out internal audit reviews.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on pages 28 to 29 and pages 30 to 32 respectively.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

11.1 Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. KAG's website incorporates an Investor Relations ("IR") section which provides all relevant information on the Group and is accessible by the public. This section enhances the IR function by including share price information, all announcements made by the Company, annual reports, Board Charter and the corporate and governance structure of the Company.

The Company will continuously enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time. The announcement of the quarterly financial results is also made via Bursa LINK in a timely manner as required under the Listing Requirements in ensuring equal and fair access to information by the investing public.

To promote the dissemination of the financial results of the Company to investors, shareholders and media as well as to keep the investing public and other stakeholders updated on the progress and development of the Group's business, the Board may conduct the open briefings from time to time in ensuring constant interactions with existing and prospective investors. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's corporate website.

CG OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

PART I – COMMUNICATION WITH STAKEHOLDERS (cont'd)

11. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS (cont'd)

11.2 Integrated reporting

The Company has provided concise information in relation to its strategy, performance, governance and prospects through the management discussion and analysis and the statement of corporate social responsibility in this Annual Report on pages 7 to 9 and pages 33 to 34 respectively. This is to ensure that the stakeholders are well informed of the business and performance of the Company and to promote transparency and accountability of the Company.

To further improve the quality of information available to the shareholders and stakeholders and promote greater transparency and accountability on the part of the Company, the Board shall prepare a full sustainability statement and publish in the annual report to be issued for FYE2019.

PART II – CONDUCT OF GENERAL MEETINGS

12. STRENGTH RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDRES

12.1 Encourage shareholder participation at general meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At every AGM, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer ("Q&A") session wherein the Directors, Company Secretaries and/or HoD as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The Company dispatches its notice of AGM to the Shareholders at least twenty-one (21) days before the AGM, in advance of the notice period as required under the Act and the Listing Requirements. The Board believes that the current practice would still allow the Shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

At the commencement of all general meetings, the Chairman will inform the Shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

12.2 Effective communication and proactive engagements

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the AGM. The proceedings of the AGM include the Company's operating and financial performance for FY2019. The Chairman will also invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote and/or during the Q&A session.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

PART II – CONDUCT OF GENERAL MEETINGS (cont'd)

12. STRENGTH RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDRES (cont'd)

12.2 Effective communication and proactive engagements (cont'd)

Together with the Directors, Management and external auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group, if any.

In addition to the above, the Company will look into allocation of time during AGM for dialogue with the Shareholders, if necessary to address the issues concerning the Group and to make arrangement for Officers of the Company to present and handle other face-to-face enquiries from the Shareholders.

12.3 Facilitate greater shareholder participation at general meetings

Under Rule 8.31A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the AGM.

In order to encourage shareholders to attend and participate in the general meetings, the Company will always make sure that its general meetings are to be held at an accessible location but not in remote areas.

Having considered that the shareholder base of the Company is not that large, the Board is of the view that there is no immediate need for the Company to leverage on technology to facilitate electronic poll voting and remote shareholder participation at this juncture of time.

The Board will nevertheless, consider leveraging technology to facilitate voting in absentia from time to time, to more fairly reflect shareholders' views and to ensure accurate and efficient outcomes of the voting process.

COMPLIANCE STATEMENT

The Board shall continue to strive for high standards of corporate governance throughout the Group. The Board considers and is satisfied that save and except for Practice Notes 4.5, 6.1, 7.2, 7.3, 8.2 & 12.3 which are partially departed and/or not adopted as disclosed herein and in the CG Report, the Company has in all material aspects satisfactory complied with the principles and recommendations of the Code, the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout FY2019.

This Statement was approved by the Board on 18 July 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

COMPOSITION AND ATTENDANCE

The ARMC of Key Alliance Group Berhad ("the Company" or "KAG") had on 27 November 2017, broadened its scope and highlight the importance placed on the risk management of the various elements of the Company's business whilst also covering the areas of internal control, financial reporting and corporate governance. As at the date of this Report, the ARMC comprises three (3) members, all of whom are all Independent Non-Executive Directors. This meets the requirements of Rule 15.09(1)(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as Practice Note 8.4 of the Malaysian Code on Corporate Governance 2017 ("Code"). The ARMC Chairman, Mr. Lee Kien Fatt, is member of the Malaysia Institute of Accountants ("MIA"). Accordingly, KAG also complies with Rule 15.09(1)(c)(i) of the Listing Requirements. No alternate director is appointed as a member of the ARMC.

The terms of reference ("ToR") of the ARMC is available for download on the Company's website at www.kag.com.my.

SUMMARY OF ACTIVITIES

During the financial year under review, the ARMC discharged its functions and duties in accordance with its existing ToR. The activities undertaken during the financial year under review encompassed the following:

<u>Activities with regards to external audit:</u>

- Reviewed on the persons nominated by a shareholder as external auditors in place of resigning external auditors and any questions of resignation and recommendation to the Board for consideration;
- Reviewed external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan;
- Reviewed external audit results, audit reports, management letter and the response from the Management;
- Reviewed and evaluated factors relating to the independence of the external auditors and worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the MIA;
- Considered and recommended to the Board for approval of the audit fees payable to the external auditors; and
- Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommended to the Board for approval on the re-appointment of external auditors.

<u>Activities with regards to internal audit ("IA") and risk management:</u>

- Reviewed IA's resource requirements, scope, adequacy and function;
- Reviewed of annual IA plan and programs;
- Reviewed IA reports, recommendations and Management's responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management Team in a separate forum;
- Reviewed implementation of these recommendations through follow-up audit reports;
- Suggested on additional improvement opportunities in the areas of internal control, systems and efficiency improvement;
- Facilitated the establishment of the risk management framework and reviewed any significant proposed changes to risk management policies and strategies for adoption by the Board;
- Reviewed and monitored principal risks which may affect the Group directly or indirectly, and if deemed necessary, and recommended additional course(s) of action to mitigate such risks;
- Monitored the risk assessment results and communication to the Board with mitigating measures for consideration; and
- Assessed to the actual and potential impact of any failure or weakness of the internal controls in place.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

Activities with regards to financial statements:

- Reviewed annual report and the annual audited financial statements of the Company prior to submission to the Directors for their perusal and approval as to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB");
- Reviewed the Group's compliance with the Listing Requirements, MASB and other relevant legal and regulatory requirements and deliberation on the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements with regards to the quarterly financial statements and annual audited financial statements of the Company; and
- Reviewed the unaudited financial results announcements before recommending for Board's approval, focusing particularly on:
  - o any change in accounting policies and practices;
  - o significant adjustments arising from the audit;
  - o the going concern assumption; and
  - o compliance with applicable financial reporting standards and other legal requirements.

Other activities:

- Reviewed its ToR periodically and made recommendation to the Board on revision, if necessary;
- Reviewed any related party transactions, if any entered into by the Company and the Group;
- Verified the options allocated under the Share Issuance Scheme ("SIS") in compliance with criteria as stipulated in the SIS By-laws of the Company;
- Facilitated the drafting of the whistle-blowing policy and recommended the amendment and/or modification, if any to the Management;
- Reviewed application of CG principles and the extent of the Group's compliance with the best practices set out under with the Code; and
- Reviewed the CG Overview Statement, CG Report, ARMC Report and the Statement on Risk Management and Internal Control for adoption by the Board.

Internal Audit Function

The purpose of the internal audit function is to provide the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To provide an independent appraisal over the system of internal control of the Group to the ARMC, the Company outsources the internal audit function to an independent assurance provider ("internal auditors"). In this respect, the IA has added value by improving the control processes within the Group. The total costs incurred was amounted to RM18,000.

The internal audit activities were carried out based on a risk-based audit plan presented by the internal auditors to the ARMC for approval. The establishment of the audit plan took into consideration the corporate risk profile and input from Senior Management and the ARMC. The internal auditors highlighted to the ARMC the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective actions to ensure an adequate and effective internal control system within the Group.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 30 to 32 of this Annual Report.

This Report was made by the ARMC in accordance with a resolution dated 18 July 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Securities and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during FY2019.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibilities in maintaining a sound system of internal controls that covers financial, operational and risk management within the Group to meet its business objectives. The Board affirms its overall responsibility to establish a sound risk management framework and internal control system, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against hindering the Group achieving its business objectives, material misstatement, loss and fraud. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

The Board has received assurance in writing from the Managing Director and Senior Management that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

RISK MANAGEMENT

The Board recognises the importance for identifying, evaluating and managing the significant risks that could potentially impact the Group. The Board is aware that risk management practices need to be embedded into the organisation's business process. Hence, risk registers and risk profiles are used as one of the business tools to highlight the risks exposures and their risks mitigation to Management and Board. The risk register and risk profiles for all business units of the Group are updated as and when there are changes to the business environment or regulatory guidelines. This process is regularly reviewed by the ARMC and reported to the Board.

During the financial year under review, the underlying principal risks of the Company are market competition risk, foreign exchange risk, dependent on key management personnel risk, security risk, operational and business risk, regulatory and political risk and established an on-going process for identifying, evaluating, and managing such risks. In addition, the Board has outsourced the establishment of an enterprise risk management framework to a professional firm and it has been reviewed during the financial year under review.

The key elements of the Group's risk management practices are described below:

1. The Group maintains a sound system of risk management by ensuring that the risk management and control framework are embedded into the culture, processes and structure of the Group and to the achievement of its business objectives.
2. The Group has established an organisation structure with clearly defined limits of authority, lines of responsibility and accountability that aligned to the Group's business objectives.
3. The Heads of Department and Key Management staffs are responsible for identifying, assessing and managing the risks faced by the respective departments. The results of risk assessment activities are shared across the business unit for appropriate actions to be taken.
4. Periodic operational/management meetings are held to ensure that the risks identified are monitored and appropriately addressed to the Executive Director and they shall highlight those significant risks identified to the ARMC and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (cont'd)

The key elements of the Group's risk management practices are described below (cont'd):

5. The Board is assisted by the ARMC in overseeing the effectiveness of the Group's policies and guidelines to ensure proper management of risks to which the Group is exposed and to take appropriate and timely action to manage the risks.
6. The Board through the ARMC, maintains risks oversight for the Group by carrying out the following:
   - i. On-going review with the Key Management personnel within the Group on the development and maintenance of risk management practices and internal control systems.
   - ii. Review on the results of the internal audit programme, processes or investigation undertaken at least once a year and whether or not appropriate action is taken on the recommendations made by the internal auditors.
   - iii. Review with external auditors on the results of their audit, the audit report and internal control recommendations in respect of internal control weaknesses noted in the course of their audit on a yearly basis.

INTERNAL CONTROL PROCESSES

The Group's internal control mechanism covers not only day-to-day operations but also on the governance of the Group at the highest level through the Board and various Board Committees. While the Board and its Board Committees are governed by their respective ToR established and are reviewed on an annual basis, Management's conduct is monitored and reviewed through operational performance reviews on quarterly basis, risk position reviewed periodically and independent internal audit conducted by independent professional firm. The internal control processes are reviewed and updated from time to time to ensure that they are relevant and effective when responding to changes in circumstances and external environment and also for further improvement by adopting the best practices, where practical.

Apart from risk management and internal audit function, the Board, through the ARMC has also put in place the following key elements as part of the Group's system of internal control:

- The Managing Director meets monthly with Key Management to discuss and review the financial and business performance of all operating entities, management accounts, new business initiatives, other management and corporate issues of the Group.
- The ARMC comprising entirely of Independent Non-Executive Members of the Board, is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The ARMC and the Board are also entitled to seek such other third party independent professional advice deemed necessary to the discharge of its responsibilities.
- An integrated Board Charter and Code of Ethics are in place and available at the Company's website to set the pace of upholding integrity and ethical values within the Group.

INTERNAL AUDIT

The Group has outsourced its internal audit function to NGL Tricor Governance Sdn Bhd, a professional service firm ("Outsourced IA"). The internal audit personnel assigned by the Outsourced IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence pursuant to the written declaration made by them.

The Outsourced IA is headed by its director, Mr Chang Ming Chew, who is a Certified Internal Auditor and holds a certification in Risk Management Assurance from the Institute of Internal Auditors. Mr Chang is a member of the Institute of Internal Auditors Malaysia and the Association of Chartered Certified Accountants (UK) and the Malaysian Institute of Accountants. The Outsourced IA has assigned three (3) staff to provide internal audit services during the financial year. The Outsourced IA performed its work in accordance with a recognized framework such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. These plans are updated periodically and approved by the ARMC.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT (cont'd)

The following IA activities were carried out by the internal auditors during the financial year under review:

i. Formulation of agreement with the ARMC on the risk-based IA plan that was consistent with the Company's objectives and goals;
ii. Conduct of various internal audit engagements in accordance with the annual IA plan; and
iii. Following up on internal audit recommendations to ensure adequate implementation.

During the financial year under review, based on the assessment and feedback from the internal auditors, the ARMC was satisfied that there was no material losses incurred, contingencies or uncertainties occurred as a result of weaknesses noted in the internal control systems that would require separate disclosure in this Annual Report. The internal auditors also performed follow-up visits to ensure that recommendations for improvements to the internal control systems have been satisfactorily implemented.

Premised on the performance assessment and feedback by the Management Team, the ARMC is of the view that internal auditors are free from any relationships or conflicts of interest with those involved and is capable of carrying out the internal audit reviews. Accordingly, the ARMC approved for the Group to continuously outsource the internal audit function to Outsourced IA in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system for FY2020.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Rule15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in this Annual Report of the Group for FY2019 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

CONCLUSION

The Board has received reasonable assurance from the Managing Director that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively. The Board is of the opinion that there were no significant weakness identified during the financial year under review in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Company and the Group save and except for the specific shortcomings in operational related issues as highlighted by the internal audit conducted. These gaps will be gradually closed through the institution of the on-going corrective measures.

Nevertheless, the Board recognizes that the systems must continuously improve to meet the changing business environment. The Board and the Management will continue to take necessary measures to strengthen and improve its internal control environment and processes.

This Statement was in accordance with the resolution of the Board of Directors dated 18 July 2019.

SUSTAINABILITY STATEMENT

Key Alliance Group Berhad ("The Company") and its subsidiaries (collectively referred ti as "the Group") aims to conduct a sustainable business which focuses to outline the key environmental, social and governance aspects that are material to the continued success of the Group's operation. The Group believes that sustainability practices are fast gaining importance in enhancing long-term shareholder value.

This sustainability statement outlines the Group's sustainability activities with respect to the following core areas throughout the financial year under review:

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance. Apart from the Annual General Meting where shareholders are encouraged to ask questions to the Board of Directors on business operations and the financial performance of the Group, shareholders can refer to the Group's corporate website at www.kag.com.my for information. KAG continue to enhance its shareholder value by engaging in ethical procurement procedures, enhancing good management practices, internal control systems, and transparency, emphasizing on corporate governance and corporate accountability.

