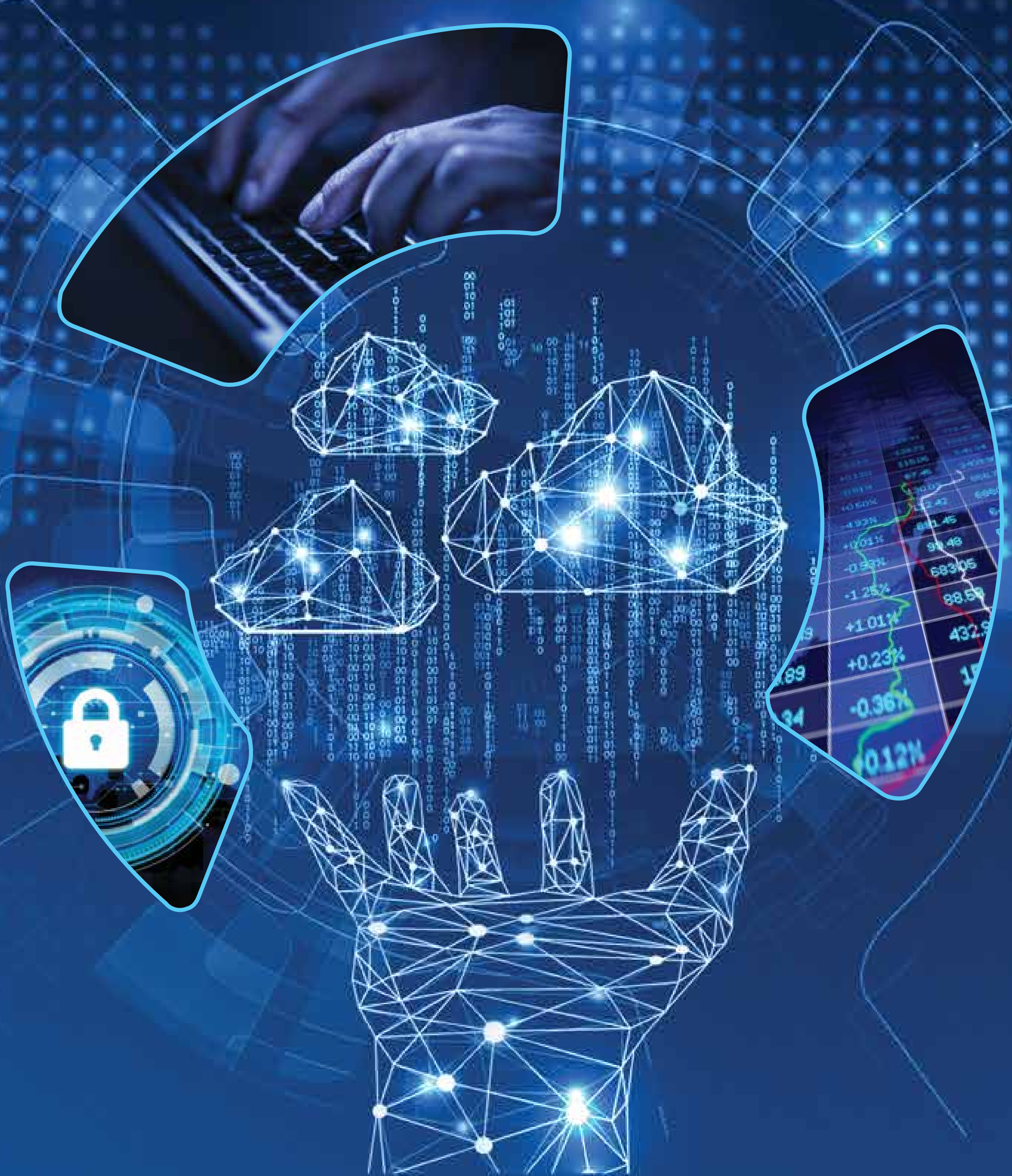
KEY ALLIANCE GROUP BERHAD

Registration No.: 200301007533 (609953-K)



POWERING INNOVATION & CONNECTIVITY

ANNUAL REPORT 2020

17th

Annual General Meeting of
Key Alliance Group Berhad

28 September 2020
Monday

Broadcast Venue at Lot 18.2,
18th Floor, Menara Lien Hoe,
No. 8 Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor

11.00 a.m.

THE TWENTY TWENTY 2020

CONTENTS

OVERVIEW

PERFORMANCE

GOVERNANCE

FINANCIAL

ADDITIONAL INFORMATION

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

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

Roy Ho Yew Kee
Managing Director

Ong Gim Hai
Executive Director (Redesignated on 11 October 2019)

YM Tengku Ezuan Ismara bin Tengku Nun Ahmad
Non-Independent Non-Executive Director (Redesignated on 6 August 2020) (Appointed as Independent Non-Executive Director on 29 May 2020)

Lee Kien Fatt
Independent Non-Executive Director

Yee Yit Yang
Independent Non-Executive Director (Appointed on 05 November 2019)

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Chairman
Lee Kien Fatt

Committee Members
Dato' Zaidi bin Mat Isa @ Hashim
Yee Yit Yang
(Appointed as Committee Member on 05 November 2019)

Ong Gim Hai
(Ceased as Committee Member w.e.f. 05 November 2019)

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 Members
Dato' Zaidi bin Mat Isa @ Hashim
Ong Gim Hai

COMPANY SECRETARIES

Ng Mei Wan
SSM Practicing Certificate No.:
201908000801
MIA 28862

R. Malathi A/P Rajagopal
SSM Practicing Certificate No.:
201908000851
MAICSA 7054884

REGISTERED OFFICE

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

AUDITORS

RSL PLT (LLP0020047LCA)
Chartered Accountants

SHARE REGISTRAR

Shareworks Sdn. Bhd.
[199101019611 (229948-U)]
2-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur.
T : +603-6201 1120
F : +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

Registration No.: 200301007533 (609953-K)

100%

- Design Dept Sdn Bhd
- GE Green Sdn Bhd
- Key Alliance Sdn Bhd
- Pacifica KAG Sdn Bhd
- Key Alliance Officeworks Sdn Bhd
- Corporate One Training Academy Sdn Bhd

80%

- Progenet Innovations Sdn Bhd

100%

- Progenet Sdn Bhd

51%

- Digital Paper Solutions Sdn Bhd

BOARD OF DIRECTORS' PROFILE

DATO' ZAIDI BIN MAT ISA @ HASHIM
Independent Non-Executive Chairman

Age: **51** Years

- *Male*
- *Malaysian*

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 First Class (Honours) Masters of Business Administration (MBA) from the Universiti Malaya Pahang. Dato' Zaidi was formerly the Group Managing Director of Darul Aman Consolidated Bhd and its subsidiaries from 1995 to 2000, playing a pivotal role in bringing Darul Aman Group to a greater height before passing over the stewardship to next generation leaders. From 2001 to 2011, he was seconded as a Chief Executive Officer of MyPrima Group of 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. IN 2006, Dato' Zaidi took up a greater challenge as the Director of Investment for the RM3.6 billion (GDV) Eco Marine Theme Park and Resort project in the state of Melaka, a multi-faceted project specialized in the property development and real estate management.

Dato' Zaidi's corporate experiences are not limited only to Malaysia's local and domestic market but also include business ventures and involvement in corporate arena abroad. In 2012, he was appointed as the Senior Vice President for Corporate Planning and Strategy with London listed Radiant Growth Investment Ltd with business ventures in a USD200 million plantation development in Kampong Thom, Cambodia. The most recent corporate achievement of Dato' Zaidi's was his 2016 corporate entry as Executive Director in INIX Technologies overseeing governmental relations, public and private sector markets while at the same time being appointed Director of NWP Holdings Berhad with interests in property development and forest management with sawmills in the state of Sabah in East Malaysia and Laos.

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

ROY HO YEW KEE
Managing Director

Age: **45** Years

- *Male*
- *Malaysian*

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. 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 Executive Director and Komarkcorp Berhad as Independent and Non-Executive Director.

BOARD OF DIRECTORS' PROFILE (CONT'D)

ONG GIM HAI
Executive Director

Age:
45
Years

- *Male*
- *Malaysian*

Mr Ong Gim Hai ("Mr Ong"), was appointed as Independent Non-Executive Director of KAG on 10 August 2017 and redesignatd to Executive Director on 11 October 2019. He is also the member of the 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.

Y.M. TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD
Non-Independent Non-Executive Director

Age:
42
Years

- *Male*
- *Malaysian*

Y.M. Tengku Ezuan Ismara was appointed as Independent Non-Executive Director of KAG on 29 May 2020 and redesignated to Non-Independent and Non-Executive Director on 6 August 2020. He is a member of the Royal Family and a long serving corporate citizen exposed to a multitude of industries, including Oil & Gas, Defence, Private Equity, Finance and ICT Consulting. He did his Degree in Accounting and Finance in University of East London, and completed his Masters in Law from International Islamic University, majoring in Banking and Anti Money Laundering. Y.M. Tengku Ezuan Ismara brings invaluable experience and networks, from his past 13 years experience dealing with Petronas, HESS Petroleum and GL Noble Denton to our Board. Y.M Tengku Ezuan Ismara joins Key Alliance Group Bhd in its exciting time of growth in IOT and Cloud Services, and as part of the team to explore the Group's approach into Digital Healthcare Services.

Other than KAG, Y.M. Tengku Ezuan Ismara also sits on the board of Komarkcorp Berhad as Independent and Non-Executive Director.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LEE KIEN FATT
Independent Non-Executive Director

Age:
53
Years

- *Male*
- *Malaysian*

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 then left to join as Consultant cum Non-Executive Director of LBI Capital Berhad from 2003 to 2005. He served 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.

Other than KAG, Mr Lee also sits on the board of Niche Capital Emas Holdings Berhad as Independent and Non-Executive Director.

YEE YIT YANG
Independent Non-Executive Director

Age:
53
Years

- *Male*
- *Malaysian*

Mr Yee Yit Yang ("Mr Yee") was appointed as Independent Non-Executive Director of KAG on 5 November 2019 and he is a member of the Australian CPA and Malaysia Institute of Accountants. Mr Yee graduated with Bachelor of Economics (Major: Accounting & Finance) from Latrobe University, Autralia. He began his career with Deloitte Tohmatsu, an international accounting firm upon his graduation in Australia in 1990. After spending approximately 3 years with them, he joined the corporate finance division of Affin Investment Bank in which he was involved in various assignments, such as IPO, regional mergers and acquisitions as well as fund raising for both listed and non listed companies. After approximately 7 years with Affin Investment Bank, he left to join a leading listed supermarket chain stores in Malaysia as Head of Corporate Planning. During his tenure with them, he was instrumental in raising the corporate profile by raising funds for the purpose of acquisition of related business. In 2008, he left the Group to join another listed company, which is principally involved in property investment and health care business as Head of Corporate Finance, During his stay with them, he had completed a fund raising exercise for the purpose of consolidation the property investment division as well as acquisition of a renowned healthcare company based in USA. Currently, he is involved in a private corporate consultancy business.

Other than KAG, Mr Yee also sits on the board of Vertice Berhad as Independent and Non-Executive Director.

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 ten (10) 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

Age : 48 years
Gender : Male
Nationality : Malaysian

Reuben Gerard Paul ("Mr Reuben") is the Managing Director of Progenet Innovations Sdn Bhd. Mr Reuben graduated 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 public company. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any.

LIEW WENG KEONG

Age : 55 years
Gender : Male
Nationality : Malaysian

Mr Liew Weng Keong ("Mr Rickie") is the Director of Digital Paper Solutions Sdn Bhd ("DPS"). Mr Rickie is responsible for the general management and is instrumental in defining the company's product and marketing strategies. Mr Rickie 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 has 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 does not hold any directorships in public company. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

SIM MEI CHIN

Age : 36 years
Gender : Female
Nationality : Malaysian

Ms Sim Mei Chin ("Ms Tiffany") graduated with a Bachelor's Degree in Business Administration from Anglia Polytechnic University, UK. She is also an ACCA member. She has 15 years of audit and finance experience in different industries. She is currently overseeing the finance, taxation, human resource and administration of the Group.

Ms Tiffany does not hold any directorships in public company. She has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any.

THI CHEE TIONG

Age : 38 years
Gender : Male
Nationality : Malaysian

Thi Chee Tiong ("Mr Johnthi") is the General Manager of GE Green Sdn Bhd. Mr Johnthi graduated from The One Academy in Advanced Diploma of Advertising.

Mr Johnthi has worked with reputable Advertising Agencies including Crush Advertising Singapore, DDB Singapore, and McCann Erickson Malaysia among others. With his advertising expertness, for the past 12 years he has joined project management in the construction industry specializing in sales and marketing sector as a Regional Branch Manager for Interior Design firm (ORIWISE) and modular cabinet manufacturing (ORISS) for ORI Group.

As a General Manager at GE Green Sdn Bhd, he demonstrated his ability to improve employee retention by creating a new program development initiative and understanding the market trends changes time to time.

Mr Johnthi does not hold any directorships in public company. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any.