Customers

The Group is committed to see that not only shareholers' interest are taken care of but also our customers and suppliers. In this regard, the Group values its customers as they a major reason for its profitability. The Group is committed to deliver the value in line with our customers' expectation by conducting sales and technical training and on-going business review and providing after sales service.

Suppliers

To our suppliers, we are committed to enhance our processes and engaging with our suppliers to identify and manage risks, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. The Group filters the suppliers carefully ensuring only the one with specific criteria met are engaged.

Environment

The Group is committed to adopting environmental-friendly practices in its workplace. The Group actively encourages staff to practice environmentally friendly work habits. The Group promotes awareness in sustainable resource usage by encouraging employees to use recycle papers and being efficient use in the stationery. These approaches not only help in reducing company expenditure but also respond to environment concern with a paperless environment to reduce further carbon footprint.

The Group also encourage employees to instill a concept of every little thing counts when the employees understand the impact of turning off lights and air conditioners for rooms and areas which are not in use to aid in reducing the energy consumption.

SUSTAINABILITY STATEMENT

Social

Employees

The Group considers employees as the most valuable asset in driving the Group's businesses and operations of the Group. A positive work environment is created where the employees can learn and grow. The Group actively pursues the development of a continuous learning and to become a knowledge-based organisation. The Group constantly provides opportunities for employees to enhance job knowledge and develop professional skills, by encouraging employees to undertake various types of training programs sponsored by the company. The Group believes employees well-equipped with confidence are motivated to carry out their duties and responsibilities, continuously contribute towards the growth and development of the organization in a fast changing world of how businesses are done.

The Group is committed to provide an equal opportunity in hiring, promoting and rewarding its employees. Every employee is given equal opportunity to rise up in their positions through hard work and dedication. The Group also demonstrates its appreciation of its employees by offering multiple benefits and rewarding performance.

We improve our working culture and encourage collaboration by organizing festival celebrations or social gathering to strengthen the team bonding among the employees.

Community

The Group also participates in the initiatives taken by the Government to increase the employment of prospective new graduates by accepting trainees from local colleges and universities for industrial, subsequently considering them for permanent employment.

Our Commitment

The Group will be continuously looking for new ways to incorporate sustainability practices into its business operations and adapt accordingly to remain at forefront.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of proceeds raised**

Save as disclosed below, there were no other proceeds raised from corporate proposal during the financial year ended 31 March ("FY") 2019.

Rights issue

On 8 May 2017, the Rights Issue with Warrants has been completed with the listing of Rights Shares and Warrants on the ACE Market of Bursa Malaysia Securities Berhad. As at 31 March 2019, the status utilisation of the proceeds raised is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Construction works for the Pano Project*	35,000	(8,833)	26,167
Working capital	5,203	(5,203)	-
Estimated expenses for the Corporate Exercises	750	(750)	-

**Proceeds of up to RM25 million will be allocated for Construction Works. The Company would allocate up to an additional RM 10 million for the Construction Works to act as a buffer to cater for any delay in the project schedule/ progress payments and related expense. Any unutilized balance from this RM 10 million will be allocated for working capital.*

Private Placement

On 20 April 2018, the Company had announced the completion of issuance of 42,790,000 new ordinary shares representing 10% of the share capital of the Company on the ACE Market of Bursa Securities. The breakdown of the utilisation proceeds as at 31 March 2019 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Repayment of borrowings	2,552	(2,552)	-
Expenses in relation to private placement	80	(80)	-

2. **Material contracts**

There were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries ("Group") involving Directors' or substantial shareholders' interest, either still subsisting at the end of FY 2019 or entered into since the end of the previous financial year.

3. **Options, warrants or convertible securities**

During FY 2019, the Company issued:

a) 42,790,000 new ordinary shares arising from the private placement for a total cash consideration of RM2,631,585;
b) 19,250 new ordinary shares resulting from the conversion of Warrants at an exercise price of RM0.40 per share; and
c) 50,000,000 new ordinary shares at RM0.045 per ordinary share via pursuant of the Share Issuance Scheme ("SIS") for a total cash consideration of RM2,250,000.

ADDITIONAL COMPLIANCE INFORMATION

3. **Options, warrants or convertible securities (cont'd)**

The details of the issued and paid-up capital of the Company as at 31 March 2019 are as follows:

	No. of Shares	RM
As at 01 March 2018	427,902,420	94,796,584
Ordinary shares issued pursuant to private placement	42,790,000	2,631,585
Conversion of Warrant A	19,250	7,700
Ordinary shares issued pursuant to the SIS	50,000,000	2,250,000
As at 31 March 2019	520,711,670	99,685,869

Other than the above-mentioned, the Company did not issue any options, warrants or convertible securities during the financial year under review.

4. **Audit and Non-Audit Fees**

During FY 2019, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, Messrs. Afrizan Tarmili Khairul Azhar were as follows:

	The Company RM	The Group RM
Audit fees	40,000	132,750
Non audit fees	5,000	5,000

The non-audit fees were incurred mainly for corporate exercise services rendered to the Group.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Act 2016 to prepare the financial statements for each financial year. These financial statements are to be drawn up in accordance with applicable approved accounting standards other than private entities as issued by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the year then ended.

In preparing these financial statements, the Directors have considered that:

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- Reasonable and prudent judgments and estimates were made;
- The applicable approved accounting standards in Malaysia have been applied; and
- The preparation of the financial statements is on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors' on 18 July 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of investment and property holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit and other comprehensive (expense)/income for the year	(7,648,173)	2,475,342
Attributable to:		
Owners to the company	(6,978,354)	2,475,342
Non-controlling interests	(669,819)	-
	(7,648,173)	2,475,342

DIVIDENDS

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

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in Note 24 of the financial statements.

SHARES AND DEBENTURES

During the financial year, the following shares were issued:

Date	Class of shares	Purpose of issue	Number of shares	Exercised price (RM)	Term of issue
20 April 2018	Ordinary shares	Private placement	42,790,000	0.0615	Cash
04 July 2018	Ordinary shares	Conversion of Warrant	19,250	0.40	Cash
17 October 2018	Ordinary shares	Exercise of SIS	50,000,000	0.045	Cash

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

No new debentures were issued during the financial year.

WARRANTS

Warrant A

Warrant A were listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 3 July 2013. Warrant A was expired on 2 July 2018. Movements on the warrant since the listing thereof are as follows:

	Number of warrants
As of 3 July 2013	290,400,000
Adjustment in financial year 2018:	
- Adjustment arising from the right issue	14,615,906
- Adjustment arising from the share consolidation	(228,762,321)
As of 31 March 2018	76,253,585
Adjustment in financial year 2019:	
Exercise of warrants	(19,250)
Expiry of warrants	(76,234,335)
As of 31 March 2019	-

Warrant B

Warrant B were listed on Bursa Securities on 8 May 2017. Movements on the warrant since the listing thereof are as follows:

	Number of warrants
As of 8 May 2017	409,527,425
Adjustment in financial year 2018:	
- Adjustment arising from the share consolidation	(307,145,618)
As of 31 March 2018/31 March 2019	102,381,807

The salient features of the warrants are disclosed in Note 24 of the financial statements.

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, except for the share options granted to the Company's Share Issuance Scheme ("SIS") as below:

		Number of Share Issuance Scheme Options				
Date of offer	Exercise price	As at 1/4/2018 Unit '000	Granted Unit '000	Exercised Unit '000	Lapsed Unit '000	As at 31/3/2019 Unit '000
15 June 2015	RM0.05	94,240	-	-	(94,240)	-
26 May 2017	RM0.05	-	75,000	(73,500)	-	1,500
25 April 2018	RM0.065	-	100,000	-	(100,000)	-
03 October 2018	RM0.045	-	100,000	(50,000)	(50,000)	-
		94,240	275,000	(123,500)	(244,240)	1,500

The details of the SIS are disclosed in Note 24 of the financial statements.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company in office since the beginning of the financial year to the date of this report are:-

Roy Ho Yew Kee
Dato' Zaidi Bin Mat Isa @ Hashim
Ong Gim Hai
Lee Kien Fatt (Appointed on 4 June 2018)

DIRECTORS' INTERESTS

None of the Directors in office at the end of the financial year hold any interest in shares and options over ordinary shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, there is no arrangement subsisted to which the Company or its related companies is a party with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of the last report, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REMUNERATION

The amounts of the remunerations of the Directors or past Directors of the Group and the Company comprising remunerations received/receivable from the Group and the Company during the financial year are as follows:

Group	**Fees RM**	**Other emolument RM**	**Contribution to defined contribution plan RM**	**Social security costs RM**
Managing Director	96,000	169,000	20,280	770
Directors of subsidiaries	44,000	388,000	46,560	1,770
Independent Non-Executive Chairman	60,000	-	-	-
Independent Non-Executive Directors	81,000	-	-	-
	281,000	557,000	66,840	2,540
Company				
Managing Director	96,000	-	-	-
Independent Non-Executive Chairman	60,000	-	-	-
Independent Non-Executive Directors	81,000	-	-	-
	237,000	-	-	-

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) would render the amounts written off for bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; or

(b) would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report there are :

(a) no changes of the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(b) no contingent liabilities in the Group and the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group and 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 affect the ability of the Group and the Company to meet their obligations when they fall due.

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

In the opinion of the Directors:

(a) the results of the operation of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

DIRECTORS' REPORT

AUDITORS' REMUNERATION

The total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM	Company RM
Statutory audit	132,750	40,000

AUDITORS

The auditors, AFRIZAN TARMILI KHAIRUL AZHAR, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATO' ZAIDI BIN MAT ISA @ HASHIM
Director

ROY HO YEW KEE
Director

Kuala Lumpur, Malaysia

Date: 18 July 2019

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

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

We, DATO' ZAIDI BIN MAT ISA @ HASHIM and ROY HO YEW KEE, being two of the Directors of KEY ALLIANCE GROUP BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2019 and of the results of the operations and the cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATO' ZAIDI BIN MAT ISA @ HASHIM
Director

ROY HO YEW KEE
Director

Kuala Lumpur, Malaysia

Date: 18 July 2019

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

I, ROY HO YEW KEE, being the Director primarily responsible for the financial management of KEY ALLIANCE GROUP BERHAD, do solemnly and sincerely declare that the accompanying financial statements, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the }
above named at Kuala Lumpur in this }
Federal Territory on 18 July 2019 }

ROY HO YEW KEE

Before me,

Commissioner for Oaths

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF **KEY ALLIANCE GROUP BERHAD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KEY ALLIANCE GROUP BERHAD, which comprise the statements of financial position as at 31 March 2019 of the Group and 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 year then ended, and notes to the financial statements, including a summary of significant accounting, as set out on pages 50 to 124.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian 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 Accountant ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

1. Inventories

During the financial year ended 31 March 2019, the Group holds significant inventories which exposed the Group to a risk that the inventories may become obsolete and moving slow and may eventually lead to lower net realisable value as compared to their carrying value.

We focused on this area as it involves estimation uncertainty by the Directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost or market value.

Our audit procedures in relation to the valuation of inventories included:

- obtaining an understanding of the Group's inventory management process; how the Group identifies and assesses inventory write-downs; and how the Group makes the accounting estimates for inventory write-downs;

- reviewing the consistency of the application of management's methodology in determining and estimating the provision from year to year;

Key Audit Matters (cont'd)

1. Inventories (cont'd)

Our audit procedures in relation to the valuation of inventories included (cont'd):

- reviewing and testing the net realisable value of inventories on sampling basis;
- evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures; and
- we observed the inventory count procedures and attended the physical count at year end, and identifying obsolete inventories which would require impairment.

2. Trade receivables

We focused on this area because the management make judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivable.

Our audit procedures included amongst others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;
- evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables;
- critically assessed recoverability of receivables that were past due but not impaired with reference to their historical records and repayment trends;
- reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

Information Other than the Financial Statement and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD

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 Standard and the requirements of 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.

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 exist. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD

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

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

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

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

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

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

Other Matters

This report is made solely to the members of the Group and 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.

AFRIZAN TARMILI KHAIRUL AZHAR
AF: 1300
Chartered Accountants (Malaysia)

DATUK MOHD AFRIZAN HUSAIN
Chartered Accountant
01805/11/2020 J
Partner

Kuala Lumpur, Malaysia

Date: 18 July 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED **31 MARCH 2019**

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Revenue	4	44,336,306	27,016,686	324,000	360,000
Cost of sales		(39,547,257)	(23,458,549)	-	-
Gross profit		4,789,049	3,558,137	324,000	360,000
Other income	5	1,292,143	5,065,450	6,904,814	4,863,088
Administrative expenses	6	(11,031,348)	(12,436,844)	(3,575,624)	(5,411,003)
Other operating expenses	7	(2,632,257)	(5,233,633)	(1,175,941)	(12,017,926)
(Loss)/Profit from operations		(7,582,413)	(9,046,890)	2,477,249	(12,205,841)
Finance costs		(494,395)	(236,470)	(1,907)	-
(Loss)/Profit before taxation		(8,076,808)	(9,283,360)	2,475,342	(12,205,841)
Tax credit/(expense)	8	428,635	(163,681)	-	-
(Loss)/Profit and other comprehensive (expense)/income for the year		(7,648,173)	(9,447,041)	2,475,342	(12,205,841)
Total comprehensive (expense)/income for the year		(7,648,173)	(9,447,041)	2,475,342	(12,205,841)
(Loss)/Profit and other comprehensive (expense)/income for the year attributable to:-					
Owners of the Company		(6,978,354)	(9,600,615)	2,475,342	(12,205,841)
Non-controlling interests		(669,819)	153,574	-	-
(Loss)/Profit and other Comprehensive (expense)/income for the year		(7,648,173)	(9,447,041)	2,475,342	(12,205,841)
Basic loss per share (cent)	9	(1.42)	(1.05)		

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Non Current Assets					
Property, plant and equipment	10	31,960,313	26,998,991	3,508,115	2,900,847
Deferred tax assets	11	309,599	-	-	-
Investment properties	12	18,351,762	18,351,762	9,000,000	9,000,000
Intangible assets	13	5,805,412	5,805,412	-	-
Investment in subsidiary companies	14	-	-	8,764,598	5,140,540
Investment in associate company	15	-	-	-	-
Other investments	16	5,406,905	5,327,381	5,228,864	213,864
Total Non Current Assets		61,833,991	56,483,546	26,501,577	17,255,251
Current Assets					
Inventories	17	5,407,643	5,808,548	-	-
Trade receivables	18	21,469,506	5,791,963	-	-
Other receivables, deposits and prepayments	19	10,245,451	5,204,600	1,295,163	228,311
Amount due from subsidiary companies	20	-	-	50,032,113	42,700,486
Amount due from an associate company	21	-	-	-	-
Tax recoverable		851,935	581,007	22,837	17,570
Deposits with licensed banks	22	4,035,255	5,304,180	3,982,255	3,858,660
Cash and bank balances	22	3,515,755	18,239,095	843,625	10,399,550
Total Current Assets		45,525,545	40,929,393	56,175,993	57,204,577
Total Assets		107,359,536	97,412,939	82,677,570	74,459,828
Equity					
Share capital	23	99,685,869	94,796,584	99,685,869	94,796,584
Reserve	24	14,434,207	18,209,407	14,434,207	18,209,407
Accumulated losses		(40,128,318)	(37,175,164)	(34,266,961)	(40,767,503)
		73,991,758	75,830,827	79,853,115	72,238,488
Non-controlling interest	25	1,938,303	2,608,122	-	-
Total Equity		75,930,061	78,438,949	79,853,115	72,238,488
Non Current Liabilities					
Term loan	26	112,347	3,350,634	-	-
Finance lease liabilities	27	568,909	1,265,487	-	-
Deferred tax liabilities	11	1,231,175	1,514,532	1,194,700	1,194,700
Total Non Current Liabilities		1,912,431	6,130,653	1,194,700	1,194,700