TAN YU WEI

Age : 35 years
Gender : Male
Nationality : Malaysian

Associate Creative Director of Design Dept Sdn Bhd, Mr Tan Yu Wei ("Mr Yu Wei") graduated with a Bachelor's Degree in Interior Design from Swinburne University of Technology Melbourne, Australia.

With 14 years of experience in the design and construction industry, Mr Yu Wei began his career at renown design house Quirk & Associates at the age of 21. He started his own practice and co-founded Design Dept in 2008, before being acquired by Key Alliance Group Berhad in 2013.

His scope of work consists of initiating design concepts, spatial master-planning, and general management of the company. He currently heads a dynamic team, consisting of interior designers, project managers, and site supervisors.

Mr Yu Wei does not hold any directorships in public company. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operations

Company profile and business

The principal activities of Key Alliance Group Berhad ("Company") is investment holding. KAG's subsidiaries ("the Group") are principally organised into the following reportable segments:

(1) Cloud services, data centre and IT related services - provision of cloud computing services, co-location, disaster recovering and other IT related services;
(2) Trading of consumer and multifunction printers and related services – provision of distributing and reselling of kitchen appliances and multi-function printers and related services; and
(3) Property construction – provision of property construction and interior design and build 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 2020 (12 mths)	FYE 31 March 2019 (12 mths)	FYE 31 March 2018 (12 mths)	FPE 31 March 2017 (15 mths)	FYE 31 December 2015 (12 mths)
Revenue	40,104,996	44,336,306	27,016,686	33,878,624	38,370,180
Operating loss	(17,271,231)	(7,582,413)	(9,046,890)	(4,038,934)	(7,148,405)
Loss before taxation	(18,477,989)	(8,076,808)	(9,283,360)	(4,785,560)	(7,706,640)
Net loss attributable to equity holders	(16,100,452)	(6,978,354)	(9,600,615)	(5,201,795)	(9,203,003)
Total assets	132,930,150	107,359,536	97,412,939	63,057,267	64,805,933
Total borrowings	20,439,054	3,489,173	8,817,087	10,074,232	9,804,567
Shareholder equity	59,965,875	73,991,758	75,830,827	39,150,235	34,294,083
Basic loss per share (sen)	(3.06)	(1.42)	(1.05)	(0.72)	(1.60)
Net assets per share	0.11	0.15	0.08	0.06	0.06

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Group Financial Review

The Group recorded revenue of RM40.10 million for the financial year ended 31 March 2020 ("FYE 2020"), which represents a decrease of approximately 9.56% as compared to the preceding financial year of RM44.34 million. The decrease in revenue is due to the lower progress billing in Property Construction segment which is affected by the Covid-19 pandemic and movement control order ("MCO") imposed by the Government, which halted all construction activities in Malaysia.

The Group incurred loss after taxation of RM17.24 million for the FYE 2020 as compared to loss after taxation of RM7.65 million for the financial year ended 31 March 2019. This is mainly due to the fair value loss of RM8.46 million arising from the investment in quoted shares of XOX Bhd for the FYE 2020.

Operation Review

Cloud services, data centre and IT related services

The cloud services, data centre and IT related services segment recorded revenue of RM11.89 million for the FYE 2020 compared to RM5.54 million for the preceding financial year. This segment recorded loss after tax of RM0.17 million for FYE 2020 as compared to loss after taxation of RM1.77 million for preceding financial year. This is in line with the increase in revenue during the year. The expenses incurred consist of the depreciation of property, plant and equipment (including the depreciation for the data centre and right-of-use assets) of RM2.36 million and allowance on expected credit loss on trade receivables of RM0.40 million.

Trading of consumer and multifunction printers and related services

This segment recorded revenue of RM18.05 million for the FYE 2020 compared to RM18.77 million for the preceding financial year. The segment incurred loss after taxation of RM3.89 million as compared to loss after taxation of RM1.39 for the preceding financial year. The increase in loss after taxation is mainly attributable to the decrease in revenue and the allowance on expected credit loss on trade receivables of RM0.89 million (2019: Nil), fair value adjustment for investment properties of RM0.15 million (2019: Nil), and impairment loss on inventories of RM0.18 million (2019: RM0.03 million).

Property construction

This segment recorded revenue of RM11.11 million for the FYE 2020 compared to RM21.68 million for the preceding financial year. This is due to the lower progress billing for the projects affected by the Covid-19 pandemic and movement control order imposed by the Government, which halted all construction activities in Malaysia. This segment incurred loss after taxation of RM0.07 million for the FYE 2020 as compared to the loss after taxation of RM0.31 for the preceding financial year.

Corporate exercises

On 11 February 2020, the Company offered share options to eligible employees under its Share Issuance Scheme ("SIS") with an option of 63,000,000 at an exercise price of RM0.03 per option. 57,600,000 was exercised during the FYE 2020.

On 21 February 2020 the Company announced on the proposed private placement of up to 10% of the total number of issued shares of KAG. Bursa Malaysia Securities Berhad had, vide its letter dated 6 March 2020, resolved to approve the listing and quotation of up to 72,164,652 placement shares to be issued pursuant to the proposed private placement. On 15 April 2020, 57,831,166 placement shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad, which marks the completion of the private placement.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Operation Review (cont'd)

Corporate events

On 13 November 2019, the Group's kitchen appliances specialist, Pacifica, unveiled two of the latest innovations from the new Foodsmith series, The Forge and The Vortex. The Group has invited Chef Johnny Fua to the launching to demonstrate some cooking recipes using The Forge and The Vortex. The Forge comes with the Superior Steam Extraction Technology, which allows a 360° cooking effect within vacuum-sealed, stainless steel, uncoated and non-stick pot. This methodical cooking system increases the umami flavours and sweet amino acids in foods, enhancing flavours to create gourmet meals from the comforts of your own home. The Vortex however, comes equipped with a Double Track Heating system which is designed to heat up its contents whilst retaining nutritional value and maximising flavour. The Group believes that with the launch of Foodsmith series, everyone can make gourmet food at home, especially during the recent Covid-19 pandemic.

Anticipated or Known Risks

Market competition risk

Cloud, data centre and IT related services 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 industries that offer similar products and services. 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 professional after sales services to customers to ensure customers are satisfied with the products and services. The Group emphasises on the quality of the products and services provided to the customers. The management of the Group will remain relevant by leveraging on present and future strategic alliances to create value.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Anticipated or Known Risks (cont'd)

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 long 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, and etc. The Group is working to ensure the products' quality meet the requirement of the authorities and the customers' satisfaction.

Foreign exchange risks

The Group's business is exposed to foreign exchange risks as purchases are mainly denominated in USD whilst sales are mainly denominated in RM. As such, any fluctuation in foreign exchange rates would have an impact on our profitability and financial performance.

The Group takes initiative to negotiate with the suppliers or principles to provide a better rate on the goods purchased in the event if USD increases. The exposure of the foreign currency risk is closely monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

Regulatory and political risk

Any developments in political, economic, regulatory and social conditions could materially affect the Group's financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis and changes in interest rates. The Directors keep abreast of the government policies, rules and regulations and will take necessary action to ensure compliance.

Outlook and Future Prospects

The Malaysian economy registered a lower growth of 0.7% in the first quarter of 2020, which was the lowest growth since 3Q 2009 of -1.1%, reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the MCO in Malaysia. On the supply side, the services and manufacturing sectors moderated, while the other sectors contracted. From the expenditure side, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.0%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Outlook and Future Prospects (cont'd)

Following two months of steady expansion, economic activity experienced a sharp downshift in March as a result of the MCO. This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5%, respectively, over January and February before contracting to -4.9% and -6.1% in March (1Q 2020: 0.4% and 1.5%, respectively). The MCO comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, electrical and electronics, as well as selected industries in the primary and consumer clusters in the manufacturing sector. Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. In particular, construction activity was completely prohibited during the MCO phase. In contrast, the production capacity in industries which were more capital intensive, such as mining and the electrical and electronics manufacturing subsector, were affected to a lesser extent. The MCO also led to weaker private sector activity given mobility restrictions, closures of non-essential services, such as retail subsectors, and a temporary halt in ongoing investments.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, Bank Negara Malaysia)

The Group has identified cloud and data centre services as an appropriate business with sufficient growth opportunities to potentially improve its financial condition and performance. Cloud plays a vital role in facilitating the rise of emerging technologies such as artificial intelligence and the Internet of Things (IoT). In line with the above, the Group had established a new data centre at Menara Lien Hoe in September 2018 to allow the Group to offer a broad range of cloud and data centre services. The Group has completed the private placement up to 30% of the total number of issued shares of the Company in July 2020 to raise fund to upgrade the data centre via the integration of an IXP, to further enhance the Group's cloud and data centres services offering and generate revenue growth. This represents a key step in the Group's plan to accelerate its overall business via the organic expansion of its cloud and data centre services.

Other than the abovementioned steps being undertaken, the Group has also made recent business development initiatives to generate potential revenue growth via cloud and data centre services, by entering into business or collaboration agreements with strategic partners as detailed below:

On 23 April 2020, the Company had announced that Progenet Innovations Sdn Bhd ("Progenet"), the Company's subsidiary operating the data centre, had entered into a reseller agreement with Storm Front Pte Ltd ("Storm Front") on even date, whereby Storm Front authorised Progenet as Storm Front's non-exclusive reseller of its products including but not limited post-MCO business reboot solutions, human capital management software and COVID-19 venue management within Malaysia. This reseller agreement facilitates the Group to bundle its existing cloud and data centre services with Storm Front's products, improving the value proposition of its cloud and data centre services to Malaysian enterprises.

In addition, on 29 April 2020, the Company announced that Progenet had entered into a collaboration agreement with Bina Puri Holdings Bhd ("Bina Puri") on even date, whereby both parties agreed to collaborate to develop a suite of building information systems ("BIS") products catered for businesses in the construction sector. In the abovementioned collaboration, Progenet will provide its information technology capabilties as well as cloud and data centre services, while Bina Puri will provide its technical expertise in construction management and documenting construction workflow to develop the suite of BIS products. In the event the suite of BIS products are fully developed and commercialised, the Group anticipates that it will provide an additional revenue stream and contribute positively to the Group's earnings.

While the Group will continue to explore potential partnerships and investment opportunities to expand its cloud and data centre services, the Group will also continue to search for organic growth opportunties within its Consumer Trading Segment. This includes but is not limited to seeking viable exclusive or non-exclusive distribution agreements for kitchen appliances and multi-function printers and exploring new models or products.

SUSTAINABILITY STATEMENT

Key Alliance Group Berhad ("the Company") and its subsidiaries (collectively referred to as "the Group") recognise that sustainability practices are fast gaining importance in enhancing long-term shareholder value.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to identify the economic, environmental and social risk and opportunities which tied in with our governance framework that are material to the continued success of the Group's operation.

Corporate Governance

The Board of Directors of the Company ("Board") recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Code of Conduct is established to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold a spirit of responsibilities. A whistle-blowing policy is in place with the aim to provide a platform for our employees and any concerned stakeholders to report on any suspected misconduct that contradict with Code of Conduct.

Material Sustainability Matters

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 Meeting 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, emphasising on corporate governance and corporate accountability.

Customers

The Group is committed to see that not only shareholders' interests are taken care of but also our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability. Our customers are supported by our teams providing professional services in addressing their requirements and inquiries. 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.

SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters (cont'd)

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. In respect of this, kitchen appliances, IT equipment involved in the procurement process are being closely monitored. The Group filters the suppliers carefully ensuring only the one with specific criteria met are engaged.

Although we generally do not generate any major environmental concerns, the Group is committed to adopting environmental friendly practices in its works place. The Group actively encourages staff to practice environmental friendly work habits. The Group promotes awareness in sustainable resource usage by encouraging employees to use recycle papers, double-sided printing and being efficient use in the stationery. The Group is optimising the use of audio, web and video-conferencing to reduce the travelling hassle and traffic congestion. 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 (CONT'D)

Material Sustainability Matters (cont'd)

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 organisation 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. Performance and appraisal exercises are conducted on annual basis.

Maintaining a healthy and work-life balance is important for employee well-being and it can contribute towards greater productivity and performance. We improve our working culture and encourage collaboration by organising festival celebrations such as Chinese New Year annual dinner, Buka Puasa dinner, or outing activities 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.

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 CG 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 ("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 2020 ("FYE 2020").

The CG report which provides the manner in and the extent in which the CG framework has applied by the Group throughout the FYE 2020.

The details of the application of each Practice set out in the Code can be downloaded from the Company'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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 Secretary 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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	SIS	@AGM
Dato' Zaidi bin Mat Isa @ Hashim	^4/4	4/4	^1/1	^1/1	1/1	1/1
Mr Roy Ho Yew Kee	4/4	-	-	-	^1/1	^1/1
Mr Ong Gim Hai	4/4	2/2	1/1	1/1	1/1	1/1
Mr Lee Kien Fatt	4/4	^4/4	1/1	1/1	-	1/1
Mr Yee Yit Yang (Appointed on 05 November 2019)	2/2	2/2	-	-	-	-
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad (Appointed on 29 May 2020)	1/1	-	-	-	-	-

@ Sixteenth Annual General Meeting ("AGM") held on 29 August 2019

^ 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 Secretary, where applicable.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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)

(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 Secretary 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.