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Current Liabilities					
Trade payables	28	19,214,251	5,726,176	-	-
Other payables, deposits and accruals	29	7,494,876	2,916,195	207,257	184,530
Amount due to subsidiary companies	20	-	-	1,422,498	842,110
Bank overdrafts	22	1,909,904	2,650,332	-	-
Term loan	26	120,396	231,368	-	-
Finance lease liabilities	27	777,617	1,319,266	-	-
Total Current Liabilities		29,517,044	12,843,337	1,629,755	1,026,640
Total Liabilities		31,429,475	18,973,990	2,824,455	2,221,340
Total Equity and Liabilities		107,359,536	97,412,939	82,677,570	74,459,828

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<---------------- Non-Distributable			------------------>	Distributable				
Group	Share capital RM	Share premium RM	Share option reserve RM	Warrants reserve RM	Accumu-lated losses RM	Total RM	Attributable to owners of the Company RM	Non-controlling interest RM	Total equity RM
1 April 2017	40,952,743	10,037,634	569,680	3,775,200	(16,185,022)	39,150,235	39,150,235	1,429,229	40,579,464
Issuance of share capital pursuant to rights issue	40,952,743	-	-	-	-	40,952,743	40,952,743	-	40,952,743
Issuance of warrants arising from rights issue	-	-	-	13,842,027	(13,842,027)	-	-	-	-
Share based payment pursuant to SIS	-	-	2,475,000	-	-	2,475,000	2,475,000	-	2,475,000
Share option exercised	3,675,000	-	(2,452,500)	-	2,452,500	3,675,000	3,675,000	-	3,675,000
Share issuance and related expenses	-	(821,536)	-	-	-	(821,536)	(821,536)	-	(821,536)
Transfer pursuant to Companies Act, 2016	9,216,098	(9,216,098)	-	-	-	-	-	-	-
Non-controlling interest in acquisition of subsidary	-	-	-	-	-	-	-	1,025,319	1,025,319
Loss for the financial year	-	-	-	-	(9,600,615)	(9,600,615)	(9,600,615)	153,574	(9,447,041)
31 March 2018	94,796,584	-	592,180	17,617,227	(37,175,164)	75,830,827	75,830,827	2,608,122	78,438,949
1 April 2018	94,796,584	-	592,180	17,617,227	(37,175,164)	75,830,827	75,830,827	2,608,122	78,438,949
Grant of share issuance scheme	-	-	500,000	-	-	500,000	500,000	-	500,000
Issuance of share from private placement	2,631,585	-	-	-	-	2,631,585	2,631,585	-	2,631,585
Exercise of warrants	7,700	-	-	-	-	7,700	7,700	-	7,700
Exercise of share issuance scheme	2,250,000	-	(250,000)	-	250,000	2,250,000	2,250,000	-	2,250,000
Share issuance scheme expired	-	-	(250,000)	-	-	(250,000)	(250,000)	-	(250,000)
Warrants expired	-	-	-	(3,775,200)	3,775,200	-	-	-	-
Loss for the financial year	-	-	-	-	(6,978,354)	(6,978,354)	(6,978,354)	(669,819)	(7,648,173)
31 March 2019	99,685,869	-	592,180	13,842,027	(40,128,318)	73,991,758	73,991,758	1,938,303	75,930,061

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<----------------- Non-Distributable			--------------------->	Distributable	
Company	**Share capital RM**	**Share premium RM**	**Share option reserve RM**	**Warrants reserve RM**	**Accumu-lated losses RM**	**Total equity RM**
1 April 2017	40,952,743	10,037,634	569,680	3,775,200	(17,172,135)	38,163,122
Issuance of share capital pursuant to rights issue	40,952,743	-	-	-	-	40,952,743
Issuance of warrants arising from rights issue	-	-	-	13,842,027	(13,842,027)	-
Share based payment pursuant to SIS	-	-	2,475,000	-	-	2,475,000
Share option exercised	3,675,000	-	(2,452,500)	-	2,452,500	3,675,000
Share issuance and related expenses	-	(821,536)	-	-	-	(821,536)
Transfer pursuant to Companies Act, 2016	9,216,098	(9,216,098)	-	-	-	-
Loss for the financial year	-	-	-	-	(12,205,841)	(12,205,841)
31 March 2018	94,796,584	-	592,180	17,617,227	(40,767,503)	72,238,488
1 April 2018	94,796,584	-	592,180	17,617,227	(40,767,503)	72,238,488
Grant of share issuance scheme	-	-	500,000	-	-	500,000
Issuance of share from private placement	2,631,585	-	-	-	-	2,631,585
Exercise of warrants	7,700	-	-	-	-	7,700
Exercise of share issuance scheme	2,250,000	-	(250,000)	-	250,000	2,250,000
Share issuance scheme expired	-	-	(250,000)	-	-	(250,000)
Warrants expired	-	-	-	(3,775,200)	3,775,200	-
Loss for the financial year	-	-	-	-	2,475,342	2,475,342
31 March 2019	99,685,869	-	592,180	13,842,027	(34,266,961)	79,853,115

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(8,076,808)	(9,283,360)	2,475,342	(12,205,841)
Adjustments for:				
Allowance for impairment loss of trade receivable	313,160	-	-	-
Amortisation of goodwill	-	3,641,592	-	-
Changes in fair value of investment in quoted share	(327,690)	-	(327,690)	-
Depreciation of property, plant and equipment	2,830,709	1,802,104	759,884	303,968
Gain on disposal of property, plant and equipment	(154)	(65,000)	(154)	-
Impairment losses on amount due from a subsidiary company	-	-	-	6,590,144
Reversal of impairment of amount due to subsidiary	-	-	(5,620,878)	-
Impairment of investment in:				
- a subsidiary companies	-	-	1,175,941	5,431,246
- other investments	-	369,998	-	19,999
Interest expense	482,266	236,470	-	-
Interest income	(188,119)	(311,802)	(123,596)	(104,340)
Loss on disposal of:				
- property, plant and equipment	-	243,946	-	-
- subsidiary company	2,247,492	-	-	-
Reversal of allowance of Impairment losses on trade receivable	(84,748)	-	-	-
Share based payment expense	250,000	2,475,000	250,000	2,475,000
Write off of:				
- inventories	34,502	-	-	-
- other deposit	8,000	-	-	-
- property, plant and equipment	-	458,388	-	-
Operating (loss)/profit before working capital changes	(2,511,390)	(432,664)	(1,411,151)	2,510,176
Changes in:				
- Inventories	820,556	3,566,298	-	-
- Trade receivables	(15,913,267)	(960,964)	(1,066,850)	-
- Other receivables, deposits and prepayment	(5,271,058)	1,945,415	-	543,006
- Trade payables	13,638,470	3,640,638	22,727	-
- Other payables, deposits and accruals	4,732,523	(5,582,213)	-	(348,318)
Cash (used in)/ generated from operation	(4,504,166)	2,176,510	(2,455,274)	2,704,864
Interest received	64,525	-	-	-
Interest paid	(482,266)	(236,470)	-	-
Tax paid	(315,016)	(647,430)	(5,270)	(34,680)
Tax refund	32,426	126,815	-	20,400
Net cash (used in)/generated from operating activities	(5,204,497)	1,419,425	(2,460,544)	2,690,584

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Acquisition of:					
- a subsidiary company		(4,000,000)	(1,399,821)	(4,000,000)	-
- other investment		(4,687,310)	(50,000)	(4,687,310)	(50,000)
Additional investment in					
- subsidiary company		-	-	(800,000)	(2)
- non-controlling interest		-	1,025,318	-	-
Disposal of discontinued operation, net of cash		(1,608,493)	-	-	-
Increase in work-in-progress		(5,434,000)	(19,973,000)	-	-
Proceeds from disposal of:					
- property, plant and equipment		5,798	65,000	5,801	-
- subsidiary company, net of cash and		-	-	1	-
- unit trust		4,935,475	-	-	-
Proceeds from redemption of redeemable preference shares		-	1,597,138	-	1,597,138
Purchase of:					
- property, plant and equipment		(3,170,554)	(2,958,044)	(1,372,796)	(3,192,951)
- investment properties		-	(457,800)	-	-
Placement of investment in unit trust		-	(5,000,000)	-	-
Withdrawal of fixed deposit		1,268,925	-	-	-
Net cash used in investing activities		(12,690,159)	(27,151,209)	(10,854,304)	(1,645,815)
Cash flows from financing activities					
Proceeds from issuance of share capital		-	44,627,743	-	44,627,743
Proceeds from private placement		2,631,585	-	2,631,585	-
Proceeds from warrants exercised		7,700	-	7,700	-
Proceeds from exercise of share issuance scheme		2,250,000	-	2,250,000	-
Repayment of:					
- finance lease liabilities		(673,447)	(1,491,161)	-	-
- term loan		(304,094)	(420,472)	-	-
- subsidiary company		-	-	(1,130,362)	(34,656,573)
Share issuance and related expenses		-	(821,536)	-	(821,536)
Net cash generated from financing activities		3,911,744	41,894,574	3,758,923	9,149,634
Net (decrease)/increase in cash and cash equivalents		(13,982,912)	16,162,790	(9,555,925)	10,194,403
Cash and cash equivalents as at beginning of the financial year		15,588,763	(574,027)	10,399,550	205,147
Cash and cash equivalents as at end the financial year	21	1,605,851	15,588,763	843,625	10,399,550

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

The Company is a public limited liability company and is incorporated under the Companies Act, 1965 in Malaysia. The Company is domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 31/2, 58100 Kuala Lumpur. The principal place of business is located at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment and property holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statement. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

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

The accompanying financial statements have been prepared assuming that the the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The standards and interpretations that are issued but not yet effective up to date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective date for financial periods beginning on or after 01 January 2019

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

a) Statement of compliance (cont'd)

Effective date for financial periods beginning on or after 01 January 2020

Amendments to MFRS 3	Business Combinations - Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

Effective date for financial periods beginning on or after 01 January 2021

MFRS 17	Insurance Contracts

Effective date for financial periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements - Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

The Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 and 1 January 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019 and 1 January 2020.

The Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Company. The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current year and prior year financial statements of the Company except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117 - Leases, IC Interpretation 4 - Determining whether an Arrangement contains a Lease, IC Interpretation 115 - Operating Leases - Incentives and IC Interpretation 127 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has yet to complete their assessment on the standard and its significant impact on its financial statements.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

3. SIGNIFICANT ACCOUTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosure, and have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, income and expenses are discussed below: -

(a) Key sources of estimation uncertainty

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on the commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of investments in subsidiaries and amount owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amount owing by subsidiaries when the receivables are long outstanding.

The recoverable amount of investment in subsidiaries and amount owing by subsidiaries is assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. Such a discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgment was also used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(iii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company 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 amount that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in future years in which tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting year, changes in business strategy, future operating performance and other factors could potentially impact on the actual amount and the estimated amount would be recognised in the profit or loss in the year in which actual realisation and settlement occurs.

(v) Impairment of non-financial assets

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

(vi) Write-down of inventories

Reviews are made periodically by the management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories

(vii) Impairment losses of receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses 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 the 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.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(viii) Revaluation of property, plant and equipment

Certain properties of the Group and the Company are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgment in determining discount rates, estimates of the future cash flows, capitalization rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgment has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(ix) Impairment of goodwill

The Group determines whether goodwill is impaired at least on annual basis. This requires an estimation of the value in use of the cash generating units ("CGU") to which the goodwill is allocated. Estimating value in use amount requires management to make an estimate of expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31st March 2019 was RM5,805,412 (2018: RM5,805,412). Further details are disclosed in Note 13 to the financial statements.

(x) Fair value estimates for certain financial assets and liabilities

The Group and the Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profits and/or equity.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2019.

Subsidiaries are entities (including structured entities) controlled by Group. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

Intergroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustment is made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.2 BASIS OF CONSOLIDATION (cont'd)

(a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(b) 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 interest in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interest 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.

(c) 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 these results in the non-controlling interests have a deficit balance.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(d) Change 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.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.2 BASIS OF CONSOLIDATION (cont'd)

(e) 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.

(f) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.2 BASIS OF CONSOLIDATION (cont'd)

(g) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 FINANCIAL INSTRUMENTS

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instrument categories and subsequent measurement

<u>Financial assets</u>

Current financial year

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

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3.8(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3.8(i)) where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

(b) Fair value through other comprehensive income (cont'd)

ii) Equity investments

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

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 3.8(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, Financial instruments: Recognition and Measurement as follows:

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Previous financial year (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group or the Company had the positive intention and ability to hold them to maturity,

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instrument that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit and loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see note 3.8(i)).

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

Current financial year

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

(b) Amortised cost

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

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

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) The recognition of an asset to be received and the liability to pay it on the trade date, and

(b) Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) The recognition of an asset on the day it is received by the Group or the Company, and

(b) Derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.3 FINANCIAL INSTRUMENTS (cont'd)

(iv) Financial guarantee contracts

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

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contract with Customers.

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

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(v) 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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, leasehold land and building are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses, if any.

Leasehold land and building are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land, leasehold land and building are revalued periodically, at least once in every five (5) periods or earlier if circumstances indicate that the carrying amount may differ significantly from the market value.

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Freehold land is not depreciated. Depreciation of an asset begins when it is ready for its intended use. 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 principle annual rates used for this purpose are:-

	Rate
Data centre	15 years
Computer equipment and software	20% to 30%
Furniture and fittings and office equipment	10% to 20%
Motor vehicles	20%
Renovation	20%
Rental units	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year 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, plant and equipment.

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 Company 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, plant and equipment are recognised in profit and loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

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 is recognised in profit or loss.

The revaluation reserve include in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.5 LEASED ASSETS

(a) Finance lease

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

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

(b) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

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

3.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. 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.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is based on the cost of an asset less its residual value. Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired other intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.7 INVESTMENT PROPERTIES

Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income for capital appreciation or for both, but not for in 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 measured initially at cost and subsequently at fair value with any change therein recognised in profit loss for the period in which they arise. Where the fair value of the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised

3.8 IMPAIRMENT

(i) Impairment of financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.8 IMPAIRMENT (cont'd)

(i) Impairment of financial assets (cont'd)

Current financial year (cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivable using a provision matrix with reference to historical credit loss experience. An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amount due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment.