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 Secretary 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 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	• Corporate Liability Provision – Developing Adequate Procedures
Mr Roy Ho Yew Kee	• Corporate Liability Provision – Developing Adequate Procedures
Mr Ong Gim Hai	• Corporate Liability Provision – Developing Adequate Procedures
Mr Lee Kien Fatt	• Corporate Liability Provision – Developing Adequate Procedures
Mr Yee Yit Yang (Appointed on 5 November 2019)	• Corporate Liability Provision – Developing Adequate Procedures
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad (Appointed on 29 May 2020)	-

(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 Secretary 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.

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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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)

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 and Executive Director take 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 Secretary

The Company Secretaries of KAG, have the requisite credentials and are competent and suitably qualified to act as company secretary 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 29 May 2020 and is available on the Company's corporate website website: www.kag.com.my.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

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.

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

To maintain the highest standard of ethical conduct, the Board also has a separate formal 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. All concerns raised will be investigated and whistle-blowers can report directly to the Independent Director.

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 Company is led by an experienced Board consisting of individuals with appropriate knowledge and skills to enhance the growth of the Group's business with good corporate governance.

The Board comprises of 6 members, of whom 1 is Managing Director, 1 is Executive Director, 1 is Independent Non-Executive Chairman and 3 are Independent Non-Executive Directors. In this respect, the Board comprises a majority of Independent Directors, representing 67% 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 4 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 6 of this Annual Report.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

4. BOARD'S OBJECTIVITY (CONT'D)

4.1 Composition of the Board (cont'd)

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.

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' 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 endeavour 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

4. BOARD'S OBJECTIVITY (CONT'D)

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.

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 SIS Committee

The SIS Committee 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 it is extended for another 3 years from 6 May 2020 to 6 May 2023.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

4. BOARD'S OBJECTIVITY (CONT'D)

4.8 SIS Committee (cont'd)

On 11 February 2020, the Company had offered a total of 63,000,000 options under the SIS at an exercise price of RM0.03 per option of which were fully exercised.

On 21 April 2020, the Company had offered a total of 39,000,000 options under the SIS at an exercise price of RM0.025 per option of which were fully exercised.

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 Secretary 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.

From the annual assessment and review conducted for FYE 2020, the NC was satisfied that all the Managing Director, Executive Director, Independent and Non-Executive 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION

6. LEVEL AND COMPOSITION OF REMUNERATIN

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 and Executive 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 FYE 2020, the Board approved the RC's recommendation on remuneration of the Managing Director, Non-Executive Directors, and Directors' fees for FYE 2020 for the approval of the Shareholders at the Seventeenth (17th) 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.

6.2 RC

The RC was established on 6 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received or receivable from the Company and its subsidiaries during the FYE 2020 are as follows:

GROUP

	Fees RM	Salaries & Bonus RM	Defined Contribution Plan RM	Benefits in Kind RM	Total Remuneration RM
Roy Ho Yew Kee	96,000	203,000	24,360	3,500	326,860
Dato' Zaidi bin Mat Isa @ Hashim	60,000	-	-	-	60,000
Lee Kien Fatt	48,000	-	-	-	48,000
Ong Gim Hai	51,000	50,000	6,000	-	107,000
Yee Yit Yang	17,500	84,000	10,080	-	111,580
Total	272,500	337,000	40,440	3,500	653,440

COMPANY

	Fees RM	Salaries & Bonus RM	Defined Contribution Plan RM	Benefits in Kind RM	Total Remuneration RM
Roy Ho Yew Kee	96,000	-	-	-	96,000
Dato' Zaidi bin Mat Isa @ Hashim	60,000	-	-	-	60,000
Lee Kien Fatt	48,000	-	-	-	48,000
Ong Gim Hai	51,000	-	-	-	51,000
Yee Yit Yang	17,500	-	-	-	17,500
Total	272,500	-	-	-	272,500

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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 review internal audit reports and discuss findings with internal auditors where necessary.

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 and 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 this regard, the ARMC had on 23 April 2020, assessed the independence of Messrs. RSL PLT ("RSL") as external auditors of the Company as well as reviewed the level of non-audit services rendered by RSL to the Company for FYE 2020. The ARMC had obtained written assurance from RSL 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 RSL'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 RSL. Having satisfied itself with their performance and technical competency as well as received the assurance from RSL as stated above, the ARMC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the 17th 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.

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 21.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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.

The Board has established Enterprise Risk Management framework in the previous year. 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.

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 and pages 40 to 43 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 Risk Management and Internal Control of this Annual Report on pages 40 to 43.

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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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 (cont'd)

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 is 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. 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 37 to 39 and pages 40 to 43 respectively.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. CONTINUOUS COMMUNICATION BETWEENN 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.

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 sustainability statement in this Annual Report on pages 9 to 13 and pages 14 to 16 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

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 Secretary 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-eight (28) days before the AGM. This would allow the shareholders to make necessary arrangements to attend and participate in person, by corporate representative, by proxy or by attorney.

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 endeavour 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 FYE 2020. 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.

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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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)

12.3 Facilitate greater shareholder participation at general meetings (cont'd)

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 FYE 2020.

This Statement was approved by the Board on 29 July 2020.

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 - (“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 Audit Committee.

The record of attendance of the members of the ARMC for meeting held during the financial year ended 31 March 2020 (“FYE 2020”) is disclosed in the Corporate Governance Report on page 19 of this Annual Report.

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 are summarized broadly as follows:

(a) External audit

- Reviewed the nomination of external auditors, Messrs. RSL PLT (“RSL”) in place of resigning external auditors during the FYE 2020 and any questions of resignation and recommendation to the Board for consideration;
- Recommended to the Board on 25 March 2020 for approval, the appointment of RSL as the external auditor for the FYE 2020;
- 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
- Carried out assessment of the performance and suitability of RSL based on the quality of services and relationship with Management, ARMC and Board and that the ARMC has been satisfied with the independence, performance and suitability of RSL based on the assessment and is recommending to the Board and shareholders for approval on the re-appointment of RSL for the FYE 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

(b) Internal audit

- 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 IA 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;
- Reviewed the risk management framework and 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.

(c) Financial reporting

- Reviewed the quarterly 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.
- Reviewed annual report and the annual audited financial statements of the Company prior to submission to the Directors for their perusal and approval 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"); and
- 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.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT (CONT'D)

(d) 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 RM20,000.

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 40 to 43 of this Annual Report.

This Report was made by the ARMC in accordance with a resolution dated 29 July 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Securities Berhad and guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” and with the “Malaysian Code of Corporate Governance 2017”, the Board of Directors of the Company (“The Board”) is pleased to present this 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 financial year ended 31 March 2020 (“FYE 2020”).

BOARD’S RESPONSIBILITY

The Board acknowledges its overall 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 for reviewing the adequacy, integrity and effectiveness of the risk management and internal control 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 from the Managing Director and Senior Management that the Group’s risk management and internal control system are present and functioning to meet the Group’s business objectives during the financial year under review. Notwithstanding, the Company’s internal control system does not apply to its associate companies which fall within the control of their majority shareholders.

The Board is of the view that the risk management and internal control system is in place for the year under review and is sound and adequate to safeguard shareholders’ investment and the Group’s assets.

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 the 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 Audit and Risk Management Committee (“ARMC”) and reported to the Board.

During the financial year under review, the underlying principal risks of the Company are market competition risk, forex risk, dependent on key management personnel risk, inventories risk, impairment risk in relation to investment in other investment.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

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 or management meetings are held to ensure that the risks identified are monitored and appropriately addressed to the Managing Director and they shall highlight those significant risks identified to ARMC and the Board.

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 plan and processes 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 Terms of Reference ("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 senior 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.

- There are policy and authority limits implemented on the Managing Director, Executive Director and Senior Management within the Group in respect of the day-to-day operations and financing, investments, acquisitions and disposal of assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESSES (CONT'D)

- The Group has in place a Whistle Blowing Policy, which forms part of the Code of Ethics, to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential environment.

- 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. Mr Chang is a professional member with the Institute of Internal Auditors Malaysia, 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 work of the Outsourced IA is guided by, in all material respect, the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to assess 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:

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 various internal audit engagements in accordance with the annual IA plan;

iii. Follow-up visits to ascertain that recommendations for improvements to the internal control systems have been satisfactorily implemented; and

iv. Reporting to the ARMC on the audit findings and recommendations to be undertaken for improvement.

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 can carry out the internal audit reviews independently and with objectivity. 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 and effectiveness of the Group's internal control system for FYE 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the letter ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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 29 July 2020.

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 2020 ("FYE 2020").

<u>Rights issue</u>

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 2020, 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	(9,193)	25,807
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.*

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 FYE 2020 or entered into since the end of the previous financial year ended 31 March 2019.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

3. Options, Warrants or Convertible Securities

During FYE 2020, the Company issued:

a) 57,600,000 new ordinary shares at RM0.03 per ordinary share via pursuant of the Share Issuance Scheme ("SIS") for a total cash consideration of RM1,728,000.

The details of the issued and paid-up capital of the Company as at 31 March 2020 are as follows:

	No. of Shares	**RM**
As at 01 March 2019	520,711,670	99,685,869
Exercise of share issuance scheme	57,600,000	2,131,200
As at 31 March 2020	578,311,670	101,817,069

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 FYE 2020, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, Messrs. RSL PLT were as follows:

	The Company RM	**The Group RM**
Audit fees	50,000	151,700
Non-audit fees	5,000	5,000

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:

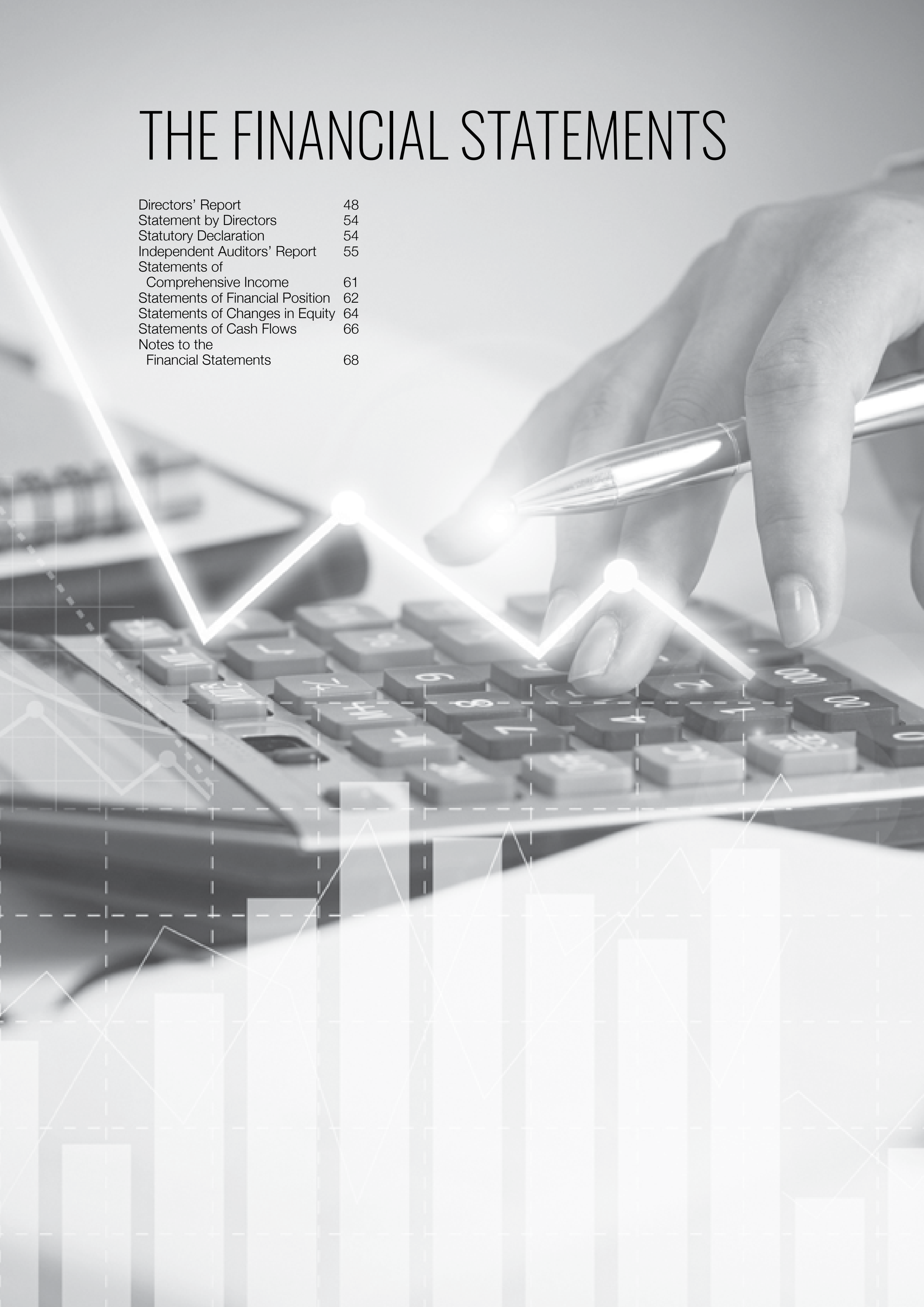
- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- Reasonable and prudent judgments and estimates were made;
- The applicable approved accounting standards in Malaysia have been applied; and
- The preparation of the financial statements is on a going 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 29 July 2020.

THE FINANCIAL STATEMENTS



DIRECTORS' REPORT

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment and property holding. The principal activities of the subsidiaries are set out in Note 16 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 for the year	(17,239,971)	(15,042,380)
Attributable to:		
Owners to the company	(16,100,452)	(15,042,380)
Non-controlling interests	(1,139,519)	-
	(17,239,971)	(15,042,380)

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend 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 notes of the financial statements.

SHARES AND DEBENTURES

On 25 February 2020, the Company issued 57,600,000 new ordinary shares at RM0.03 per share pursuant to the exercise of options under the Company's Share Issuance Scheme for a total cash consideration of RM1,728,000.

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.

DIRECTORS' REPORT (CONT'D)

WARRANTS

Warrant B

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

	Number of warrants
As of 8 May 2017	409,527,425
Adjustment in financial year ended 2018:	
- Arising from the share consolidation	(307,145,618)
As of 31 March 2019/31 March 2020	102,381,807

The salient features of the warrants are disclosed in Note 26 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 under the Company's Share Issuance Scheme ("SIS") as below:

		Number of Share Issuance Scheme Options				
Date of offer	Exercise price	As at 1/4/2019 '000	Granted '000	Exercised '000	Lapsed '000	As at 31/3/2020 '000
26 May 2017	RM0.050	375	-	-	-	375
9 August 2019	RM0.035	-	63,000	-	(63,000)	-
11 February 2020	RM0.030	-	63,000	(57,600)	-	5,400
		375	126,000	(57,600)	(63,000)	5,775

The details of the SIS are disclosed in Note 26 of the financial statements.

DIRECTORS' REPORT (CONT'D)

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
Yee Yit Yang* (Appointed on 5 November 2019)
Y.M. Tengku Ezuan Ismara Bin Tengku Nun Ahmad* (Appointed on 29 May 2020)

* Director of the Company and of certain subsidiaries

Other than as stated above, the name of the Directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Reuben Gerard Paul
Tay Ben Seng, Benson
Liew Weng Keong
Koo Kien Yoon
Simon Tan Cheng Kim

In accordance with the Company's Constitutions, Yee Yit Yang, Y.M. Tengku Ezuan Ismara Bin Tengku Nun Ahmad and Dato' Zaidi Bin Mat Isa @ Hashim retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, none of the Directors in office at the end of the financial year held 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 corporations 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 end of the previous financial year, 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' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The amount of the remunerations of the Directors or past Directors of the Group and the Company comprising remunerations received or receivable from the Group and the Company during the financial year are disclosed in Note 33 to the financial statements.

INDEMNITIES FOR 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 a 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 charges on 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 other than as disclosed in Note 38 to the financial statements.

No contingent or other liability of any company in the Group 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report, 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 Group and the Company for 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 which is likely to affect substantially the results of any operations of the Group and the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events for the financial year are disclosed in Note 42 to the financial statements.

AUDITORS' REMUNERATION

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

	Group RM	**Company RM**
Statutory audit	151,700	50,000
Non-audit fees	5,000	5,000

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, RSL PLT, 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

Klang, Malaysia

Date: 15 July 2020

STATEMENT BY DIRECTORS AND **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 2020 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

Klang, Malaysia

Date: 15 July 2020

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 Klang in the State of Selangor }
on 15 July 2020 }

ROY HO YEW KEE

Before me,

Commissioner for Oaths

Klang, 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 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 152.

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 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

(a) Expected credit losses assessments on trade and other receivables (Note 20, 21 and 37.2 (a) to the financial statements)

MFRS 9 "Financial Instruments" ("MFRS 9") introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of financial assets in the calculation of loss allowance.

The Group and the Company have assessed the ECL of trade and other receivables incorporating expected loss rates, forward-looking information and probability-weighted estimates. We focused on this area because management's assessment of ECL requires significant judgement over the expected loss rates, forward-looking information and probability-weighted estimates.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD (CONT'D)

Key Audit Matters (cont'd)

Group (cont'd)

(a) Our audit procedures included, among others:

- Checked the expected timing and quantum of receipts of receivables by comparing to the historical payment trend of debtors and sighting of correspondences between the Group and the debtors;
- Assessed and considered the reasonableness of the forward-looking information included in management's assessment;
- Discussed with management to understand the status of the ongoing negotiation on the recovery of receivables and corroborated the key assumptions included in the ECL model, namely on likelihood, quantum and timing of receipt of the balances; and
- Assessed the appropriateness of the disclosures.

(b) Valuation of unquoted equity investments (Note 18 and 37.3 to the financial statements)

The Group and the Company classifies their investments in unquoted equity instruments at Fair Value Through Profit or Loss ("FVPL"). In estimating the fair values of these investments, the Group and the Company generally use the Discounted Cash Flow ("DCF") model. The DCF takes into consideration key assumptions such as the forecast cashflows, long term growth rates, cost of capital and long term operating margins of the underlying investments. These assumptions are judgemental in nature and, accordingly, we consider this to be an area of audit focus.

Our audit procedures focused on the valuations performed by management, which included among others, the following procedures:

- Obtained an understanding of the methodology adopted by management in estimating the fair values of these investments and whether such methodology is consistent with those used in the industry;
- Discussed with management to obtain an understanding of the related underlying data used as input to the valuation models; and
- Assessed whether the discount rate used to determine the present value of the cash flows in the DCF model reflects the relevant rate of return that the investors expect to derive.

(c) Impairment assessment of goodwill (Note 15 to the financial statements)

For the purpose of performing impairment assessments, goodwill has been allocated to groups of cash generating units ("CGUs"). The recoverable amount of the underlying CGUs is supported by value-in-use calculations, which are based on future discounted cash flow.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD (CONT'D)

Key Audit Matters (cont'd)

Group (cont'd)

(c) Impairment assessment of goodwill (Note 15 to the financial statements) (cont'd)

We focused on this area as the assessments made by management involved significant estimates and judgements, including sales growth rates, gross profit margin, net profit margin, perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied.

Our audit procedures included, among others:

- Evaluated and validated management's key controls over the impairment assessment process;
- Compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Group to market practices;
- Obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecasts;
- Assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources; and
- Obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount of intangible assets including goodwill to exceed the recoverable amount.

Company

(a) Investments in subsidiaries and amount due from subsidiaries (Note 16 and Note 22 to the financial statements)

The Company determined whether there is any indication of impairment in investments in subsidiaries and expected credit losses on amount due from subsidiaries.

The recoverable amount of investments in subsidiaries and amounts due from subsidiaries were determined based on value-in-use, which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections, which includes future sales, gross profit margin and operating expenses.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD (CONT'D)

Key Audit Matters (cont'd)

Company (cont'd)

(a) Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- Compared the actual results with previous budget to assess the performance of the businesses and reliability of the forecasting process;
- Compared the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- Tested the mathematical accuracy of the impairment assessment; and
- Performed sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standards 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KEY ALLIANCE GROUP BERHAD (CONT'D)

Responsibilities of the Directors for the Financial Statements (cont'd)

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 exists. 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 (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

RSL PLT
(LLP0020047-LCA & AF-0071)
Chartered Accountants

DATO' LEE TECK HUA
(No. 02374/08/2021 J)
Chartered Accountant

Klang

Date: 15 July 2020

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	40,104,996	44,336,306	324,000	324,000
Cost of sales		(32,403,970)	(39,547,257)	-	-
Gross profit		7,701,026	4,789,049	324,000	324,000
Other income	5	1,361,617	1,292,143	2,430,846	6,904,814
Administrative expenses	6	(13,913,923)	(11,031,348)	(4,110,986)	(3,575,624)
Other operating expenses	7	(12,419,951)	(2,632,257)	(14,148,964)	(1,175,941)
(Loss)/Profit from operations		(17,271,231)	(7,582,413)	(15,505,104)	2,477,249
Finance costs	8	(1,206,758)	(494,395)	(242,688)	(1,907)
(Loss)/Profit before taxation		(18,477,989)	(8,076,808)	(15,747,792)	2,475,342
Tax credit/(expense)	9	1,238,018	428,635	705,412	-
(Loss)/Profit and other comprehensive (loss)/income for the year		(17,239,971)	(7,648,173)	(15,042,380)	2,475,342
Total comprehensive (loss)/income for the year		(17,239,971)	(7,648,173)	(15,042,380)	2,475,342
(Loss)/Profit and other comprehensive (loss)/income for the year attributable to:					
Owners of the Company		(16,100,452)	(6,978,354)	(15,042,380)	2,475,342
Non-controlling interests	16	(1,139,519)	(669,819)	-	-
(Loss)/Profit and other comprehensive (loss)/income for the year		(17,239,971)	(7,648,173)	(15,042,380)	2,475,342
Basic loss per share (Sen)	10	(3.06)	(1.42)		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 MARCH 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	11	39,831,515	31,960,313	2,735,398	3,508,115
Right-of-use assets	12	7,100,591	-	2,581,104	-
Deferred tax assets	13	823,531	309,599	-	-
Investment properties	14	18,200,000	18,351,762	9,000,000	9,000,000
Goodwill on consolidation	15	3,370,300	5,805,412	-	-
Investments in subsidiary companies	16	-	-	7,964,598	8,764,598
Investment in associate company	17	-	-	-	-
Other investments	18	7,075,436	5,406,905	6,891,240	5,228,864
Total Non-Current Assets		76,401,373	61,833,991	29,172,340	26,501,577
Current Assets					
Inventories	19	5,931,726	5,407,643	-	-
Trade receivables	20	28,836,176	21,469,506	-	-
Other receivables, deposits and prepayments	21	13,733,454	10,245,451	1,233,169	1,295,163
Amount due from subsidiary companies	22	-	-	43,870,092	50,032,113
Amount due from an associate company	23	-	-	-	-
Tax recoverable		518,317	851,935	33,235	22,837
Deposits with licensed banks	24	4,163,204	4,035,255	4,101,604	3,982,255
Cash and bank balances	24	3,345,900	3,515,755	160,433	843,625
Total Current Assets		56,528,777	45,525,545	49,398,533	56,175,993
Total Assets		132,930,150	107,359,536	78,570,873	82,677,570

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Equity					
Share capital	25	101,817,069	99,685,869	101,817,069	99,685,869
Accumulated losses		(56,323,201)	(40,128,318)	(49,309,341)	(34,266,961)
Other reserves	26	14,472,007	14,434,207	14,472,007	14,434,207
		59,965,875	73,991,758	66,979,735	79,853,115
Non-controlling interests	16	708,060	1,938,303	-	-
Total Equity		60,673,935	75,930,061	66,979,735	79,853,115
Non-Current Liabilities					
Term loan	27	8,771,024	-	-	-
Hire purchase payables	28	442,721	185,473	-	-
Lease liabilities	29	5,125,655	503,089	1,858,498	-
Deferred tax liabilities	13	512,230	1,231,175	496,793	1,194,700
Total Non-Current Liabilities		14,851,630	1,919,737	2,355,291	1,194,700
Current Liabilities					
Trade payables	30	23,529,677	19,214,251	-	-
Other payables, deposits and accruals	31	20,957,969	5,935,842	6,296,539	207,257
Contract liabilities	32	6,817,285	1,559,034	-	-
Amount due to subsidiary companies	22	-	-	2,116,087	1,422,498
Bank overdrafts	24	1,991,116	1,909,904	-	-
Term loan	27	828,976	-	-	-
Hire purchase payables	28	410,552	267,304	-	-
Lease liabilities	29	2,869,010	623,403	823,221	-
Total Current Liabilities		57,404,585	29,509,738	9,235,847	1,629,755
Total Liabilities		72,256,215	31,429,475	11,591,138	2,824,455
Total Equity and Liabilities		132,930,150	107,359,536	78,570,873	82,677,570