If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.8 IMPAIRMENT (cont'd)

(i) Impairment of financial assets (cont'd)

Previous financial year (cont'd)

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principle repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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 similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was reversed through profit or loss.

If, in a subsequent period, the fair value of debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

An impairment loss Is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.8 IMPAIRMENT (cont'd)

(ii) Other assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.9 INVENTORIES

Inventories are measured at the lower of cost and the net realisable value. Cost is determined on the first-in-first-out basis and comprises direct material, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition.

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

3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts 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 maturities period three months or less.

3.11 PROVISIONS

Provision are recognised when the Group and the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as finance cost.

3.12 EQUITY INSTRUMENTS

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.12 EQUITY INSTRUMENTS (cont'd)

(iii) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3.13 REVENUE AND OTHER INCOME

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

3.14 EMPLOYEE BENEFITS

(a) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the year in which the associated services are rendered by employees of the Group and of the Company.

(b) Defined contribution plans

The Group's and the Company's contributions to defined contribution plans are recognised in profit or loss in the year to which they relate. Once the contributions have been paid, the Group and of the Company has no further liability in respect of the defined contribution plans.

(c) State plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF). Such contributions are recognised as an expense in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.14 EMPLOYEE BENEFITS (cont'd)

(d) Share based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(e) Share based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(f) Termination benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

3.15 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loses 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 loses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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 year.

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.15 INCOME TAXES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforce right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

3.16 EARNINGS PER ORDINARY SHARE

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies: -

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUTING POLICIES (cont'd)

3.18 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 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's 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.

3.20 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

4. REVENUE

Revenue represents the gross invoiced value of goods sold less returns and discounts allowed.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Click and rental charges	13,258,982	14,334,007	-	-
Consultancy and training fees	28,517	25,335	-	-
Management fees	-	-	324,000	360,000
Professional design fees	191,061	439,366	-	-
Renovation contracts	8,332,647	1,086,724	-	-
Sales of computer hardware and software	4,417,735	275,740	-	-
Sales of kitchen appliances	2,404,027	1,405,958	-	-
Sales of multi function printers	2,196,893	3,417,122	-	-
Sales - others	962,910	2,711,729	-	-
Service and maintenance fees	1,123,493	3,406,833	-	-
Construction works	11,355,171	-	-	-
Data centre	113,262	-	-	-
Sales return	(332)	(2,340)	-	-
Discount allowed	(48,060)	(83,788)	-	-
	44,336,306	27,016,686	324,000	360,000

5. OTHER INCOME

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Changes in fair value of investment	327,690	-	327,690	-
Gain in foreign exchange	5,077	-	-	-
Gain on disposal of property, plant and equipment	26,569	-	154	-
Interest income from:				
- Fixed deposits	124,671	146,958	124,671	104,622
- Subsidiary companies	-	-	195,008	168,823
- Others	-	769,230	85,553	531,521
Others	285,419	-	-	-
Rental income from:				
- Third party	435,240	152,280	435,240	145,080
- Subsidiary companies	-	-	115,620	139,596
Reversal of impairment loss on:				
- trade receivables	87,477	-	-	-
- amount due from subsidiary company	-	-	5,620,878	-
Sundry income	-	3,996,982	-	3,773,446
	1,292,143	5,065,450	6,904,814	4,863,088

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. ADMINISTRATIVE EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Advertisement	53,654	453,717	-	-
Employee benefit expenses	4,811,132	4,120,884	682,574	617,215
Depreciation	2,077,037	1,274,407	759,884	303,968
Entertainment	167,829	174,243	73,805	73,387
Professional fees	680,610	567,076	399,118	409,898
Rental of office	1,571,661	1,395,931	878,300	588,736
Repair and maintenance	458,754	367,196	323,701	343,462
Share based payment expenses	250,000	2,475,000	250,000	2,475,000
Travelling	267,463	224,949	31,491	46,717
Others	693,208	1,383,441	176,751	552,620
	11,031,348	12,436,844	3,575,624	5,411,003

Employee benefit expense comprises of:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, allowance and other emoluments	4,178,355	3,130,610	605,218	486,314
Employees Provident Fund	504,851	427,228	41,658	61,181
Social security costs	47,583	36,669	3,880	4,462
Other staff related expenses	80,343	526,377	31,818	65,258
	4,811,132	4,120,884	682,574	617,215

Included in employee benefits expense of the Group and the Company are Directors' emoluments amounting to RM907,380 (2018: RM880,144) and RM237,000 (2018: RM654,549) respectively as disclosed in Note 30.

7. OTHER OPERATING EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bad Debts Written Off	34,345	-	-	-
Impairment of goodwill	-	3,641,592	-	-
Impairment on investment in subsidiary companies	-	-	1,175,941	6,590,144
Inventories written down	34,503	42,909	-	-
Impairment loss on:				
- trade receivables	313,160	599,165	-	-
- other receivables	-	57,808	-	-
- amount due from subsidiary companies	-	-	-	5,427,782
Loss on foreign exchange	2,760	-	-	-
Loss on disposal				
- assets	-	458,388	-	-
- subsidiary company	2,247,489	-	-	-
Write off of property, plant and equipment	-	243,946	-	-
Others	-	189,825	-	-
	2,632,257	5,233,633	1,175,941	12,017,926

8. TAX (CREDIT)/EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Taxation based on the result for the financial year:				
Malaysian income tax	-	129,813	-	-
Deferred taxation (Note 11)	(97,075)	46,925	-	-
	(97,075)	176,738	-	-
Overprovision in prior years				
Malaysian income tax	(5,679)	(13,057)	-	-
Deferred taxation (Note 11)	(325,881)	-	-	-
	(428,635)	163,681	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. TAX (CREDIT)/EXPENSE (cont'd)

A reconciliation of income tax credit applicable to the (loss)/profit before taxation at the statutory tax rate to income tax credit at the effective rate of the Group and the Company is a follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before taxation	(8,076,808)	(9,283,360)	2,475,342	(12,205,841)
Tax at the statutory tax rate of 24% (2018: 24%)	(1,938,434)	(2,228,006)	594,082	(2,929,402)
Tax effect of:-				
Non-taxable income	(1,448,703)	(15,600)	(1,427,734)	(905,280)
Non-deductible expense	2,624,423	1,183,924	653,963	3,782,121
Deferred tax assets not recognised during the financial year	665,639	1,236,420	179,689	52,561
Overprovision of income tax in the prior financial year	(5,679)	(13,057)	-	-
Overprovision of deferred tax in the prior financial year	(325,881)	-	-	-
Tax (credit)/expense for the year	(428,635)	163,681	-	-

Unabsorbed tax losses and capital allowances of the Group and of the Company which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment	1,355,689	1,141,732	97,649	139,136
Unabsorbed tax losses	(17,080,198)	(27,476,485)	(1,031,872)	(342,460)
Unabsorbed capital allowances	(1,943,950)	(1,230,121)	(25,013)	(7,208)
	(17,668,459)	(27,564,874)	(959,236)	(210,532)

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	**2018**
	RM	**RM**
Loss for the year attributable to ordinary equity holders of the Company	6,978,354	9,600,615
	Number of shares	
Weighted average number of ordinary shares in issue	489,792,407	912,107,000
Basic loss per share (Cent)	1.42	1.05

Diluted:

The diluted loss per share has not been presented as the average market price of ordinary shares of the Company is lower than the exercise price for the conversion of the warrants to ordinary shares. The effect would be anti-dilutive to the loss per share.

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Data centre RM	Work in progress RM	Computer equipment and software RM	Furniture and fittings and office equipment RM	Motor vehicles RM	Renovation RM	Rental units RM	Total RM
Cost								
As at 1 April 2017	-	-	3,888,165	1,302,550	2,861,676	1,963,760	5,607,465	15,623,616
Acquisition of subsidiary	-	-	11,028	6,786	-	-	-	17,814
Additions	-	19,973,000	669,613	301,490	-	1,161,298	823,723	22,929,124
Transfer to inventories	-	-	-	-	-	-	(2,467,309)	(2,467,309)
Disposal	-	-	-	-	(470,399)	-	-	(470,399)
Written off	-	-	(3,728,732)	(91,690)	-	(33,385)	-	(3,853,807)
As at 31 March 2018/1 April 2018	-	19,973,000	840,074	1,519,136	2,391,277	3,091,673	3,963,879	31,779,039
Additions	-	5,434,000	479,422	99,242	22,672	1,706,910	862,308	8,604,554
Transfer to assets	25,407,000	(25,407,000)	-	-	-	-	-	-
Transfer to inventories	-	-	-	-	-	-	(732,106)	(732,106)
Disposal	-	-	-	(6,391)	(86,400)	-	-	(92,791)
Disposal of subsidiary	-	-	(9,878)	(1,072,134)	(220,000)	-	-	(1,302,012)
As at 31 March 2019	25,407,000	-	1,309,618	539,853	2,107,549	4,798,583	4,094,081	38,256,684
Accumulated Depreciation								
As at 1 April 2017	-	-	3,063,836	678,016	1,691,055	195,781	2,153,123	7,781,811
Acquisition of subsidiary	-	-	11,028	4,866	-	-	-	15,894
Charge for the year	-	-	305,364	259,147	494,244	275,850	467,499	1,802,104
Transfer to inventories	-	-	-	-	-	-	(1,197,889)	(1,197,889)
Disposal	-	-	-	-	(122,399)	-	-	(122,399)
Written off	-	-	(3,167,097)	(57,702)	(255,200)	(19,474)	-	(3,499,473)
As at 31 March 2018/1 April 2018	-	-	213,131	884,327	1,807,700	452,157	1,422,733	4,780,048
Charge for the year	846,900	-	256,403	84,254	399,114	702,753	541,285	2,830,709
Transfer to inventories	-	-	-	-	-	-	(277,954)	(277,954)
Disposal	-	-	-	(746)	(86,400)	-	-	(87,146)
Disposal of subsidiary	-	-	(5,579)	(753,040)	(190,667)	-	-	(949,286)
As at 31 March 2019	846,900	-	463,955	214,795	1,929,747	1,154,910	1,686,064	6,296,371
Carrying amount								
As at 1 April 2017	-	-	824,329	624,534	1,170,621	1,767,979	3,454,342	7,841,805
As at 31 March 2018/1 April 2018	-	19,973,000	626,943	634,809	583,577	2,639,516	2,541,146	26,998,991
As at 31 March 2019	24,560,100	-	845,663	325,058	177,802	3,643,673	2,408,017	31,960,313

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost						
As at 1 April 2017	39,175	3,080	2,449	-	175,864	220,568
Additions	16,583	263,824	19,720	-	2,892,824	3,192,951
As at 31 March 2018/1 April 2018	55,758	266,904	22,169	-	3,068,688	3,413,519
Additions	9,539	-	-	22,672	1,340,586	1,372,797
Disposal	-	(6,391)	-	-	-	(6,391)
As at 31 March 2019	65,297	260,513	22,169	22,672	4,409,274	4,779,925
Accumulated depreciation						
As at 1 April 2017	29,676	1,899	1,265	-	175,864	208,704
Charge for the year	4,658	26,841	1,168	-	271,301	303,968
As at 31 March 2018/1 April 2018	34,334	28,740	2,433	-	447,165	512,672
Charge for the year	7,992	52,051	4,434	4,156	691,251	759,884
Disposal	-	(746)	-	-	-	(746)
As at 31 March 2019	42,326	80,045	6,867	4,156	1,138,416	1,271,810
Carrying amount						
As at 1 April 2017	9,499	1,181	1,184	-	-	11,864
As at 31 March 2018/1 April 2018	21,424	238,164	19,736	-	2,621,523	2,900,847
As at 31 March 2019	22,971	180,468	15,302	18,516	3,270,858	3,508,115

11. DEFERRED TAX

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 April 2018	1,514,532	1,466,207	1,194,700	1,194,700
Effect of deconsolidation	(170,000)	-	-	-
Recognised in profit or loss	(422,956)	48,325	-	-
As at 31 March 2019	921,576	1,514,532	1,194,700	1,194,700
Deferred tax assets	(309,599)	-	-	-
Deferred tax liabilities	1,231,175	1,514,532	1,194,700	1,194,700
	921,576	1,514,532	1,194,700	1,194,700

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

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12. INVESTMENT PROPERTIES

Group	Freehold building RM	Building in progress RM	Total RM
As at 1 April 2017	9,000,000	8,893,962	17,893,962
Addition	-	457,800	457,800
As 31 March 2018	9,000,000	9,351,762	18,351,762
As at 1 April 2018	9,000,000	9,351,762	18,351,762
Transfer to investment properties	9,351,762	(9,351,762)	-
As 31 March 2019	18,351,762	-	18,351,762

Company	Freehold building RM	Total RM
As at 1 April 2017/31 March 2019	9,000,000	9,000,000

Freehold office building represents commercial property that can be leased to a third party. The fair value of the freehold office building of the Group at 31st March 2019 is determined by a valuation carried out by First Pacific Valuers Property Consultants Sdn Bhd., based on the comparison method of valuation basis. The strata title of the freehold office building has yet to be issued by the authority. The freehold office building was charged to licensed banks as security for bank facilities granted to the subsidiary companies.

During the financial year, building in progress has completed its construction on 23 January 2019.

Fair value information

The fair value of investment properties of the Group and of the Company is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
31 March 2019				
Investment property	-	9,000,000	9,351,762	18,351,762
31 March 2018				
Investment property	-	9,000,000	9,351,762	18,351,762
Company				
31 March 2019				
Investment property	-	9,000,000	-	9,000,000
31 March 2018				
Investment property	-	9,000,000	-	9,000,000

12. INVESTMENT PROPERTIES (cont'd)

The freehold office building is stated at fair value based on valuation performed by independent professional valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and categories of investment properties valued.

Level 2 fair value

Level 2 fair value building has been generally derived using the open market value approach. Market value is meant the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Level 3 fair value

The Group completed construction of building in progress on 23 January 2019. This property was valued using the property under construction approach, which resulted in a Level 3 fair value.