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Group	Share capital RM	Share option reserve RM	Warrants reserve RM	Accumulated losses RM	Attributable to owners of the Company RM	Non-controlling interest RM	Total equity RM
	<---- Non-distributable		---->	Distributable			
1 April 2018	94,796,584	592,180	17,617,227	(37,175,164)	75,830,827	2,608,122	78,438,949
Grant of share issuance scheme	-	500,000	-	-	500,000	-	500,000
Issuance of share from private placement	2,631,585	-	-	-	2,631,585	-	2,631,585
Exercise of warrants	7,700	-	-	-	7,700	-	7,700
Exercise of share issuance scheme	2,250,000	(250,000)	-	-	2,000,000	-	2,000,000
Share issuance scheme expired	-	(250,000)	-	250,000	-	-	-
Warrants expired	-	-	(3,775,200)	3,775,200	-	-	-
Loss for the financial year	-	-	-	(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	1,938,303	75,930,061
1 April 2019, as previously reported	99,685,869	592,180	13,842,027	(40,128,318)	73,991,758	1,938,303	75,930,061
Adjustment on initial application of MFRS 16	-	-	-	(94,431)	(94,431)	(90,724)	(185,155)
1 April 2019, as restated	99,685,869	592,180	13,842,027	(40,222,749)	73,897,327	1,847,579	75,744,906
Grant of share issuance scheme	-	441,000	-	-	441,000	-	441,000
Exercise of share issuance scheme	2,131,200	(403,200)	-	-	1,728,000	-	1,728,000
Loss for the financial year	-	-	-	(16,100,452)	(16,100,452)	(1,139,519)	(17,239,971)
31 March 2020	101,817,069	629,980	13,842,027	(56,323,201)	59,965,875	708,060	60,673,935

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

Company	Share capital	<----- Non-distributable Share option reserve	-----> Warrants reserve	Distributable Accumulated losses	Total equity
	RM	RM	RM	RM	RM
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)	-	-	2,000,000
Share issuance scheme expired	-	(250,000)	-	250,000	-
Warrants expired	-	-	(3,775,200)	3,775,200	-
Profit 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
1 April 2019	99,685,869	592,180	13,842,027	(34,266,961)	79,853,115
Grant of share issuance scheme	-	441,000	-	-	441,000
Exercise of share issuance scheme	2,131,200	(403,200)	-	-	1,728,000
Loss for the financial year	-	-	-	(15,042,380)	(15,042,380)
31 March 2020	101,817,069	629,980	13,842,027	(49,309,341)	66,979,735

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities					
(Loss)/Profit before taxation		(18,477,989)	(8,076,808)	(15,747,792)	2,475,342
Adjustments for:					
Bad debts written off		22,006	-	-	-
Allowance/(reversal) of expected credit losses of:					
- trade receivables		1,288,351	228,412	-	-
- amount due from subsidiary		-	-	3,780,908	(5,620,878)
Impairment of goodwill		2,435,112	-	-	-
Changes in fair value of:					
- other investments		8,203,887	(327,690)	8,203,887	(327,690)
- investment properties		151,762	-	-	-
Depreciation of:					
- property, plant and equipment		3,985,614	2,830,709	917,302	759,884
- right-of-use assets		2,369,009	-	860,368	-
Dividend income		(213,264)	-	(207,109)	-
Impairment of investments in:					
- subsidiary companies		-	-	800,000	1,175,941
- other investments		99,999	-	99,999	-
Interest expense		1,206,758	482,266	242,688	-
Interest income		(120,359)	(188,119)	(390,303)	(123,596)
(Gain)/loss on disposal of:					
- property, plant and equipment		(2,333)	(154)	-	(154)
- subsidiary company		-	2,247,492	-	-
- mutual fund		(1,154)	-	(1,154)	-
Share-based-payment expense		441,000	250,000	441,000	250,000
Write down of inventories		177,544	34,502	-	-
Write off of other deposit		-	8,000	-	-
Operating profit/(loss) before working capital changes		1,565,943	(2,511,390)	(1,000,206)	(1,411,151)
Changes in:					
- inventories		(57,197)	820,556	-	-
- trade receivables		(8,677,027)	(15,913,267)	-	(1,066,850)
- other receivables, deposits and prepayments		(3,488,003)	(5,271,058)	61,994	-
- trade payables		4,315,426	13,638,470	-	22,727
- other payables, deposits and accruals		15,022,127	4,732,523	6,089,282	-
- contract liabilities		5,258,251	-	-	-
Cash generated from/(used in) operation		13,939,520	(4,504,166)	5,151,070	(2,455,274)
Interest received		3,243	64,525	-	-
Interest paid		(1,206,758)	(482,266)	(242,688)	-
Tax paid		(212,470)	(315,016)	(17,340)	(5,270)
Tax refund		551,229	32,426	14,447	-
Net cash from/(used in) operating activities		**13,074,764**	**(5,204,497)**	**4,905,489**	**(2,460,544)**

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from investing activities					
Acquisition of:					
- a subsidiary company		-	(4,000,000)	-	(4,000,000)
- other investments		(12,971,264)	(4,687,310)	(12,965,109)	(4,687,310)
Additional investments in					
- subsidiary company		-	-	-	(800,000)
Disposal of a subsidiary company, net of cash		-	(1,608,493)	-	-
Increase in construction work-in-progress		-	(5,434,000)	-	1
Proceeds from disposal of:					
- property, plant and equipment		5,500	5,798	-	5,801
- mutual fund		3,000,000	4,935,475	3,000,000	-
- other investments		1	-	1	-
Purchases of:					
- property, plant and equipment		(11,758,949)	(3,170,554)	(144,585)	(1,372,796)
(Placement)/withdrawal of fixed deposits		(127,949)	1,268,925	(119,349)	-
Interest income		117,116	-	390,303	-
Dividend income		213,264	-	207,109	-
Net cash used in investing activities		(21,522,281)	(12,690,159)	(9,631,630)	(10,854,304)
Cash flows from financing activities					
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		1,728,000	2,250,000	1,728,000	2,250,000
Drawdown of term loan		9,600,000	-	-	-
Repayments of advances from subsidiary company		-	-	2,381,113	-
(Repayments of)/advance to:					
- finance lease liabilities		(632,419)	(673,447)	-	-
- lease liabilities for right-of-use		(2,154,163)	-	(759,753)	-
- hire purchase payables		(344,968)	-	-	-
- term loan		-	(304,094)	-	-
- subsidiary companies		-	-	693,589	(1,130,362)
Net cash generated from financing activities		8,196,450	3,911,744	4,042,949	3,758,923
Net decrease in cash and cash equivalents		(251,067)	(13,982,912)	(683,192)	(9,555,925)
Cash and cash equivalents as at beginning of the financial year		1,605,851	15,588,763	843,625	10,399,550
Cash and cash equivalents as at end the financial year	24	1,354,784	1,605,851	160,433	843,625

The accompanying notes form an integral part of the financial statements

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 3 1/2, 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 consolidated financial statements of the Company as at and for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associate company.

The Company is principally engaged in the business of investment and property holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. 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 Group and 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 Group and the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

Unless otherwise stated in the financial statements, the Group and the Company have consistently applied their accounting policies to the current and previous financial year.

The Group and the Company have prepared financial statements that comply with MFRSs applicable as at from the annual period beginning on 1 January 2019. The adoptions of the new standards and interpretations have no significant effect on the financial statements of the Group and of the Company except as 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(a) Statement of compliance (cont'd)

MFRS 16, Leases (cont'd)

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 and the Company have adopted the requirements of MFRS 16 on 1 April 2019 using the modified retrospective approach, with the cumulative effects of adopting MFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current year. Prior periods have not been restated. The details and the financial effects of the adoption of MFRS 16 are disclosed in Note 43 Significant Changes in Accounting Policies.

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 Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective date for financial periods beginning on or after 1 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
Amendments to MFRS 9, MFRS 139, and MFRS 7	Interest Rate Benchmark Reform

The Conceptual Framework for Financial Reporting (Revised 2018)

Effective date for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current.

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, if applicable, when they become effective. 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 Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(b) Basis of measurement

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

(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 affects 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. The areas involving a higher degree of judgement or complexity, or areas which assumptions and estimates that are significant to the financial statements are disclosed in Note 3.1 to the financial statements.

3. SIGNIFICANT ACCOUNTING 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 Group and 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:

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on 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 anticipate that the residual values of their 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 expected credit losses on the amount owing by subsidiaries when the receivables are long outstanding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

The recoverable amount of investments 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 discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement is also used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(iii) Income taxes

The Group and the Company recognise 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 was 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 which would be recognised in the profit or loss in the year in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in the respective entities within the Group against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(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. Such discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement is also used to determine the discount rate for the cash flows and the future growth of the cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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) Expected credit losses of receivables

An expected credit loss is recognised when there is objective evidence that a receivable is impaired. Management specifically reviews its receivables 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 expected credit losses. Where there is objective evidence of expected credit losses, 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.

(viii) Fair value of investment properties

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

The independent professional valuers have exercised judgement 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, judgement 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 ("CGUs") to which the goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Such discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement is also used to determine the discount rate for the cash flows and the future growth of the cash-generating units.

(x) Share-based payment expenses

The Company estimates fair value of share-based payment expenses at grant date using the Trinomial pricing model using a list of assumptions. Expenses will differ on changes of these assumptions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(xi) Fair value estimates of financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. 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 use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profits and/or equity.

3.2 BASIS OF CONSOLIDATION

(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 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. For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

(i) The fair value of the consideration transferred; plus
(ii) The recognised amount of any non-controlling interests in the acquiree; plus
(iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
(iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Business combinations (cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(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 this results in the non-controlling interests having 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 interests is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(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 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(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 decreased 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 reclassified 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.

(g) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 CONTRACT ASSET/CONTRACT LIABILITY

A contract asset is recognised when the Group or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

3.4 FINANCIAL INSTRUMENTS

(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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent from 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. Financial assets can be classified as follows:

(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 at 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

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

<u>**Financial assets (cont'd)**</u>

(a) Amortised cost (cont'd)

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

(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 by doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

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

Financial assets (cont'd)

(c) Fair value through profit or loss (cont'd)

Financial assets categorised at 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.

Financial liabilities

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 at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- 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
- 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 at fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense, recognised in profit or loss.

For financial liabilities where it is designated at 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 other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

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

Financial liabilities (cont'd)

(b) Amortised cost

Other financial liabilities not categorised at 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 profit or loss. Any gains or losses on derecognition are also 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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Financial guarantee contracts (cont'd)

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.

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

(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.

3.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, leasehold land and buildings 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 buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Construction work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period. Construction work-in-progress is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Rental units consist of photocopy equipment which are rented to third parties.

Depreciation is charged to profit or loss on 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 principal annual rates used for this purpose are:

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

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 Group and 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 or 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 Group and the Company are obligated to incur when the asset is acquired, if applicable.

An item of property, plant 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 included 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 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 LEASED ASSETS

Current financial year

Right-of-use assets and lease liabilities

At the inception date, the Group determines whether a contract is, or contains, a lease in accordance with the definition of a lease in MFRS 16 Leases. At the commencement date, if an entity in the Group is a lessee, it recognises a right-of-use asset and a corresponding lease liability.

The initial measurement of the right-of-use asset is at cost. The cost of the right-of-use asset comprises:

a. the amount of the initial measurement of the lease liability;

b. any lease payments made at or before the commencement date, less any lease incentives received;

c. any initial direct costs incurred by the lessee; and

d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date of as a consequence of having used the underlying asset during a particular period.

On initial recognition, a lease liability is measured at the present value of the lease payment over the lease term discounted at the interest rate implicit in the lease, if that rate is readily determinable, otherwise at the incremental borrowing cost of the lessee. The lease term comprises the non-cancellable period of the lease plus the optional period to extend, or not to terminate an early termination option, if the lessee is reasonably certain to extend the option period or not to exercise an early termination option. Lease payments comprise fixed or in-substance fixed payments, variable payments linked to an inflation-related index or rate, purchase price if the lease reflects exercise of a purchase option, penalties for termination and payment for residual value guarantees.

All classes of right-of-use assets are subsequently measured at costs: (a) less accumulated depreciation and accumulated impairment losses, and (b) adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements of MFRS 116 for the right-of-use asset, which may be on straight-line method or another method that better reflects the consumption of the right-of-use asset. Depreciation of the right-of-use asset is over the useful life if the lease transfer ownership by the end of the lease term or if the cost reflects that the Group will exercise a purchase option. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life and the end of the lease term. The Group applies MFRS 136 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

A lease liability is subsequently measured at amortised cost method to reflect interest expenses, lease payments and adjustments for reassessment or modification of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 LEASED ASSETS (CONT'D)

Current financial year (cont'd)

Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the assets. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Previous financial year

(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 the fair value of the underlying asset 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 when 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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 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.

3.8 INVESTMENT PROPERTIES

Investment properties are carried at fair value.

Investment properties are properties which are owned or right-of-use asset held under a lease contract or held under an interest to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under constructions is not reliably determinable, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INVESTMENT PROPERTIES (CONT'D)

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.

3.9 IMPAIRMENT

(i) Impairment of financial assets

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 balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 IMPAIRMENT (CONT'D)

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

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 of amount due.

(ii) Impairment of other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets, assets arising from employee benefits, investment properties 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 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.

3.11 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 change in value with original maturities period of three months or less.

3.12 PROVISIONS

Provisions are recognised when the Group and the Company have 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.

3.13 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.

(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 liability in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 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, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. 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 over time 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.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive dividend is established. Rental income is recognised on a straight-line basis over the term of the lease. Management fees are recognised on an accrual basis.

3.15 EMPLOYEE BENEFITS

(a) Short-term benefits

Wages, salaries, paid annual leaves and sick leaves, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 EMPLOYEE BENEFITS (CONT'D)

(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 the Company have no further liability in respect of the defined contribution 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 profit or loss as incurred.

(c) 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.

(d) 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.

3.16 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 liabilities 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 liabilities are recognised for all taxable temporary differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 INCOME TAXES (CONT'D)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred 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.

3.17 EARNINGS PER SHARE

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

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.

3.18 RELATED PARTIES

(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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 RELATED PARTIES (CONT'D)

(b) 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) 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).

3.19 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 to assess its performance, and for which discrete financial information is available.

3.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into Level 1 to Level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 FAIR VALUE MEASUREMENTS (CONT'D)

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3.21 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 for 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 comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

3.22 CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.23 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was denominated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 FOREIGN CURRENCY TRANSACTIONS (CONT'D)

Foreign currency differences arising on retranslated are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as cash flow hedge, which are recognised in other comprehensive income.

4. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Click and rental charges	11,140,933	13,258,982	-	-
Consultancy and training fees	-	28,517	-	-
Management fees	-	-	324,000	324,000
Professional design fees	-	191,061	-	-
Renovation contracts	3,451,057	8,332,647	-	-
Sales of kitchen appliances	1,328,304	2,404,027	-	-
Sales of multi function printers	5,652,280	2,196,893	-	-
Sales - others	-	962,910	-	-
Construction works	7,159,161	11,355,171	-	-
Data centre and cloud services	11,461,279	5,654,490	-	-
Sales returned	(50,982)	(332)	-	-
Discount allowed	(37,036)	(48,060)	-	-
	40,104,996	44,336,306	324,000	324,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

5. OTHER INCOME

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Changes in fair value of other investments	-	327,690	-	327,690
Gain on foreign exchange	6,528	5,077	-	-
Gain on disposal of:				
- property, plant and equipment	2,333	26,569	-	154
- other investments	1,154	-	1,154	-
Interest income from:				
- fixed deposits	117,116	124,671	117,063	124,671
- subsidiary companies	-	-	271,467	195,008
- others	3,243	-	1,773	85,553
Rental income from:				
- third parties	482,590	435,240	452,490	435,240
- subsidiary companies	-	-	115,620	115,620
Dividend income	213,264	-	207,109	-
Reversal of expected credit losses on:				
- trade receivables	37,312	87,477	-	-
- amount due from subsidiary companies	-	-	1,264,170	5,620,878
Liquidated and ascertained damage claim	480,000	-	-	-
Sundry income	18,077	285,419	-	-
	1,361,617	1,292,143	2,430,846	6,904,814

6. ADMINISTRATIVE EXPENSES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Advertisement	289,505	53,654	-	-
Audit fee:				
- current year	151,700	132,750	50,000	40,000
- prior year	20,107	-	18,400	-
Employee benefit expenses	5,907,655	4,811,132	795,443	682,574
Depreciation of property, plant and equipment	2,969,445	2,077,037	917,302	759,884
Depreciation of right-of-use assets	1,336,559	-	860,368	-
Entertainment	169,204	167,829	40,333	73,805
Professional fees	915,250	547,860	576,638	359,118
Rental of office	135,106	1,571,661	-	878,300
Rental of office equipment	16,563	-	10,443	-
Repair and maintenance	331,096	458,754	177,550	323,701
Share based payment expenses	441,000	250,000	441,000	250,000
Travelling	283,824	267,463	22,435	31,491
Others	946,909	693,208	201,074	176,751
	13,913,923	11,031,348	4,110,986	3,575,624

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

6. ADMINISTRATIVE EXPENSES (CONT'D)

Employee benefits expenses comprise of:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Salaries, allowance and other emoluments	5,082,056	4,178,355	676,699	605,218
Employees Provident Fund	614,444	504,851	46,735	41,658
Social security costs	61,270	47,583	4,306	3,880
Other staff related expenses	149,885	80,343	67,703	31,818
	5,907,655	4,811,132	795,443	682,574

Included in employee benefits expenses of the Group and the Company are Directors' emoluments amounting to RM969,896 (2019: RM907,380) and RM272,500 (2019: RM237,000) respectively as disclosed in Note 33.

7. OTHER OPERATING EXPENSES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Bad debts written off	22,006	34,345	-	-
Impairment of goodwill	2,435,112	-	-	-
Impairment of investments in subsidiary companies	-	-	800,000	1,175,941
Impairment of other investments	99,999	-	99,999	-
Changes in fair value of:				
- investment properties	151,762	-	-	-
- other investments	8,203,887	-	8,203,887	-
Inventories written down	177,544	34,503	-	-
Allowance for expected credit losses of:				
- trade receivables	1,325,663	313,160	-	-
- amount due from subsidiary companies	-	-	5,045,078	-
Realised loss on foreign exchange	3,978	2,760	-	-
Loss on disposal of subsidiary company	-	2,247,489	-	-
	12,419,951	2,632,257	14,148,964	1,175,941

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

8. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest expenses:				
- term loans	231,627	-	-	-
- hire purchases	49,381	39,629	-	-
- lease liabilities on right-of-use assets	699,017	-	242,688	-
- lease liabilities on finance leases	151,183	361,881	-	-
- bank overdrafts	75,550	80,755	-	-
- bank charges	-	12,130	-	1,907
	1,206,758	494,395	242,688	1,907

9. TAX (CREDIT)/EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Taxation based on the result for the financial year:				
Malaysian income tax	316	-	-	-
Deferred taxation (Note 13)	(498,495)	(97,075)	-	-
	(498,179)	(97,075)	-	-
Overprovision in prior years				
Malaysian income tax	(5,457)	(5,679)	(7,505)	-
Deferred taxation (Note 13)	(734,382)	(325,881)	(697,907)	-
	(1,238,018)	(428,635)	(705,412)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

9. 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 as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
(Loss)/Profit before taxation	(18,477,989)	(8,076,808)	(15,747,792)	2,475,342
Tax at the statutory tax rate of 24% (2019: 24%)	(4,434,717)	(1,938,434)	(3,779,470)	594,082
Tax effect of:				
Non-taxable income	(109,960)	(1,448,703)	(109,840)	(1,427,734)
Tax effect of (cont'd):				
Non-deductible expense	3,960,558	2,624,423	3,718,165	653,963
Movement of deferred tax assets not recognised during the financial year	532,499	665,639	171,145	179,689
Overprovision of income tax in the prior financial year	(5,457)	(5,679)	(7,505)	-
Overprovision of deferred tax liabilities in the prior financial year	(734,382)	(325,881)	(697,907)	-
Recognition of prior years deferred tax assets	(446,559)	-	-	-
Tax (credit) for the year	(1,238,018)	(428,635)	(705,412)	-

Unutilised tax losses and unabsorbed 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Property, plant and equipment	2,637,438	1,355,689	32,242	97,649
Right-of-use assets	(400,001)	-	(100,615)	-
Unabsorbed tax losses	(13,769,025)	(17,080,198)	(1,545,438)	(1,031,872)
Unabsorbed capital allowances	(9,270,414)	(1,943,950)	(22,398)	(25,013)
Unrealised gain on foreign exchange differences	8,668	-	-	-
	(20,793,334)	(17,668,459)	(1,636,209)	(959,236)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

10. 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	
	2020	**2019**
	RM	**RM**
Loss for the year attributable to ordinary equity holders of the Company	(16,100,452)	(6,978,354)
	Number of shares	
Weighted average number of ordinary shares in issue	526,234,958	489,792,407
Basic loss per share (Sen)	(3.06)	(1.42)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Renovation RM	Rental units RM	Signboard RM	Data centre RM	Display counter RM	Construction work in progress RM	Total RM
As at 1 April 2018	840,074	300,354	1,192,548	2,391,277	3,091,673	3,963,879	1,950	19,973,000	24,284	-	31,779,039
Additions	479,422	57,145	42,097	22,672	1,706,910	862,308	-	5,434,000	-	-	8,604,554
Transfer to inventories	-	-	-	-	-	(732,106)	-	-	-	-	(732,106)
Disposals	-	(6,391)	-	(86,400)	-	-	-	-	-	-	(92,791)
Disposal of subsidiary	(9,878)	-	(1,072,134)	(220,000)	-	-	-	-	-	-	(1,302,012)
As at 31 March 2019/ 1 April 2019	1,309,618	351,108	162,511	2,107,549	4,798,583	4,094,081	1,950	25,407,000	24,284	-	38,256,684
Additions	39,188	4,200	3,739	-	600,585	1,055,857	-	-	-	10,800,844	12,504,413
Transfer to inventories	-	-	-	-	-	(1,141,180)	-	-	-	-	(1,141,180)
Disposals	-	-	(5,000)	-	-	-	-	-	-	-	(5,000)
As at 31 March 2020	1,348,806	355,308	161,250	2,107,549	5,399,168	4,008,758	1,950	25,407,000	24,284	10,800,844	49,614,917
Accumulated depreciation											
As at 1 April 2018	213,131	35,948	835,161	1,807,699	452,157	1,422,733	454	-	12,765	-	4,780,048
Charge for the year	256,403	63,677	17,929	399,114	702,753	541,285	220	846,900	2,428	-	2,830,709
Transfer to inventories	-	-	-	-	-	(277,954)	-	-	-	-	(277,954)
Disposals	-	(746)	-	(86,400)	-	-	-	-	-	-	(87,146)
Disposal of subsidiary	(5,579)	-	(753,040)	(190,667)	-	-	-	-	-	-	(949,286)
As at 31 March 2019/ 1 April 2019	463,955	98,879	100,050	1,929,746	1,154,910	1,686,064	674	846,900	15,193	-	6,296,371
Charge for the year	297,166	68,314	17,370	163,821	969,469	773,032	214	1,693,800	2,428	-	3,985,614
Transfer to inventories	-	-	-	-	-	(496,750)	-	-	-	-	(496,750)
Disposals	-	-	(1,833)	-	-	-	-	-	-	-	(1,833)
As at 31 March 2020	761,121	167,193	115,587	2,093,567	2,124,379	1,962,346	888	2,540,700	17,621	-	9,783,402
Carrying amount											
As at 1 April 2018	626,943	264,406	357,387	583,578	2,639,516	2,541,146	1,496	19,973,000	11,519	-	26,998,991
As at 31 March 2019	845,663	252,229	62,461	177,803	3,643,673	2,408,017	1,276	24,560,100	9,091	-	31,960,313
As at 31 March 2020	587,685	188,115	45,663	13,982	3,274,789	2,046,412	1,062	22,866,300	6,663	10,800,844	39,831,515

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Motor vehicle RM	Renovation RM	Total RM
Company						
Cost						
As at 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
Disposals	-	(6,391)	-	-	-	(6,391)
As at 31 March 2019/ 1 April 2019	65,297	260,513	22,169	22,672	4,409,274	4,779,925
Additions		4,200	-		140,385	144,585
As at 31 March 2020	65,297	264,713	22,169	22,672	4,549,659	4,924,510
Accumulated depreciation						
As at 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
Disposals	-	(746)	-	-	-	(746)
As at 31 March 2019/ 1 April 2019	42,326	80,045	6,867	4,156	1,138,416	1,271,810
Charge for the year	7,760	51,838	4,148	4,535	849,021	917,302
As at 31 March 2020	50,086	131,883	11,015	8,691	1,987,437	2,189,112
Carrying amount						
As at 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
As at 31 March 2020	15,211	132,830	11,154	13,981	2,562,222	2,735,398

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

12. RIGHT-OF-USE ASSETS

	Office buildings RM	Rental units RM	Total RM
Group as lessee			
Carrying amount as at 1 April 2019	-	-	-
Effects of adoption of MFRS16 (Note 43)	5,427,033	3,363,871	8,790,904
Additions	-	678,696	678,696
Depreciation charge for the financial year	(1,336,559)	(1,032,450)	(2,369,009)
Carrying amount as at 31 March 2020	4,090,474	3,010,117	7,100,591
Company as lessee			
Carrying amount as at 1 April 2019	-	-	-
Effects of adoption of MFRS16 (Note 43)	3,441,472	-	3,441,472
Depreciation charge for the financial year	(860,368)	-	(860,368)
Carrying amount as at 31 March 2020	2,581,104	-	2,581,104

	Group		Company	
	2020	**2019**	**2020**	**2019**
The following are the amounts recognised in profit or loss:				
Depreciation charge of right-of-use assets	2,369,009	-	860,368	-
Interest expense on lease liabilities	699,017	-	242,688	-
Expense relating to short term leases	78,000	-	-	-
Expense relating to leases of low value assets	57,126	-	-	-

13. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
As at beginning of the year	921,576	1,514,532	1,194,700	1,194,700
Effect of deconsolidation	-	(170,000)	-	-
Recognised in profit or loss	(1,232,877)	(422,956)	(697,907)	-
As at end of the year	(311,301)	921,576	496,793	1,194,700

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

13. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets	(823,531)	(309,599)	-	-
Deferred tax liabilities	512,230	1,231,175	496,793	1,194,700
	(311,301)	921,576	496,793	1,194,700

14. INVESTMENT PROPERTIES

Group	Freehold buildings RM	Buildings in progress RM	Total RM
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 at 31 March 2019	18,351,762	-	18,351,762
As at 1 April 2019	18,351,762	-	18,351,762
Change in fair value recognised in profit or loss	(151,762)	-	(151,762)
As at 31 March 2020	18,200,000	-	18,200,000

Company	Freehold building RM
As at 1 April 2018/31 March 2019/31 March 2020	9,000,000

The following were recognised in profit or loss in respect of investment properties:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Rental income	465,340	435,240	435,240	435,240
Other income - Liquidated and ascertained damage claim	480,000	-	-	-
Direct operating expenses	168,460	30,591	157,006	30,591

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

14. INVESTMENT PROPERTIES (CONT'D)

Fair value information

The fair values of investment properties of the Group and of the Company are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2020				
Investment properties	-	18,200,000	-	18,200,000
2019				
Investment properties	-	9,000,000	9,351,762	18,351,762
Company				
2020				
Investment property	-	9,000,000	-	9,000,000
2019				
Investment property	-	9,000,000	-	9,000,000

The freehold buildings were stated at fair value based on valuation performed by independent professional valuers, who holds recognised relevant professional qualification and have recent experience in the locations and categories of investment properties valued.