13. INTANGIBLE ASSETS

	Group	
	2019 RM	**2018 RM**
As at beginning of the year	10,597,004	9,197,183
Addition	-	1,399,821
	10,597,004	10,597,004
Less: Accumulated impairment	(4,791,592)	(4,791,592)
As at end of the year	5,805,412	5,805,412
Allowance for impairment losses:		
As at beginning of the year	4,791,592	1,150,000
Addition during the year	-	3,641,592
As at end of the year	4,791,592	4,791,592

Goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified according to the particular business segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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13. INTANGIBLE ASSETS (cont'd)

Goodwill on consolidation (cont'd)

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2019	**2018**
	RM	**RM**
Trading of consumer and multifunction printers and related services	4,405,590	-
Others	1,097	-
Cloud services, data centre and IT related services	1,398,725	5,805,412
	5,805,412	5,805,412

(i) The recoverable amount of the CGU related to information communication technology (ICT) unit is determined based on value-in-use calculations applying a discounted future cash flow model based on financial projections approved by management covering a business plan. The forecasted growth rate used to extrapolate cash flow beyond the 5-year period are as follows :

	Growth rate
Cloud services, data centre and IT related services	1%

Value-in-use was determined by discounting the future cash flow generated from the continuing use of the unit and was based on following key assumptions:

- Cash flow were projected based on past experience, actual operating results and management expectations of market development.

- The revenue used to calculate the cash flows from operations was determined after taking into consideration performance trends of the industries in which the CGU are exposed to. Value assigned are consistent with the external sources of information.

- The pre-tax discount rate of 8% was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the CGUs' weighted average cost of the capital.

The above estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have reduced the value-in-use by:

	RM
Cloud services, data centre and IT related services	100,000

- A 1 % decrease in future planned revenues would have reduced the value-in-use by:

	RM
Cloud services, data centre and IT related services	947,000

(ii) The trading unit is related to the subsidiary companies, GE Green Sdn. Bhd. and Digital Paper Solutions Sdn. Bhd. which the recoverable amount of CGU is determined based on the net tangible assets of the company.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2019 RM	2018 RM
Unqouted shares, at cost	21,401,464	30,951,034
Less: Accumulated impairment losses	(12,636,866)	(25,810,494)
	8,764,598	5,140,540

Movement in the cost of investment

	2019 RM	2018 RM
Cost		
As at beginning of the year	30,951,034	30,951,032
Addition during the year	4,800,000	2
Disposal during the year	(14,349,570)	-
As at end of the year	21,401,464	30,951,034
Accumulated impairment losses		
As at beginning of the year	25,810,494	20,379,248
Add: Impairment losses	1,175,941	5,431,246
Less: Disposal during the year	(14,349,569)	-
As at end of the year	12,636,866	25,810,494
Net cost of investment	8,764,598	5,140,540

The details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity interest 2019 %	Effective Equity interest 2018 %	Principal Activities
Progenet Innovations Sdn. Bhd.	Malaysia	80	80	Provide cloud data center services to business and individual entity.
Subsidiary of Progenet Innovations Sdn. Bhd.				
Progenet Sdn. Bhd.	Malaysia	100	100	Engaged in business of computer networking and system consultants, supply equipments and cabling.
Key Alliance Sdn. Bhd.	Malaysia	100	100	Distribution and provision of information technology in relation to computer parts, software and accessories and ventured as contractor for building constructions.

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The details of the subsidiaries are as follows (cont'd):

Name of Subsidiary	Country of Incorporation	Effective Equity interest 2019 %	2018 %	Principal Activities
Design Dept Sdn. Bhd.	Malaysia	100	100	To carry on the business of architectural and 3D interior design and image consultants.
Corporate One Training Academy Sdn. Bhd.	Malaysia	100	100	Provision of business and operational support systems and services, software development and business process outsourcing.
GE Green Sdn. Bhd.	Malaysia	100	100	Trading of kitchen wares and related products.
Pacifica KAG Sdn. Bhd.	Malaysia	100	100	Dormant.
Key Alliance Officeworks Sdn. Bhd.	Malaysia	100	100	Dormant.
MobileVideo International Limited*	Malaysia	60	60	Dormant.
Digital Paper Solutions Sdn. Bhd.	Malaysia	51	51	Trading and rental of office equipment.

* The audited financial statements and auditor's report for the financial year were not available. However, the financial statements of the subsidiary used for consolidation purposes were reviewed by AFTAAS.

Non-controlling interest in subsidiaries

The Group's subsidiary companies that have material non-controlling interest ("NCI") are as follows:

	Digital Paper Solutions Sdn Bhd	MobileVideo International Limited	Progenet Innovations Sdn Bhd	Progenet Sdn Bhd	Total
2019					
NCI percentage of ownership interest and voting interest	49%	40%	20%	20%	
Carrying amount of NCI (RM)	1,562,528	(211,422)	596,124	(8,927)	1,938,303
Loss allocated to NCI (RM)	(316,676)	-	(348,184)	(4,959)	(669,819)
2018					
NCI percentage of ownership interest and voting interest	49%	40%	20%	20%	
Carrying amount of NCI (RM)	1,879,204	(211,422)	944,308	(3,968)	2,608,122
Profit/(Loss) allocated to NCI (RM)	239,851	(1,297)	(81,012)	(3,968)	153,574

14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

Summarised financial information before intra-group elimination:

	Digital Paper Solutions Sdn Bhd RM	MobileVideo International Limited RM	Progenet Innovations Sdn Bhd RM	Progenet Sdn Bhd RM
2019				
Non-current assets	2,438,449	-	1,850,616	452,647
Current assets	12,253,026	-	1,526,637	2,592,920
Non-current liabilities	(36,475)	-	-	-
Current liabilities	(11,466,166)	-	(523,370)	(2,963,469)
Net assets	3,188,834	-	2,853,883	82,098
Year ended 31 March				
Revenue	16,370,393	-	1,123,493	4,417,735
Loss for the year, representing total comprehensive expense for the year	(646,277)	-	(1,741,059)	(24,795)
Cash flow generated from/(used in) operating activities	1,788,920	-	(1,515,072)	283,478
Cash flow used in investing activities	(881,251)	-	(440,748)	-
Cash flow used in financing activities	(1,177,674)	-	(1,434,049)	-
	(270,005)	-	(3,389,869)	283,478
Dividends paid to NCI	-	-	-	-
2018				
Non-current assets	2,570,878	-	1,573,367	543,256
Current assets	8,541,914	-	4,400,098	2,345,399
Non-current liabilities	(101,507)	-	-	(48,325)
Current liabilities	(7,046,695)	(1,583,568)	(1,318,523)	(2,733,019)
Net assets/(liabilities)	3,964,590	(1,583,568)	4,654,942	107,311
Year ended 31 March				
Revenue	20,359,424	-	210,179	4,076,930
Profit/(loss) for the year, representing total comprehensive income/(expense) for the year	489,491	-	(405,058)	(13,632)
Cash flow generated from/(used in) operating activities	1,504,003	-	(293,279)	369,412
Cash flow generated from/(used in) investing activities	484,117	-	(1,515,540)	(602,000)
Cash flow generated from/(used in) financing activities	(1,706,912)	-	5,367,645	635,068
	281,208	-	3,558,826	402,480
Dividends paid to NCI	-	-	-	-

The Group does not has any significant restrictions on its ability to access or use the assets and settle the liabilities within the Group.

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Disposal of subsidiary company

During the financial year, the Company has disposed 100% equity interest in DVM Innovates Sdn Bhd ("DVMI") for a cash consideration of RM1.

The effects of the deconsolidation on the financial position were as follows:

	RM
Property, plant and equipment	352,726
Investment in subsidiary company	4,000,000
Other investment	1
Trade receivables	7,314
Other receivables, deposit and prepayment	162,343
Amount due from subsidiary	1,851
Amount due from related companies	265,503
Tax recoverable	17,340
Cash and cash equivalents	1,608,493
Term loan	(3,582,002)
Finance lease	(27,942)
Deferred tax liabilities	(170,000)
Trade payables	(150,395)
Other payables and accruals	(153,842)
Amount due to Holding companies	(83,898)
Fair value of net liabilities deconsolidated	2,247,492
Loss on deconsolidation of a subsidiary	2,247,491
Consideration received, satisfied in cash	1
Cash and cash equivalents disposed of	(1,608,493)
Net cash outflow on deconsolidation of subsidiary	(1,608,492)

15. INVESTMENT IN ASSOCIATE COMPANY

	Group/Company	
	2019 RM	2018 RM
Unquoted share		
Balance as at beginning of year/end of the year	253,253	253,253
Group's share of post acquisition profit or losses		
Balance as at beginning of year/end of the year	253,253	253,253
Investment in associate company	-	-

15. INVESTMENT IN ASSOCIATE COMPANY (cont'd)

The associated companies are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity interest 2019 %	Effective Equity interest 2018 %	Principal Activities
DVM Allsportz Asia Sdn. Bhd	Malaysia	30	30	Streaming of audio and video on sports news

The following table summarises the information of the Group associate company and reconciles the information to the carrying amount of the Group's interest in the associated company.

	Group/Company 2019 RM	Group/Company 2018 RM
	DVM AllSportz Asia Sdn Bhd	
Percentage of ownership interest and voting interest	30%	30%
Summarised financial information:	**RM**	**RM**
As at 31 March		
Non-current assets	11,093	11,093
Current assets	21,451	21,451
Non-current liabilities	-	-
Current liabilities	(447,921)	(447,921)
Net liabilities	(415,377)	415,377)
Year ended 31 March		
Loss from continuing operations	-	-
Total comprehensive loss	-	-
Included in total comprehensive income		
Revenue	-	-

The results of associate companies are accounted for by using equity method.

The Group does not have any capital commitment or contingent liabilities in relation to its interest in the associated companies as at 31 March 2019 and 31 March 2018.

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16. OTHER INVESTMENTS

Group	Ordinary shares RM	Redeemable Preference Share RM	Club Membership RM	Phillip Mutual Berhad RM	Total RM
2019					
Available for sale financial assets					
Balance as at 1 April 2018	320,000	63,862	860,000	5,113,516	6,357,378
Addition	4,687,310	-	-	-	4,687,310
Redemption	-	-	-	(4,935,475)	(4,935,475)
Disposal of subsidiary	-	-	(860,000)	-	(860,000)
Changes in fair value	327,690	-	-	-	327,690
Balance as at 31 March 2019	5,335,000	63,862	-	178,041	5,576,903
Accumulated impairment losses:					
Balance as at 1 April 2018	169,998	-	859,999	-	1,029,997
Disposal of subsidiary	-	-	(859,999)	-	(859,999)
Balance as at 31 March 2019	169,998	-	-	-	169,998
Net value	5,165,002	63,862	-	178,041	5,406,905
2018					
Available for sale financial assets					
Balance as at 1 April 2017	270,000	1,661,000	860,000	-	2,791,000
Addition	50,000	-	-	5,000,000	5,050,000
Redemption	-	(1,597,138)	-	-	(1,597,138)
Interest received	-	-	-	113,516	113,516
Balance as at 31 March 2018	320,000	63,862	860,000	5,113,516	6,357,378
Accumulated impairment losses:					
Balance as at 1 April 2017	149,999	-	510,000	-	659,999
Redemption	19,999	-	349,999	-	369,998
Balance as at 31 March 2018	169,998	-	859,999	-	1,029,997
Net Value	150,002	63,862	1	5,113,516	5,327,381

The investment in club membership relates to transferable contribution rights of one corporate membership of a club.

16. OTHER INVESTMENTS (cont'd)

Company	Ordinary shares RM	Redeemable Preference Share RM	Total RM
2019			
Available for sale financial assets			
Balance as at 1 April 2018	320,000	63,862	383,862
Additions	4,687,310	-	4,687,310
Changes in fair value	327,690	-	327,690
Balance as at 31 March 2019	5,335,000	63,862	5,398,862
Accumulated impairment losses			
Balance as at 1 April 2018/ 31 March 2019	169,998	-	169,998
Net value	5,165,002	63,862	5,228,864
2018			
Available for sale financial assets			
Balance as at 1 April 2017	270,000	1,661,000	1,931,000
Additions	50,000	-	50,000
Redemption	-	(1,597,138)	(1,597,138)
Balance as at 31 March 2018	320,000	63,862	383,862
Accumulated impairment losses			
Balance as at 1 April 2017	149,999	-	149,999
Redemption	19,999	-	19,999
Balance as at 31 March 2018	169,998	-	169,998
Net value	150,002	63,862	213,864

17. INVENTORIES

	Group 2019 RM	Group 2018 RM
Multi function printers and related products	3,400,553	3,476,073
Kitchen appliances	2,007,090	2,332,475
	5,407,643	5,808,548

NOTES TO THE FINANCIAL STATEMENTS
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18. TRADE RECEIVABLES

	Group	
	2019	2018
	RM	RM
Trade receivables	24,884,383	9,103,468
Less: Allowance for impairment losses	(3,414,877)	(3,311,505)
	21,469,506	5,791,963

(a) The Group's normal trade credit terms range from 30 to 120 (2018: 30 to 120) days.

(b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and has defaulted on payments.

The reconciliation of the allowance account is as follows:

	Group	
	2019	2018
	RM	RM
Allowance for impairment losses:		
As at beginning of the year	3,311,505	2,712,340
Addition	313,160	599,165
Reversal	(87,478)	-
Reclassification	(122,310)	-
As at end of the year	3,414,877	3,311,505

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other receivables	13,235,880	10,584,326	8,317,579	5,940,209
Less: Allowance for impairment losses	(12,344,852)	(9,873,849)	(8,241,456)	(5,900,763)
	891,028	710,477	76,123	39,446
Other deposits	1,547,903	1,621,384	1,210,148	-
Prepayments	1,393,863	801,816	8,892	188,865
Deferred expenditure	412,657	2,070,923	-	-
Performance bond	6,000,000	-	-	-
	10,245,451	5,204,600	1,295,163	228,311

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The reconciliation of the allowance account is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at beginning of the year	9,873,849	10,020,041	5,900,763	5,900,763
Addition	-	57,808	-	-
Reclassification	2,471,003	-	2,340,693	-
Reversal	-	(204,000)	-	-
As at end of the year	12,344,852	9,873,849	8,241,456	5,900,763

Allowance account at the end of the financial year represents individually assessed impairment.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2019 RM	2018 RM
Amount due from subsidiary companies:		
DVM Innovates Sdn Bhd	-	8,992,704
Key Alliance Sdn Bhd	39,078,802	23,390,859
Key Alliance Officeworks Sdn Bhd	21,486	12,074
Mobile Video International Limited	60,654	60,654
Design Dept Sdn Bhd	279,032	8,583,605
GE Green Sdn Bhd	13,330,513	12,291,931
Digital Paper Solutions Sdn Bhd	3,308,182	3,405,837
Pacifica KAG Sdn Bhd	4,698	2,868
	56,083,367	56,740,532
Less : Allowance for impairment losses	(6,051,254)	(14,040,046)
	50,032,113	42,700,486

The reconcilation of the allowance account is as follows:

As at beginning of the year	14,040,046	7,449,902
Addition	-	6,590,144
Reversal during the year	(7,988,792)	-
As at end of the year	6,051,254	14,040,046
Amount due to subsidiary companies:		
Corporate One Training Academy Sdn Bhd	(845,552)	(842,110)
Progenet Innovations Sdn Bhd	(576,946)	-
	(1,422,498)	(842,110)

20. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES (cont'd)

Allowance account at the end of the financial year represents individually assessed impairment.

Non-trade balances due from/(to) subsidiary companies are in respect of advances and payments made on behalf, which are unsecured, interest free and repayable on demand.

Included in the amount due from subsidiary companies are unsecured loans of RM3,405,837 (2018: RM3,405,837) due from subsidiary companies, which bear interest rate of 4.95% to 5.00% (2018: 4.95% to 5.00%) per annum and repayable on demand.

21. AMOUNT DUE FROM AN ASSOCIATE COMPANY

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amount due from an associate company	219,057	219,057	9,923	9,923
Less: Allowance for impairment	(219,057)	(219,057)	(9,923)	(9,923)
	-	-	-	-

Reconciliation of the allowance account is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At the beginning of financial year	219,057	198,266	9,923	6,166
Impairment losses recognised	-	20,791	-	3,757
At the end of financial year	219,057	219,057	9,923	9,923

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	3,515,755	18,239,095	843,625	10,399,550
Deposits with licensed banks	4,035,255	5,304,180	3,982,255	3,858,660
Total cash and cash equivalent	7,551,010	23,543,275	4,825,880	14,258,210
Less: Pledged deposits	(4,035,255)	(5,304,180)	(3,982,255)	(3,858,660)
	3,515,755	18,239,095	843,625	10,399,550
Bank overdrafts	(1,909,904)	(2,650,332)	-	-
	1,605,851	15,588,763	843,625	10,399,550

22. CASH AND CASH EQUIVALENTS (cont'd)

Deposit with licensed banks

Group

The interest rate of fixed deposits with licensed banks that were effective during the financial year were range 2.95% to 3.30% (2018: 2.95% to 3.30%).

Company

The interest rate of fixed deposits with licensed banks that was effective during the financial year was 3.20% (2018: 2.95%).

Included in deposits with licensed banks of the Group and the Company are amounts of RM4,035,255 (2018: RM5,304,180) and RM3,982,255 (2018: RM3,858,660) respectively which have been pledged to licensed banks as securities for the credit facilities granted to the subsidiary companies.

Bank overdraft

Group

The bank overdrafts are secured by the following:

a) Corporate guarantee by the Company
b) Fixed deposits of the Company RM2,479,014 (2018: RM2,407,742)

At the reporting date, the Group have unutilised bank overdrafts facilities of RM90,097 (2018: RM54,668)

23. SHARE CAPITAL AND SHARE PREMIUM

The movements in the total number of issued shares of the Group and of the Company are as follows:

Group/Company	Share capital (issued and fully paid) Unit	Share capital (issued and fully paid) RM	Share Premium RM	Total share capital and share premium RM
As at 1 April 2017	819,054,853	40,952,743	10,037,634	50,990,377
Issuance of shares:				
Share issuance to rights issue	819,054,853	40,952,743	-	40,952,743
Share issuance scheme	73,500,000	3,675,000	-	3,675,000
Share issuance and related expenses	-	-	(821,536)	(821,536)
Share consolidation	(1,283,707,286)	-	-	-
Transfer pursuant to Companies Act 2016	-	9,216,098	(9,216,098)	-
As at 31 March 2018	427,902,420	94,796,584	-	94,796,584

23. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

Group/Company	Share capital (issued and fully paid) Unit	Share capital (issued and fully paid) RM	Share Premium RM	Total share capital and share premium RM
As at 1 April 2018	427,902,420	94,796,584	-	94,796,584
Issuance of shares:				
Issuance of share from private placement	42,790,000	2,631,585	-	2,631,585
Exercise of warrants	19,250	7,700	-	7,700
Exercise of share issuance scheme	50,000,000	2,250,000	-	2,250,000
As at 31 March 2019	520,711,670	99,685,869	-	99,685,869

During the financial year, the Company issued:

(a) Issuance of 42,790,000 new ordinary shares at RM0.0615 via Private Placement on 20 April 2018.

(b) Issuance of 19,250 new ordinary shares at RM0.40 via conversion of Warrant A on 4 July 2018.

(c) Issuance of 50,000,000 new ordinary shares at RM0.045 via pursuant of Share Issuance Scheme ("SIS") for a total cash consideration of RM2,250,000 on 17 October 2018,

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

24. RESERVE

	Group/Company 2019 RM	Group/Company 2018 RM
Non-distributable		
Warrant reserve	17,617,227	3,775,200
Issuance of warrants	-	13,842,027
Warrants expired	(3,775,200)	-
	13,842,027	17,617,227
Share option reserve	592,180	569,680
Addition of share option	500,000	2,475,000
Share option exercised	(250,000)	(2,452,500)
Share option expired	(250,000)	-
	592,180	592,180
Total reserve	14,434,207	18,209,407

24. RESERVE (cont'd)

WARRANTS RESERVE

WARRANTS B

409,527,425 Warrant B were listed on Bursa Securities on 8 May 2017. Each warrant B entitles its holder the right to subscribe for one (1) new ordinary share in the Company at any time up to the expiry date of 30 April 2020 at an exercise price of RM0.05.

On 15 September 2017, the number of warrant B was adjusted to 102,381,807 at an exercise price of RM0.05 arising from the share consolidation exercise.

As at 31 March 2019, the total outstanding warrant B are 102,381,807 and none have been exercised during the financial year.

SHARE OPTION RESERVE

At an extraordinary general meeting held on 10 April 2015, the Company's shareholders approved the establishment of Share Issuance Schemes ("SIS") of not more than 30% of the total number of issued share capital of the Company to eligible Directors and employees of the Group.

Each SIS option entitles the eligible Directors and employees to subscribe such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible Directors and employees at the exercise price to be determined by the SIS Committee at its discretion based on the 5-day weighted average market price (5D-VWAP) of the Company's shares as quoted in the Bursa Malaysia Securities Berhad, immediately prior to the date of offer made by the SIS Committee with a discount of not more than 10%, if deemed appropriate.

The salient features of the SIS are, inter alia, as follows:

i) Eligible executive are those executive (including full time executive directors) of the Group (excluding dormant subsidiaries) who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full-time executive directors have been approved by the shareholders of the Company in general meeting.

ii) The aggregate number of shares to be issued under SIS shall not be more than 30% of the total number of issued shares capital of the Company.

iii) The Scheme shall be in force for a period of five years from the first grant date.

iv) The option price for each ordinary share shall be at a discount of not more than ten per cent (10%) of the 5-day weighted average market price of the shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa") immediately preceding the date of offer, or such lower or higher limit in accordance with any prevailing guideline issued by Bursa or any other relevant authority as amended from time to time.

v) The persons to whom the options have been granted shall not carry any rights to vote at any general meeting of the Company. The grantee shall not in any event be entitled to any dividends rights or other entitlements on his unexercised

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24. RESERVE (cont'd)

SHARE OPTION RESERVE (cont'd)

		Number of Share Issuance Scheme Options				
Date of offer	**Exercise price**	**As at 1/4/2018 Unit '000**	**Granted Unit '000**	**Exercised Unit '000**	**Lapsed Unit '000**	**As at 31/3/2019 Unit '000**
15 June 2015	RM0.05	94,240	-	-	(94,240)	-
26 May 2017	RM0.05	-	75,000	(73,500)	-	1,500
25 April 2018	RM0.065	-	100,000	-	(100,000)	-
03 October 2018	RM0.045	-	100,000	(50,000)	(50,000)	-
		94,240	275,000	(123,500)	(244,240)	1,500

25. NON-CONTROLLING INTEREST

	Group	
	2019 RM	**2018 RM**
Balance as the beginning of the year	2,608,122	1,429,229
Arising from acquisition	-	1,025,319
Transferred from profit or loss	(669,819)	153,574
Balance at the of end for financial year	1,938,303	2,608,122

26. TERM LOAN

	Group	
	2019 RM	**2018 RM**
Term loan		
Secured	232,743	3,582,002
Current		
- Not later than one year	120,396	231,368
Non-Current		
- later than one year and not later than two years	112,347	719,506
- later than two years and not later than five years	-	1,611,122
- later than five years	-	1,020,006
	112,347	3,350,634

Effective interest rate per annum on the term loan of the Group is 7.21% (2018: 7.21%)

27. FINANCE LEASE LIABILITIES

	Group	
	2019	2018
	RM	RM
Minimum lease payments		
Not later than one year	954,526	1,401,212
Later than one year and not later than five years	505,827	1,890,810
	1,460,353	3,292,022
Less; Future interest charges	(113,827)	(707,269)
	1,346,526	2,584,753
Minimum lease payments		
Later than one year and not later than five years	568,909	1,265,487
Current		
Not later than one year	777,617	1,319,266
	1,346,526	2,584,753

Included in the Group's finance lease liabilities are:

(i) Rental of equipment under finance lease expiring for an average of 5 years. The Group has the option to purchase the equipment for a nominal amount at the end of the lease terms. The Group obligations under finance lease are secured by the lessor's title to leased assets.

(ii) Purchase of motor vehicles. The remaining finance lease terms are range from 1 to 2 years as at 31 March 2019. Implicit interest rates of the finance lease are fixed at the inception of the finance lease arrangements and the finance lease are fixed at the inception of the finance lease arrangements, and the finance lease installments area fixed throughout the finance lease period. The Group has the option to purchase the assets at the end of the arrangements. There are no significant restriction clauses imposed on the finance lease arrangements.

28. TRADE PAYABLES

The credit term of trade payables range from immediate payments to 60 days. However, the terms may vary upon negotiation with the trade payables

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	1,643,163	243,918	42,650	39,631
Accruals	2,876,265	551,204	50,047	36,089
Other deposits	1,319,207	326,320	114,560	108,810
Deferred income	1,656,241	1,794,753	-	-
	7,494,876	2,916,195	207,257	184,530

Group and Company

Included in accruals is accrued Directors fee of RM7,500 (2018: RM8,000).

30. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Executive directors				
- Fees	96,000	164,000	96,000	164,000
- Other emoluments	169,000	326,000	-	225,000
- EPF Contributions	20,280	38,240	-	27,000
- Social security costs	770	949	-	-
Non-Executive directors				
- Fees	141,000	120,000	141,000	120,000
- Other emoluments	-	105,000	-	105,000
- EPF Contributions	-	12,600	-	12,600
- Social security costs	-	949	-	949
	427,050	767,738	237,000	654,549
Directors of Subsidiary Companies				
Executive directors				
- Fees	44,000	-	-	-
- Other emoluments	388,000	99,694	-	-
- EPF Contributions	46,560	12,091	-	-
- Social security costs	1,770	621	-	-
	480,330	112,406	-	-
Total	907,380	880,144	237,000	654,549

30. DIRECTORS' REMUNERATION (cont'd)

Numbers of Directors of the Company and its subsidiary companies whose total remuneration during the year fell within the following bands is analysed as below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Executive directors:-				
Below RM100,000	-	1	-	1
RM100,001 to RM200,000	-	-	-	-
Above RM200,001	1	2	1	2
	1	3	1	3
Non-Executive director:-				
Below RM50,000	2	1	2	1
RM50,001 to RM100,000	1	1	1	1
Above RM100,001	-	1	-	1
	3	3	3	3
Directors of Subsidiary Companies				
Executive directors:-				
Below RM100,000	2	2	-	-
RM100,001 to RM200,000	-	-	-	-
Above RM200,001	1	-	-	-
	2	2	-	-

As at 31 March 2019, four (4) Directors remain in office and none has resigned from the Company.

31. EMPLOYEE BENEFIT

Share-based payment arrangement

On 15 June 2015, the Group offered share options to qualified key management personnel to purchase shares in the Company under the Share Issuance Scheme approved by the shareholders of the Company on 10th April 2015.

On 26 May 2017, the Group has offered share options to eligible employees and 75,000,000 share options was granted.

On 3 October 2018, the Group offered another share options to eligible employees and 50,000,000 share options was granted.

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31. EMPLOYEE BENEFIT (cont'd)

The fair value of the share options is measured using "Trinomial" pricing model with the following inputs and assumptions:

Fair value of share options and assumptions	3 October 2018
Fair value at grant date (RM)	0.005
Weighted average share price (RM)	0.045
Share price at grant date (RM)	0.045
Expected volatility (weighted average volatility)	109.7%
Option life (expected weighted average life)	30 days
Risk-free interest rate	4.85%

Share options granted during the financial year represents total expense recognised as share-based payments.

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationship with:

(i) Its related companies which one its follow subsidiaries; and
(ii) The directors who are the key management personnel.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:

(i) Transaction with subsidiary companies:

	Group	
	2019 RM	2018 RM
Rental premise		
- Key Alliance Sdn Bhd	-	20,400
- DVM Innovate Sdn Bhd	-	16,668
- Design Dept Sdn Bhd	41,820	26,868
- GE Green Sdn Bhd	19,380	48,450
- Progenet Innovations Sdn Bhd	54,420	27,210
	115,620	139,596
Interest income		
- Digital Paper Solutions Sdn Bhd	196,965	168,823
	196,965	168,823
Mangement fee income		
- DVM Innovate Sdn Bhd	-	120,000
- Design Dept Sdn Bhd	144,000	240,000
- Progenet Innovations Sdn Bhd	180,000	-
	324,000	360,000
Total	636,585	668,419

32. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):

(ii) Transaction with an associate company:

	Group	
	2019 RM	2018 RM
Rental premise		
- DVM Allsportz Asia Sdn Bhd	-	6,000
Rental of equipment		
- DVM Allsportz Asia Sdn Bhd	-	7,200
	-	13,200

(iii) Transaction with a corporate shareholder of the subsidiary Company:

	Group/Company	
	2019 RM	2018 RM
Rental of equipment		
- Digital Paper Sdn Bhd	-	9,180
Sales of goods		
- Digital Paper Sdn Bhd	2,976,931	7,104,028
Render of services		
- Digital Paper Sdn Bhd	-	70,000
	2,976,931	7,183,208

(iv) Transaction with a Company's Director:

	Group	
	2019 RM	2018 RM
Sales of kitchen appliances		
- Roy Ho Yew Kee	20,538	-

(v) Compensation of key management personnel

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employee benefits	840,540	1,010,959	237,000	390,614
Post-employment benefits				
- Defined contribution plan				
- EPF	66,840	67,868	-	17,021
	907,380	1,078,827	237,000	407,635

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32. SIGNIFICANT RELATED PARTY DISCLOSURES

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):

(v) Compensation of key management personnel (cont'd)

Included in total key management personnel are:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Directors' remuneration				
- Company	237,000	799,487	237,000	407,635
- Subsidiaries	670,380	279,340	-	-
	907,380	1,078,827	237,000	407,635

33. SEGMENTAL INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different corporate and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports at the least on quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

• Cloud services, data centre and IT related services	Provision of cloud computing services, co-location, disaster recovering and other IT related services
• Trading of consumer and multifunction printers and related services	Provision of distributing and reselling of kitchen appliances and multifunction printers and related services
• Property construction	Provision of the business property development and interior design services

Other non-reportable segments comprise operations related to investment holding. None of these segments met the quantitative thresholds for reporting segments in 2019.