Freehold buildings represent commercial properties that can be leased to a third party. The fair values of the freehold building of the Group and the Company as at 31 March 2020 were determined by a valuation carried out by professional valuers, 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 buildings were charged to licensed banks as security for bank facilities granted to the subsidiary companies.

Level 2 fair value

Level 2 fair value building has been generally derived using the open market value approach. Market value is 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

14. INVESTMENT PROPERTIES (CONT'D)

Fair value information (cont'd)

Highest and best use

In estimating the fair value of the property, the highest and best use of the property is their current use.

15. GOODWILL ON CONSOLIDATION

	Group	
	2020	**2019**
	RM	**RM**
As at beginning of the year	10,597,004	10,597,004
Less: Accumulated impairment	(7,226,704)	(4,791,592)
As at end of the year	3,370,300	5,805,412

Allowance for impairment losses:		
As at beginning of the year	4,791,592	4,791,592
Addition during the year	2,435,112	-
As at end of the year	7,226,704	4,791,592

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

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

	Group	
	2020	**2019**
	RM	**RM**
Trading of kitchen appliances and office equipment	1,970,478	4,405,590
Information communication technology and related activities	1,398,725	1,398,725
Others	1,097	1,097
	3,370,300	5,805,412

(i) The recoverable amount of the CGUs 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 in a business plan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

15. GOODWILL ON CONSOLIDATION (CONT'D)

(i) 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 flows 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 CGUs are exposed to. Value assigned are consistent with the external sources of information.

- The pre-tax discount rate of 8% (2019: 8%) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the CGUs's weighted average cost of the capital.

- The forecasted growth rate used to extrapolate cash flow beyond the 5 years period was 1% (2019: 1%).

(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 CGUs is determined based on the net tangible assets of the companies.

16. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost		
As at beginning of the year	21,073,463	30,623,033
Add: Addition during the year	-	4,800,000
Less: Disposal during the year	-	(14,349,570)
As at end of the year	21,073,463	21,073,463
Accumulated impairment losses		
As at beginning of the year	12,308,865	25,482,493
Add: Impairment losses	800,000	1,175,941
Less: Disposal during the year	-	(14,349,569)
As at end of the year	13,108,865	12,308,865
Net carrying amount	7,964,598	8,764,598

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity 2020 %	Effective Equity 2019 %	Principal Activities
Key Alliance Sdn. Bhd.	Malaysia	100	100	Provision of co-location in relation to data centre and ventured as contractor for building constructions.
Design Dept Sdn. Bhd.	Malaysia	100	100	To carry on the business of architectural and 3D interior design and image consultants and construction or renovation works.
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.
Progenet Innovations Sdn. Bhd.	Malaysia	80	80	Provide cloud data center services to business entities and individuals.
MobileVideo International Limited	Cayman Islands	60	60	Dormant.
Digital Paper Solutions Sdn. Bhd.	Malaysia	51	51	Trading and rental of office equipment.
Held through Progenet Innovations Sdn. Bhd.				
Progenet Sdn. Bhd.	Malaysia	80	80	Engaged in business of computer networking and system consultants, supply equipment and cabling.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiaries

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

	Digital Paper Solutions Sdn. Bhd. RM	MobileVideo International Limited RM	Progenet Innovations Sdn. Bhd. RM	Progenet Sdn. Bhd. RM	Total RM
2020					
NCI percentage of ownership interest and voting interest	49%	40%	20%	20%	
Carrying amount of NCI (RM)	97,688	(211,422)	876,403	(54,609)	708,060
Profit/(Loss) allocated to NCI (RM)	(1,374,116)	-	280,279	(45,682)	(1,139,519)
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)

Summarised financial information before intra-group elimination:

2020	Digital Paper Solutions Sdn. Bhd. RM	MobileVideo International Limited RM	Progenet Innovations Sdn. Bhd. RM	Progenet Sdn. Bhd. RM
Non-current assets	5,170,040	-	12,656,881	301,200
Current assets	7,848,716	-	9,761,911	3,192,431
Current liabilities	(12,819,395)	-	(18,163,516)	(3,639,978)
Net assets/(liabilities)	199,361	-	4,255,276	(146,347)
Year ended 31 March 2020				
Revenue	16,783,595	-	7,563,939	3,524,640
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year	(2,804,319)	-	1,401,393	(228,406)
Net cash flow generated (used in)/from operating activities	(1,936,191)	-	2,512,257	(164,988)
Net cash flow used in investing activities	-	-	(10,803,664)	(182,905)
Net cash flow from financing activities	3,264,632	-	8,685,526	-
Net increase/(decrease) in cash and cash equivalents	1,328,441	-	394,119	(347,893)
Dividends paid to NCI	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

Summarised financial information before intra-group elimination (cont'd):

2019	**Digital Paper Solutions Sdn. Bhd. RM**	**MobileVideo International Limited RM**	**Progenet Innovations Sdn. Bhd. RM**	**Progenet Sdn. Bhd. RM**
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 2019				
Revenue	16,370,393	-	1,123,493	4,417,735
Loss for the year, representing total comprehensive loss 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	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Disposal of subsidiary company

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

The effects of the deconsolidation on the statement of 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 company	(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)

17. INVESTMENT IN ASSOCIATE COMPANY

	Group and Company	
	2020	2019
	RM	RM
Unquoted share, at cost		
Balance as at beginning of the year/end of the year	300	300
Group's share of post acquisition profit or losses		
Balance as at beginning of the year/end of the year	(300)	(300)
Net investment in associate company	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

17. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)

The associate company is as follows:

Name of Associate	Country of Incorporation	Effective Equity 2020 %	Effective Equity 2019 %	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's associate company and reconciles the information to the carrying amount of the Group's interest in the associate company.

	DVM AllSportz Asia Sdn. Bhd. 2020 RM	DVM AllSportz Asia Sdn. Bhd. 2019 RM
Summarised financial information:		
As at 31 March		
Non-current assets	11,093	11,093
Current assets	21,451	21,451
Current liabilities	(447,921)	(447,921)
Net liabilities	(415,377)	(415,377)
Year ended 31 March		
Revenue	-	-
Profit for the year, representing total comprehensive income for the year	-	-
Dividend received	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

18. OTHER INVESTMENTS

Group	Unquoted ordinary shares RM	Unquoted redeemable preference share RM	Quoted shares RM	Quoted irredeemable convertible preference shares RM	Quoted warrants RM	Mutual fund RM	Club Membership RM	Total RM
2020								
At fair value								
As at 1 April 2019	370,000	63,862	4,965,000	-	-	178,041	-	5,576,903
Additions	-	-	-	9,965,000	-	3,006,264	-	12,971,264
Disposals	(20,000)	-	-	-	-	(2,998,846)	-	(3,018,846)
Changes in fair value	250,665	-	(2,979,000)	(5,979,000)	498,250	5,198	-	(8,203,887)
As at 31 March 2020	600,665	63,862	1,986,000	3,986,000	498,250	190,657	-	7,325,434
Accumulated impairment losses								
As at 1 April 2019	169,998	-	-	-	-	-	-	169,998
Additions	99,999	-	-	-	-	-	-	99,999
Disposals	(19,999)	-	-	-	-	-	-	(19,999)
As at 31 March 2020	249,998	-	-	-	-	-	-	249,998
Net carrying amount	350,667	63,862	1,986,000	3,986,000	498,250	190,657	-	7,075,436
2019								
At fair value								
As at 1 April 2018	320,000	63,862	-	-	-	5,113,516	860,000	6,357,378
Additions	50,000	-	4,637,310	-	-	-	-	4,687,310
Disposal of subsidiary	-	-	-	-	-	-	(860,000)	(860,000)
Changes in fair value	-	-	327,690	-	-	-	-	327,690
Redemption	-	-	-	-	-	(4,935,475)	-	(4,935,475)
As at 31 March 2019	370,000	63,862	4,965,000	-	-	178,041	-	5,576,903
Accumulated impairment losses								
Balance as at 1 April 2018	169,998	-	-	-	-	-	859,999	169,998
Disposal of subsidiary	-	-	-	-	-	-	(859,999)	-
As at 31 March 2019	169,998	-	-	-	-	-	-	169,998
Net carrying amount	200,002	63,862	4,965,000	-	-	178,041	-	5,406,905

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

18. OTHER INVESTMENTS (CONT'D)

Company	Unquoted ordinary shares RM	Unquoted redeemable preference share RM	Quoted shares RM	Quoted irredeemable convertible preference shares RM	Quoted warrants RM	Mutual fund RM	Total RM
2020							
At fair value							
As at 1 April 2019	370,000	63,862	4,965,000	-	-	-	5,398,862
Additions	-	-	-	9,965,000	-	3,000,109	12,965,109
Disposals	(20,000)	-	-	-	-	(2,998,846)	(3,018,846)
Changes in fair value	250,665	-	(2,979,000)	(5,979,000)	498,250	5,198	(8,203,887)
As at 31 March 2020	600,665	63,862	1,986,000	3,986,000	498,250	6,461	7,141,238
Accumulated impairment losses							
As at 1 April 2019	169,998	-	-	-	-	-	169,998
Additions	99,999	-	-	-	-	-	99,999
Disposals	(19,999)	-	-	-	-	-	(19,999)
As at 31 March 2020	249,998	-	-	-	-	-	249,998
Net carrying amount	350,667	63,862	1,986,000	3,986,000	498,250	6,461	6,891,240
2019							
At fair value							
As at 1 April 2018	320,000	63,862	-	-	-	-	383,862
Additions	50,000	-	4,637,310	-	-	-	4,687,310
Changes in fair value	-	-	327,690	-	-	-	327,690
As at 31 March 2019	370,000	63,862	4,965,000	-	-	-	5,398,862
Accumulated impairment losses							
As at 1 April 2018/31 March 2019	169,998	-	-	-	-	-	169,998
Net carrying amount	200,002	63,862	4,965,000	-	-	-	5,228,864

Other investments of the Group and the Company were all investments in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

19. INVENTORIES

	Group	
	2020	**2019**
	RM	**RM**
Multi function printers and related products	3,004,181	3,400,553
Kitchen appliances	2,927,545	2,007,090
	5,931,726	5,407,643

Recognised in profit or loss		
Inventories recognised as cost of sales	16,430,337	16,726,841
Write down to net realisable value	177,544	34,503

20. TRADE RECEIVABLES

	Group	
	2020	**2019**
	RM	**RM**
Trade receivables	30,617,085	24,884,383
Less: Allowance for expected credit losses	(1,780,909)	(3,414,877)
	28,836,176	21,469,506

The Group's normal trade credit terms range from 30 to 120 days (2019: 30 to 120 days).

The reconciliation of the allowance account is as follows:

	Group	
	2020	**2019**
	RM	**RM**
As at beginning of the year	3,414,877	3,311,505
Additions	1,325,663	313,160
Reversal	(37,312)	(87,478)
Written off	(2,922,319)	-
Reclassification	-	(122,310)
As at end of the year	1,780,909	3,414,877

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Other receivables	8,551,829	13,235,880	8,249,912	8,317,579
Less: Allowance for expected credit losses	(8,525,768)	(12,344,852)	(8,241,456)	(8,241,456)
	26,061	891,028	8,456	76,123
Other deposits	7,328,407	1,547,903	1,210,148	1,210,148
Prepayments	378,986	1,393,863	14,565	8,892
Deferred expenditure	-	412,657	-	-
Performance bond	6,000,000	6,000,000	-	-
	13,733,454	10,245,451	1,233,169	1,295,163

The reconciliation of the allowance account is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
As at beginning of the year	12,344,852	9,873,849	8,241,456	5,900,763
Reclassification	-	2,471,003	-	2,340,693
Written off	(3,819,084)	-	-	-
As at end of the year	8,525,768	12,344,852	8,241,456	8,241,456

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

22. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Amount due from subsidiary companies	53,702,254	56,083,367
Less: Allowance for expected credit losses	(9,832,162)	(6,051,254)
Amount due from subsidiary companies	43,870,092	50,032,113

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

22. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES (CONT'D)

The reconciliation of the allowance account is as follows:

	Company	
	2020 RM	**2019 RM**
As at beginning of the year	6,051,254	14,040,046
Additions	5,045,078	-
Reversal	(1,264,170)	(7,988,792)
As at end of the year	9,832,162	6,051,254
Amount due to subsidiary companies	(2,116,087)	(1,422,498)

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 RM3,529,648 (2019: RM3,405,837) due from subsidiary companies, which bear interest rate of 8% (2019: 4.95% to 5.00%) per annum and repayable on demand.