The accounting policies of the reportable segments are the same as described in Note 3.18 to the financial statements.

There are varying levels of integration among reportable segments. This integration includes transfer of raw materials, shared managed services and financial resources. Inter-segment pricing is determined on negotiated basis in manner similar to transactions with third parties.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

33. SEGMENTAL INFORMATION (cont'd)

Segment assets and liabilities

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

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

a. Business segment

2019	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Elimination RM	Total RM
Revenue						
Sales to external customers	5,541,228	18,774,420	19,992,141	28,517	-	44,336,306
Inter-segment revenue	-	-	1,688,613	324,000	(2,012,613)	-
Total revenue	5,541,228	18,774,420	21,680,754	352,517	(2,012,613)	44,336,306
Results						
Operating results	(1,834,805)	(998,728)	(573,756)	2,196,731	(5,322,199)	(6,532,757)
Interest income	-	-	-	289,982	-	289,982
Finance costs	(862)	(473,126)	(18,438)	(1,969)	-	(494,395)
(Loss)/Profit before taxation	(1,835,667)	(1,471,854)	(592,194)	2,484,744	(5,322,199)	(6,737,170)
Tax income	69,813	79,646	279,176	-	-	428,635
Non-controlling interest	-	-	-	-	(669,819)	(669,819)
(Loss)/Profit for the year	(1,765,854)	(1,392,208)	(313,018)	2,484,744	(5,992,018)	(6,978,354)
Assets						
Segment assets/Total assets	31,305,882	27,511,002	21,872,963	82,755,124	(56,085,436)	107,359,535
Liabilities						
Segment liabilities/Total liabilities	29,216,801	27,456,643	30,235,004	2,874,578	(58,353,551)	31,429,475

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

33. SEGMENTAL INFORMATION (cont'd)

a. Business segment (cont'd)

2019	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Elimination RM	Total RM
Other information						
Non-cash expenses						
Depreciation of property, plant and equipment	1,071,430	605,221	394,174	759,884	-	2,830,709
Impairment losses on:						
- trade receivables	313,160	-	-	-	-	313,160
- inventories	-	34,503	-	-	-	34,503
- investment in subsidiaries	-	-	-	1,175,941	(1,175,941)	-
Unrealised loss on foreign exchange loss	1,209	100	1,451	-	-	2,760
Non-cash income						
Gain on disposal of property, plant and equipment	-	26,415	-	154	-	26,569
Changes in fair value	-	-	-	327,690	-	327,690
Reversal of impairment loss on:						
- amount due from subsidiary	-	-	-	5,620,878	(5,620,878)	-
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instrumentand deferred tax assets	5,874,748	889,131	531,486	1,372,796	(63,607)	8,604,554

33. SEGMENTAL INFORMATION (cont'd)

a. Business segment (cont'd)

2018	ICT and related ctivities RM	Kitchen appliances RM	Others RM	Elimination RM	Total RM
Revenue					
Sales to external customers	24,957,218	1,405,958	653,510	-	27,016,686
Inter-segment revenue	-	-	1,232,580	(1,232,580)	-
Total revenue	24,957,218	1,405,958	1,886,090	(1,232,580)	27,016,686
Results					
Operating results	(9,170,064)	(1,239,742)	(13,599,182)	14,045,910	(9,963,078)
Interest income	166,529	-	918,482	(168,823)	916,188
Finance costs	(154,260)	(82,210)	-	-	(236,470)
Loss before taxation	(9,157,795)	(1,321,952)	(12,680,700)	13,877,087	(9,283,360)
Income tax expense	(163,681)	-	-	-	(163,681)
Non-controlling interest	-	-	-	(153,574)	(153,574)
Loss for the year	(9,321,476)	(1,321,952)	(12,680,700)	13,723,513	(9,600,615)
Assets					
Segment assets/Total assets	47,623,617	12,476,828	81,053,494	(43,741,000)	97,412,939
Liabilities					
Segment liabilities/Total liabilities	56,850,077	14,882,026	11,756,476	(64,514,589)	18,973,990
Other information					
Non-cash expenses					
Bad debt written off	17,306	2,024	-	-	19,330
Depreciation of property, plant and equipment	1,420,005	72,236	311,160	-	1,802,104
Plant and equipment written off	243,946	-	-	-	243,946
Impairment losses on:					
- amount due from:					
- an associated company	17,034	-	3,757	-	20,791
- a related companies	5,496,192	-	-	(5,496,192)	-
- other receivables	51,028	-	6,780	-	57,808
- trade receivables	471,777	124,464	2,924	-	599,165
- goodwill	-	-	-	3,641,592	3,641,592
- inventories	-	42,905	-	-	42,905
- investment in subsidiaries	-	-	5,431,246	(5,431,246)	-
- other investment	349,999	-	19,999	-	369,998
Loss on disposal ofproperty, plant and equipment	400,525	-	-	-	400,525
Unrealised loss on foreign exchange loss	-	270	-	-	270

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

33. SEGMENTAL INFORMATION (cont'd)

a. Business segment (cont'd)

2018	ICT and related ctivities RM	Kitchen appliances RM	Others RM	Elimination RM	Total RM
Other information (cont'd)					
Non-cash income					
Gain on disposal of property, plant and equipment	-	65,000	-	-	65,000
Reversal of impairment loss on:					
- other receivables	170,000	-	34,000	-	204,000
- trade receivables	-	-	43,000	-	43,000
Unrealised gain on foreign exchange	29,284	-	-	-	29,284
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instrument and deferred tax assets	20,276,394	457,800	3,203,544	-	23,937,738
2019					
Capital expenditure	440,748	889,131	5,965,486	1,309,189	8,604,554
2018					
Capital expenditure	21,454,919	-	-	1,492,019	22,946,938
Investment property	-	457,800	-	-	457,800
Goodwill on consolidation	1,398,725	-	-	-	1,398,725
	22,853,644	457,800	-	1,492,019	24,803,463

b. Geographical segments

Segment information by geographical segment is not provided as the activities of the Group are located principally in Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2019 RM	Revenue 2018 RM	Segment
All common control companies of:			
- Customer A	7,104,028	8,526,629	Trading/ICT

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2019 categorised as follows:

(i) Amortised cost ("AC")
(ii) Fair Value Through Other Comprehensive Income ("FVOCI")

Group	Carrying amount RM	AC RM	FVOCI RM
2019			
Financial assets			
Other investments	5,406,905	-	5,406,905
Trade receivables	21,469,506	21,469,506	-
Other receivables, deposits and prepayments	10,245,451	10,245,451	-
Deposits with licensed banks	4,035,255	4,035,255	-
Cash and bank balances	3,515,755	3,515,755	-
	44,672,872	39,265,967	5,406,905
Financial liabilities			
Trade payables	(19,214,251)	(19,214,251)	-
Other payables	(1,643,163)	(1,643,163)	-
Term loan	(232,743)	(232,743)	-
Finance lease liabilities	(1,346,526)	(1,346,526)	-
	(22,436,683)	(22,436,683)	-

Company	Carrying amount RM	AC RM
2019		
Financial assets		
Other receivables, deposits and prepayments	1,295,163	1,295,163
Amount due from subsidiary companies	50,032,113	50,032,113
Cash and bank balances	843,625	843,625
	52,170,901	52,170,901
Financial liabilities		
Other payables	(42,650)	(42,650)
Amount due to subsidiary companies	(1,422,498)	(1,422,498)
	(1,465,148)	(1,465,148)

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments as at 31 March 2018 categorised as follows:

(i) Loans and receivables ("L&R")
(ii) Available-for-sale financial assets ("AFS")
(iii) Financial liabilities measured at amortised cost ("FL")

Group	Carrying amount RM	L&R/(FL) RM	AFS RM
2018			
Financial assets			
Other investments	5,327,381	-	5,327,381
Trade receivables	5,791,963	5,791,963	-
Other receivables, deposits and prepayments	5,204,600	5,204,600	-
Deposits with licensed banks	5,304,180	5,304,180	-
Cash and bank balances	18,239,095	18,239,095	-
	39,867,219	34,539,838	5,327,381
Financial liabilities			
Trade payables	(5,726,176)	(5,726,176)	-
Other payables	(2,916,195)	(2,916,195)	-
Bank overdrafts	(2,650,332)	(2,650,332)	-
Term loan	(3,582,002)	(3,582,002)	-
Finance lease liabilities	(2,584,753)	(2,584,753)	-
	(17,459,458)	(17,459,458)	-

Company	Carrying amount RM	L&R/(FL) RM	AFS RM
2018			
Financial assets			
Other investment	213,864	-	213,864
Other receivables	228,311	228,311	-
Amount due from subsidiary companies	42,700,486	42,700,486	-
Deposits with licensed banks	3,858,660	3,858,660	-
Cash and bank balances	10,399,550	10,399,550	-
	57,400,871	57,187,007	213,864
Financial liabilities			
Other payables	(184,530)	(184,530)	-
Amount due to subsidiary companies	(842,110)	(842,110)	-
	(1,026,640)	(1,026,640)	-

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management

The Group has exposure to the following risks from its financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior years.

(i) Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

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

Exposure to credit risk, credit quality and collateral

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

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Recognition and measurement of impairment loss

Group	Gross-carrying amount RM	Loss allowances RM	Net balance RM
2019			
Current (not past due)	1,962,603	-	1,962,603
1-30 days past due	1,258,684	-	1,258,684
31-60 days past due	1,109,688	-	1,109,688
61-90 days past due	903,915	-	903,915
	5,234,890	-	5,234,890
Credit impaired			
More than 90 days past due	15,969,346	(122,468)	15,846,878
Individually impaired	3,680,147	(3,292,409)	387,738
	19,649,493	(3,414,877)	16,234,616
Trade receivables	24,884,383	(3,414,877)	21,469,506

Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2018			
Not past due	3,009,803	-	3,009,803
Past due:			
1 to 30 days past due date	1,582,576	-	1,582,576
more than 30 days past due	4,511,089	(3,311,505)	1,199,584
	9,103,468	(3,311,505)	5,791,963

(ii) Cash and cash equivalents

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

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

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognised any allowance for impairment losses.

(iv) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The following table provides information about the exposure to credit risk for subsidiaries' loans and advances.

Company	Gross carrying amount RM	Impairment loss allowance RM	Net Balance RM
2019	56,083,367	(6,051,254)	50,032,113
2018	56,740,532	(14,040,046)	42,700,486

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(v) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is RM4,151,439 (2018: RM6,232,334) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

As at the end of reporting year, there was no indication that any subsidiary would default on payment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting year based on undiscounted contractual payments.

Group	Carrying Amount RM	Weighted Average Effective Rate %	Contractual Undiscounted Cash Flows RM	Under 1 Year RM	1 - 2 years RM
2019					
Non-derivative financial liabilities					
Trade payables	19,214,251	-	19,214,251	19,214,251	-
Other payables and accruals	7,494,876	-	7,494,876	7,494,876	-
Bank overdraft	1,909,904	7.85	1,909,904	1,909,904	-
Term loan	232,743	4.85	253,154	135,029	118,125
Finance lease liabilities	1,346,526	2.41-7.84	1,460,354	954,527	505,827
	30,198,300		30,332,539	29,708,587	623,952

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying Amount RM	Weighted Average Effective Rate %	Contractual Undiscounted Cash Flows RM	Under 1 Year RM	1 - 2 years RM
2019					
Non-derivative financial liabilities	-	-	-	-	-
Other payables and accruals	207,257	-	207,257	207,257	-
Amount due to subsidiary companies	1,422,498	-	1,422,498	1,422,498	-
	1,629,755		1,629,755	1,629,755	-

Group	Carrying Amount RM	Weighted Average Effective Rate %	Contractual Undiscounted Cash Flows RM	Under 1 Year RM	1 - 2 years RM	2 - 5 years RM
2018						
Non-derivative financial liabilities						
Trade payables	5,726,176	-	5,726,176	5,726,176	-	-
Other payables and accruals	2,916,195	-	2,916,195	2,916,195	-	-
Bank overdraft	2,650,332	7.85	2,650,332	2,650,332	-	-
Term loan	3,582,002	4.85	4,079,712	627,648	627,648	1,882,944
Finance lease liabilities	2,584,753	2.41-7.84	3,292,022	1,319,266	1,265,485	-
	17,459,458		18,664,437	13,239,617	1,893,133	1,882,944
Company						
2018						
Non-derivative financial liabilities	-	-	-	-	-	-
Other payables and accruals	481,075	-	481,075	-	-	-
Amount due to subsidiary companies	842,597	-	842,597	-	-	-
	1,323,672	-	1,323,672	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD") and ("EURO").

35. CONTINGENT LIABILITIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unsecured				
Corporate guarantees issuedto banks for finance lease facility granted to a subsidiary company	-	-	232,742	565,460
Corporate guarantees issued to a leasing company for finance lease facility granted to a subsidiary company	-	-	2,638,494	2,601,668
	-	-	2,871,236	3,167,128
Secured				
Bank guarantee issued in favour of third parties by a licensed bank through utilising part of the subsidiary company's credit facility	-	52,731	-	-
Fixed deposit pledged to bank for credit facilities granted to subsidiary companies	3,982,255	3,858,660	3,982,255	3,858,660
Investment property pledged to a bank for bank facilities granted to a subsidiary company	-	5,000,000	-	5,000,000
	3,982,255	8,911,391	3,982,255	8,858,660

36. CAPITAL MANAGEMENT

The Group and the Company manages its capital by maintaining an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in the economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's and the Company's approach to capital management during the financial year.

The debt-to-equity ratio of the Group and of the Company at the end of the reporting year was as follow: -

	Group		Company	
	2019 **RM**	**2018** **RM**	**2019** **RM**	**2018** **RM**
Total interest bearing borrowings	3,489,173	8,817,087	-	-
Total equity	73,991,758	75,830,827	79,853,115	72,238,488
Debt-to-equity ratio	0.05	0.12	-	-

37. SIGNIFICANT EVENT DURING THE YEAR

a) SIS Offered

On 25 April 2018, the Company has offered share options to eligible employees under its SIS with an offer of options of 100,000,000 at an exercise price of RM0.065 per ordinary share. The offer has lapsed.

On 3 October 2018, the Company offered share options to eligible employees with an offer of options of 100,000,000 at an exercise price of RM0.045 per ordinary shares. 50,000,000 options were granted and exercised. Remaining of the options was lapsed.

b) Private placement

On 12 March 2018, the Company had announced its proposal to implement a private placement of new ordinary shares in the Company of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares)("Private Placement").

On 15 March 2018, Bursa Malaysia Securities Berhad ("Bursa Securities") approved the listing and quotation up to 42,790,200 new ordinary shares to be issued pursuant to the Private Placement.

On 12 April 2018, the Company announced to fix the issue price of RM0.0615 each.

On 20 April 2018, the Company completed the Private Placement exercise following the listing and quotation of 42,790,000 placement shares on the ACE Market of Bursa Securities.

37. SIGNIFICANT EVENT DURING THE YEAR (cont'd)

c) Disposal of subsidiaries

On 9 April 2018, the Company announced its internal restructuring by way of the wholly owned subsidiary, DVM Innovate Sdn Bhd ("DVMI") will transfer the entire 80% equity interest representing 800 ordinary shares in Progenet Innovations Sdn Bhd ("PGI") to the Company at the original cost of investment of RM4,000,000. Upon completion of the Internal Restructuring, PGI has become a subsidiary of the Company. Following the completion of internal restructuring plan, DVMI has become dormant and inactive subsidiary.

On 6 June 2018, the Company has disposed 100% equity interest in DVMI for a cash consideration of RM1.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on the date of these financial statements.

ANALYSIS OF SHAREHOLDINGS

As at 28 June 2019

Issued and Paid Up Share Capital	520,711,670
Class of Shares	Ordinary shares
Voting Right	One vote per ordinary share
Number of Shareholders	5,164

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	398	7.71	18,849	0.00
100 - 1,000	728	14.10	322,880	0.06
1,001 - 10,000	1,398	27.07	6,505,427	1.25
10,001 - 100,000	2,081	40.30	81,533,776	15.66
100,001 to less than 5% of the shares	557	10.78	353,090,738	67.81
5% and above of issued shares	2	0.04	79,240,000	15.22
Total	**5,164**	**100.00**	**520,711,670**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
UOBM Nominees (Tempatan) Sdn Bhd *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	47,790,000	9.18	-	-
Citigroup Nominees (Asing) Sdn Bhd *UBS AG FOR MAYBANK KIM ENG SECURITIES PTE LTD*	31,450,000	6.04	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Roy Ho Yew Kee	-	-	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Ong Gim Hai	-	-	-	-
Lee Kien Fatt	-	-	-	-

LIST OF TOP 30 SHAREHOLDER AS AT 28 JUNE 2019

	NAMES	SHARES	%
1	UOBM Nominees (Tempatan) Sdn Bhd *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	47,790,000	9.18
2	Citigroup Nominees (Asing) Sdn Bhd *UBS AG FOR MAYBANK KIM ENG SECURITIES PTE LTD*	31,450,000	6.04
3	DB (Malaysia) Nominee (Asing) Sdn Bhd *EXEMPT AN FOR NOMURA PB NOMINEES LTD*	20,329,500	3.90

ANALYSIS OF SHAREHOLDINGS

As at 28 June 2019

LIST OF TOP 30 SHAREHOLDER AS AT 28 JUNE 2019 (cont'd)

	NAMES	SHARES	%
4	UOBM Nominees (Asing) Sdn Bhd *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	19,354,900	3.72
5	MIDF Amanah Investment Nominees (Asing) Sdn Bhd *FOR LAZARUS SECURITIES PTY LTD FOR MEMBERS ONE VENTURES FUND*	18,600,000	3.57
6	M&A Nominee (Asing) Sdn Bhd *SANSTON FINANCIAL GROUP LIMITED FOR ACE SOLUTION INVESTMENTS LIMITED*	17,408,125	3.34
7	Cartaban Nominees (Asing) Sdn Bhd *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	17,000,000	3.26
8	M&A Nominee (Tempatan) Sdn Bhd *SANSTON FINANCIAL GROUP LIMITED FOR DIGITAL PAPER SDN BHD*	15,043,713	2.89
9	HSBC Nominees (Asing) Sdn Bhd *BNP PARIBAS SECS SVS PARIS FOR GLOBAL PRIME PARTNERS LTD*	14,172,200	2.72
10	Maybank Securities Nominees (Asing) Sdn Bhd *EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD*	9,739,100	1.87
11	Affin Hwang Nominees (Asing) Sdn Bhd *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)*	7,900,000	1.52
12	Toh Ean Hai	7,500,000	1.44
13	Macotrade Sdn Bhd	7,041,500	1.35
14	Malacca Equity Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR WEE KOKO CHUAN*	5,560,000	1.07
15	Chew Chee Peng	3,845,000	0.74
16	Gan Choon Hock	3,192,500	0.61
17	Maybank Securities Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR RAJA ZAINAL ABIDIN BIN RAJA HUSSIN (REM 672)*	3,000,000	0.58
18	Kenanga Nominees (Tempatan) Sdn Bhd *RAKUTEN TRADE SDN BHD FOR ER SOON PUAY*	3,000,000	0.58
19	Tan Wai Heng	3,000,000	0.58
20	Affin Hwang Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN*	2,750,000	0.53
21	Lim Poh Fong	2,537,625	0.49
22	Malacca Equity Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR ONG KIAN HUAT*	2,500,000	0.48
23	Su Ming Yaw	2,500,000	0.48
24	Foo Fook Min	2,200,000	0.42
25	Mohd Najid Bin Md Yahya	2,028,400	0.39
26	Malacca Equity Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR QUEK YONG WAH*	2,000,000	0.38
27	Affin Hwang Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR LEE POOI LING*	2,000,000	0.38
28	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB FOR TEO AH SENG (PB)*	1,937,900	0.37
29	JS Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR CHEN SIONG PING*	1,854,800	0.36
30	Loh Keng Ong	1,750,000	0.34
	TOTAL SHARES	**278,985,263**	**53.58**

ANALYSIS OF WARRANT B HOLDINGS

As at 28 June 2019

Number of Warrants issued	102,381,807
No. of Warrants Unexercised	102,381,807
Exercise Price	RM0.05
Number of Warrant Holders	1,276

DISTRIBUTION OF WARRANT B HOLDINGS

Size of Warrant Holdings	No. of Holders	% of Holders	No. of Warrants Held	% of Warrants Held
1 - 99	110	8.62	4,494	0.00
100 - 1,000	106	8.31	52,545	0.05
1,001 - 10,000	365	28.61	1,572,419	1.54
10,001 - 100,000	520	40.75	19,049,117	18.61
100,001 to less than 5% of the warrants	174	13.63	71,940,032	70.26
5% and above of the warrants	1	0.08	9,763,200	9.54
Total	**1,276**	**100.00**	**102,381,807**	**100.00**

SUBSTANTIAL WARRANT B HOLDERS' WARRANT HOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Teo Ah Seng	9,673,200	9.54	-	-

LIST OF TOP 30 WARRANT B HOLDERS AS AT 28 JUNE 2019

	NAMES	WARRANTS HELD	%
1	Teo Ah Seng	9,763,200	9.54
2	Yap Chee Kuan	3,136,325	3.06
3	Mohamed Zain Bin Mat Taib	3,132,000	3.06
4	An Choi Kin	2,321,700	2.26
5	Maybank Nominees (Tempatan) Sdn Bhd *TAN WAI HENG*	1,950,000	1.90
6	Roslan Bin Zainal	1,945,000	1.90
7	Goh Kha Mooi	1,871,200	1.82
8	Maybank Nominees (Tempatan) Sdn Bhd *TAY SOO CHENG*	1,500,000	1.47
9	Lau Chin Guan	1,328,800	1.30
10	Mohd Aizuddeen Bin Mohd Zaiddeen	1,286,700	1.26
11	Alliancegroup Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (100378)*	1,250,000	1.22
12	Affin Hwang Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (M09)*	1,250,000	1.22

ANALYSIS OF WARRANT B HOLDINGS

As at 28 June 2019

LIST OF TOP 30 WARRANT B HOLDERS AS AT 28 JUNE 2019 (cont'd)

	NAMES	WARRANTS HELD	%
13	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB FOR TEO AH SENG (PB)*	1,218,950	1.19
14	Low Sian Hai	1,137,500	1.11
15	RHB Capital Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR SUKESHAH BIN SUBRAMANIAM @ OSMAN*	1,087,500	1.06
16	Ee Sheau Sheng	1,000,000	0.98
17	Yap Kow Chai	1,000,000	0.98
18	Lim Yoke Chin	1,000,000	0.98
19	Lim Yoon Leng	1,000,000	0.98
20	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR GOH HAN YANG (E-JAH)*	1,000,000	0.98
21	Tay Tian Sen	1,000,000	0.98
22	Ooi Kee Bee	1,000,000	0.98
23	Tok Boon Seong	860,900	0.84
24	Kang Chee Seang	808,600	0.79
25	Chan Cheng Woon	800,000	0.78
26	Teo Hock Meng	760,400	0.74
27	Tan Seng Chee	750,000	0.73
28	Lee Soon Fah	700,000	0.68
29	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR SAM CHEE MENG (E-SKN)*	604,287	0.59
30	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB FOR LEE SOI GEK (PB)*	600,000	0.59
	TOTAL WARRANTS	**47,063,062**	**45.97**

LIST OF PROPERTIES

Location	Description/ Existing Use	Area	Tenure	Approximate Age of Property (years)	Fair Value as at 31.03.2019 (RM)	Year of Acquisition (A) and date of Valuation (V)
Parcel No. CS/3A/7, Storey No. Level 7, Building No. 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.	Office	8,060 sq. ft.	Freehold	15	9,000,000	2004 (A) 19.4.2019 (V)
Unit No. B19 Level: G (Ground Floor), Level: L1 (First Floor), Level: L2 (Second Floor), Level: L3 (Third Floor), Level: L4 (Forth Floor), Block B19 situated in Aurora Place @ Bukit Jalil, Kuala Lumpur.	Office	6,055 sq. ft.	Freehold	N/A	4,675,881	2014 (A) N/A (V)
Unit No. B20 Level: G (Ground Floor), Level: L1 (First Floor), Level: L2 (Second Floor), Level: L3 (Third Floor), Level: L4 (Forth Floor), Block B20 situated in Aurora Place @ Bukit Jalil, Kuala Lumpur.	Office	6,055 sq. ft.	Freehold	N/A	4,675,881	2014 (A) N/A (V)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("16th AGM") of KEY ALLIANCE GROUP BERHAD ("KAG" or "the Company") will be held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Thursday, 29 August 2019 at 12.30 noon for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of Directors and Auditors thereon.

2. To approve Directors' fees up to RM246,000 for the financial year ending 31 March 2020 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 1)**

3. To re-elect Mr Roy Ho Yew Kee, the Director who retires in accordance with Article 81 of the Constitution of the Company. **(Ordinary Resolution 2)**

4. To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:-

5. **Authority to Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 4)**

   "THAT, subject always to the Act, the Constitution of the Company and the approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be hereby empowered pursuant to Section 75 of the Act to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be also empowered to obtain approval for the listing of and quotation for the additional shares so issued in Bursa Malaysia Securities Berhad ("Bursa Securities")."

As Special Resolution

6. **Proposed Adoption of New Constitution** **(Special Resolution 1)**

   "THAT, approval be hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts things and take all such steps as may be considered necessary to give full effect to the foregoing."

7. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

By order of the Board

NG MEI WAN (MIA 28862)
R. MALATHI A/P RAJAGOPAL (MAICSA 7054884)
Company Secretaries

Kuala Lumpur
31 July 2019

NOTES:-

1. Only depositors whose names appear in the Record of Depositors as at 22 August 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at 16th AGM.

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

5. Any alterations in the Proxy Form must be initialed by the member.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of 16th AGM to vote by poll.

EXPLANATORY NOTES TO THE AGENDA

8. **Item 1 of the Agenda**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. **Item 2 of the Agenda - Ordinary Resolution no. 1**
   Approval of Directors' fees for the financial year ending 31 March 2019

   Directors' fees approved for the financial year ended 31 March 2019 was RM237,000. The Directors' fees proposed for the financial year ending 31 March 2020 are calculated based on the number of scheduled Board and Committee Meetings for 2020 and assuming that all Non-Executive Directors will hold office until the end of the subject financial year.

   This resolution is to facilitate payment of Directors' fees on monthly basis and/or as and when required. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

10. **Item 5 of the Agenda - Ordinary Resolution no. 4**
    Authority to Allot and Issue Shares pursuant to Section 75 of the Act

    (a) The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the 16th AGM to allot and issue shares in the Company up to an amount not exceeding in total of ten percent (10%) of the issued shares (excluding treasury shares, if any) for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

    (b) The General Mandate is a renewal from the previous mandate obtained at the last Annual General Meeting held on 05 September 2018 which will expire at the conclusion of the 16th AGM of the Company.

    (c) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the last Annual General Meeting.

    (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or pavement of bank borrowings and acquisition.

11. **Item 6 of the Agenda - Special Resolution no. 1**
    Proposed Adoption of New Constitution

    The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements. Please refer to the Circular to Shareholders dated 31 July 2019 for further information.

12. **ANNUAL REPORT**

    The Annual Report for the financial year ended 31 March 2019 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request soonest possible from the date of receipt of the written request. The Annual Report can also be downloaded at the Company's corporate website, www.kag.com.my.

    Shareholders who wish to receive the printed Annual Report and/or require assistance in viewing the CD-ROM, may fax to Shareworks Sdn. Bhd. (229948-U) at fax no. 03-62013121 or email your request to sharereg@shareworks.com.my.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking for election as a Director at the 16th AGM of the Company.

PROXY FORM

KEY ALLIANCE GROUP BERHAD

(609953-K)
(Incorporated in Malaysia)

CDS Account No.: ____________

I/We,...

of ....
(FULL ADDRESS)

being (a) member(s) of Key Alliance Group Berhad hereby appoint(s)...

....

of...

or failing him/her,...

of ....
or failing him/her*, the CHAIRMAN OF THIS MEETING as my/our* proxy to vote for me/us* and on my/our* behalf at the Sixteenth Annual General Meeting of the Company to be held at Level 4, Manara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Thursday, 29 August 2019 at 12.30 noon and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' fees for the financial year ending 31 March 2020		
2.	Re-election of Mr Roy Ho Yew Kee		
3.	Re-appointment of Messrs. Afrizan Tarmili Khairul Azhar as Auditors and to authorize the Directors to fix their remuneration		
4.	Renewal of authority for Directors to issue shares pursuant to Section 75 of the Companies Act 2016		
No.	**Special Resolutions**	**For**	**Against**
1.	Proposed Adoption of New Constitution		

Please indicate with an "X" or "√" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given the proxy may vote at his/her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies is as follows:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Number of Shares Held	

....
Signature of Shareholder(s) or Common Seal

Dated this ....day of 2019

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 22 August 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the Sixteenth (16th) Annual General Meeting ("AGM").
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
5. Any alterations in the Proxy Form must be initialled by the member.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 16th AGM to vote by poll.

<u>**Personal Data Privacy**</u> : *By submitting the proxy form, the member or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the 16th AGM (including any adjournment thereof).*

Fold this Flap for sealing

Then fold here

AFFIX
STAMP

Company Secretaries

KEY ALLIANCE GROUP BERHAD

(Company No. 609953-K)

3-2, 3rd Mile Square

No. 151 Jalan Kelang Lama

Batu 3½, 58100 Kuala Lumpur

Malaysia

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KEY ALLIANCE GROUP BERHAD
(609953-K)

Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana,
47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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E-mail : kgroup@kag.com.my