23. AMOUNT DUE FROM AN ASSOCIATE COMPANY

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Amount due from an associate company	219,057	219,057	9,923	9,923
Less: Allowance for expected credit losses	(219,057)	(219,057)	(9,923)	(9,923)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	3,345,900	3,515,755	160,433	843,625
Deposits with licensed banks	4,163,204	4,035,255	4,101,604	3,982,255
Total cash and cash equivalents	7,509,104	7,551,010	4,262,037	4,825,880
Less: Pledged deposits	(4,163,204)	(4,035,255)	(4,101,604)	(3,982,255)
	3,345,900	3,515,755	160,433	843,625
Bank overdrafts	(1,991,116)	(1,909,904)	-	-
	1,354,784	1,605,851	160,433	843,625

Deposits with licensed banks

The interest rate of fixed deposits with licensed banks of the Group and the Company ranged between 2.40% to 3.20% (2019: 2.95% to 3.30%) per annum.

Included in deposits with licensed banks of the Group and the Company are amounts of RM4,163,204 (2019: RM4,035,255) and RM4,101,604 (2019: RM3,982,255) respectively which have been pledged to licensed banks as securities for credit facilities granted to the subsidiary companies.

Bank overdrafts

The Group's bank overdrafts bear effective interest rates 3.55% (2019: 4.20%).

The bank overdrafts of the Group are secured by the following:

a) Corporate guarantee by the Company
b) Fixed deposits of the Company of RM2,553,002 (2019: RM2,479,014)

At the reporting date, the Group has unutilised bank overdrafts facilities of RM8,884 (2019: RM90,097).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

25. SHARE CAPITAL

	Group and Company	
	Share capital (issued and fully paid) Unit	**Share capital (Issued and fully paid) RM**
As at 1 April 2018	427,902,420	94,796,584
Issuance of shares:		
Issuance of share from private placement	42,790,000	2,631,585
Exercise of warrants	19,250	7,700
Issuance of shares (cont'd):		
Exercise of share issuance scheme	50,000,000	2,250,000
As at 31 March 2019	520,711,670	99,685,869
As at 1 April 2019	520,711,670	99,685,869
Issuance of shares:		
Exercise of share issuance scheme	57,600,000	2,131,200
As at 31 March 2020	578,311,670	101,817,069

On 25 February 2020, the Company issued 57,600,000 new ordinary shares at RM0.03 per share pursuant to the exercise of options under the Company's Share Issuance Scheme for a total cash consideration of RM1,728,000.

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.

26. OTHER RESERVES

	Group and Company	
	2020 RM	**2019 RM**
Non-distributable		
Warrant reserve		
As at beginning of the year	13,842,027	17,617,227
Warrants expired	-	(3,775,200)
As at end of the year	13,842,027	13,842,027
Share option reserve		
As at beginning of the year	592,180	592,180
Addition of share options	441,000	500,000
Share options exercised	(403,200)	(250,000)
Share options expired	-	(250,000)
As at end of the year	629,980	592,180
Total other reserves	14,472,007	14,434,207

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

26. OTHER RESERVES (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 to 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 2020, the total outstanding Warrant B were 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 the Share Issuance Scheme ("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 an exercise price, to be determined by the SIS Committee at its discretion, based on the 5-day weighted average market price of the Company's shares as quoted in Bursa Malaysia Securities Berhad ("Bursa") 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 executives are those executives (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 were 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 SIS shall be in force for a period of five years from the first grant date. On 6 May 2020, the Company extended its existing SIS which is expiring on 6 May 2020 for another three (3) years until 6 May 2023 in accordance with the terms of the SIS By-Laws.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

26. OTHER RESERVES (CONT'D)

Share option reserve (cont'd)

The salient features of the SIS are, inter alia, as follows (cont'd):

(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 dividend's rights or other entitlements on his unexercised options.

The outstanding options under the SIS were as follow:

		Number of Share Issuance Scheme Options				
Date of offer	**Exercise price**	**As at 1/4/2019 '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**As at 31/3/2020 '000**
26 May 2017	RM0.050	375	-	-	-	375
9 August 2019	RM0.035	-	63,000	-	(63,000)	-
11 February 2020	RM0.030	-	63,000	(57,600)	-	5,400
		375	126,000	(57,600)	(63,000)	5,775

27. TERM LOAN

	Group	
	2020 RM	**2019 RM**
Current		
Not later than one year	828,976	-
Non-current		
Later than one year and not later than two years	1,908,078	-
Later than two years and not later than five years	4,385,512	-
Later than five years	2,477,434	-
	8,771,024	-
Total term loan	9,600,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

27. TERM LOAN (CONT'D)

Effective interest rate per annum on the term loan of the Group is 8.60% (2019: Nil).

The term loan is secured by:

(a) Deed of Assignment of rental proceeds derived from the Cloud Services and/or Server Co-Location Services and to cover any rental proceeds (current and future) in relation to the above services received from customer from the customer's client;

(b) Deed of Assignment of rental proceeds to be derived from the tenancy agreement in relation to the certain investment properties of the Group;

(c) Debenture incorporating the First Fixed and Floating Charge over the subsidiary company's present and future assets;

(d) Third party first legal charge over investment properties of the Group; and

(e) Corporate guarantee by the Company and a subsidiary company.

28. HIRE PURCHASE PAYABLES

	Group	
	2020	**2019**
	RM	**RM**
Hire purchase payables:		
- not later than one year	479,159	302,724
- later than one year but not later than five years	475,377	208,898
	954,536	511,622
Less: Future finance changes	(101,263)	(58,845)
Present value of hire purchase payables	853,273	452,777
Presented by:		
Current		
- not later than one year	410,552	267,304
Non-current		
- later than one year but not later than five years	442,721	185,473
Total hire purchase payables	853,273	452,777

The Group's hire purchase payables bear effective interest rates ranging from 7.20% to 8.10% (2019: 4.60% to 7.2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

29. LEASE LIABILITIES

Group	Balance as at 1 April 2019, as previously reported RM	Effect of adoption of MFRS 16 (Note 43) RM	Balance as at 1 April 2019, as restated RM	Additions RM	Payment of lease liabilities RM	Accretion of interest expenses RM	Balance as at 31 March 2020 RM
Right-of-use assets							
Premises	-	5,427,033	5,427,033	-	(1,561,305)	383,578	4,249,306
Rental units	-	3,549,026	3,549,026	678,696	(1,291,876)	315,439	3,251,285
	-	8,976,059	8,976,059	678,696	(2,853,181)	699,017	7,500,591
Finance lease assets							
Rental units	1,126,492	-	1,126,492	-	(783,602)	151,184	494,074
	1,126,492	8,976,059	10,102,551	678,696	(3,636,783)	850,201	7,994,665

Company	Balance as at 1 April 2019 RM	Effect of adoption of MFRS 16 (Note 43) RM	Payment of lease liabilities RM	Accretion of interest expenses RM	Balance as at 31 March 2020 RM
Right-of-use assets					
Premises	-	3,441,472	(1,002,441)	242,688	2,681,719

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

29. LEASE LIABILITIES (CONT'D)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Represented by:				
Minimum lease payments				
Not later than one year	3,530,626	786,831	1,002,442	-
Later than one year and not later than five years	5,665,018	439,790	2,004,884	-
	9,195,644	1,226,621	3,007,326	-
Less: Future interest charges	(1,200,979)	(100,129)	(325,607)	-
	7,994,665	1,126,492	2,681,719	-
Minimum lease payments				
Later than one year and not later than five years	5,125,655	503,089	1,858,498	-
Current				
Not later than one year	2,869,010	623,403	823,221	-
	7,994,665	1,126,492	2,681,719	-
Lease liabilities due to financial institutions	494,073	1,126,492	-	-
Lease liabilities due to non-financial institutions	7,500,592	-	2,681,719	-
	7,994,665	1,126,492	2,681,719	-
Weighted average incremental borrowing rates per annum for leases on right-of-use assets	8.05%	-	8.05%	-
Annual interest rate for finance lease	8.76%-10.94%	-	-	-

Included in the Group's lease liabilities are rental of equipment under leases 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's obligations under leases are secured by the lessors' title to leased assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

30. TRADE PAYABLES

The credit terms of trade payables range from immediate payments to 60 days (2019: immediate payment to 60 days). However, the terms may vary upon negotiation with the creditors.

31. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Other payables	3,887,426	1,643,163	93,112	42,650
Accruals	4,693,513	2,973,472	94,617	50,047
Deposits	12,377,030	1,319,207	6,108,810	114,560
	20,957,969	5,935,842	6,296,539	207,257

Included in accruals of the Group and the Company is accrued directors fee of RM25,500 (2019: RM7,500).

32. CONTRACT LIABILITIES

	Group	
	2020 RM	**2019 RM**
As at 1 April	1,559,034	1,794,753
Advance consideration received and receivable during the year	15,474,538	11,746,140
Recognised as revenue	(10,216,287)	(11,981,859)
As at 31 March	6,817,285	1,559,034

The contract liabilities primarily relate to the advance consideration received and receivable from a customer for data centre, cloud services and renovation work contract, which revenue is recognised over time during the service period. The contract liabilities are expected to be recognised as revenue within 1 year (2019: within 1 year).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

33. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Directors of the Company				
Executive Directors				
- fees	147,000	96,000	147,000	96,000
- other emoluments	253,000	169,000	-	-
- EPF contributions	30,360	20,280	-	-
- social security costs	1,308	770	-	-
Directors of the Company (cont'd)				
Non-Executive Directors				
- fees	125,500	141,000	125,500	141,000
- other emoluments	84,000	-	-	-
- EPF contributions	10,080	-	-	-
- social security costs	923	-	-	-
	652,171	427,050	272,500	237,000
Directors of Subsidiary Companies				
Executive Directors				
- fees	48,000	44,000	-	-
- other emoluments	240,000	388,000	-	-
- EPF Contributions	28,800	46,560	-	-
- social security costs	925	1,770	-	-
	317,725	480,330	-	-
Total	969,896	907,380	272,500	237,000

34. EMPLOYEE BENEFITS

Share-based payment arrangement

On 15 June 2015, the Group offered share options to eligible employees to purchase shares in the Company under the Share Issuance Scheme approved by the shareholders of the Company on 10 April 2015.

On 9 August 2019, the Group offered and granted 63,000,000 share options to eligible employees at exercise price of RM0.035. All share options lapsed during the financial year.

On 11 February 2020, the Group offered 63,000,000 share options to eligible employees at exercise price of RM0.030, of which 57,600,000 share options were exercised into ordinary shares of the Company on 25 February 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

34. EMPLOYEE BENEFITS (CONT'D)

Share-based payment arrangement (cont'd)

The fair value of the share options is granted during the current financial year measured using Trinomial pricing model with the following inputs and assumptions:

Fair value at grant date (RM)	0.007
Weighted average share price (RM)	0.030
Share price at grant date (RM)	0.030
Expected volatility (weighted average volatility)	119.70%
Option life (expected weighted average life)	90 days
Risk-free interest rate	7.21%

Total expense recognised as share-based payments represents share options granted during the current financial year.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

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:

	Company	
	2020	**2019**
	RM	**RM**
Rental of premises income	115,620	115,620
Interest income	271,467	196,965
Management fees income	324,000	324,000
Total	711,087	636,585

(ii) Transactions with a corporate shareholder of a subsidiary company:

	Group	
	2020	**2019**
	RM	**RM**
Rental of equipment expenses	163,604	836,122
Sales of goods	(680,987)	(2,976,931)
Warehouse rental and contract services expenses	705,000	840,000
Purchases of goods	563,402	1,550,382
Total	715,019	249,573

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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):

(iii) Transaction with a Company's Director:

	Group	
	2020	2019
	RM	RM
Sales of kitchen appliances	4,998	20,538

(iv) Compensation of key management personnel:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short term employee benefits	688,000	697,000	147,000	96,000
Post-employment benefits				
- defined contribution plan EPF contributions	61,393	69,380	-	-
	749,393	766,380	147,000	96,000

Included in total key management personnel are:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors' remuneration				
- company	431,668	286,050	147,000	96,000
- subsidiaries	317,725	480,330	-	-
	749,393	766,380	147,000	96,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION

The Group has three 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 recovery and other IT related services
• Trading of consumer and multifunction printers and related services	Distributing and reselling of kitchen appliances and multifunction printers and related services
• Property construction	Provision of 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 the current year.

The accounting policies of the reportable segments are the same as described in Note 3.19 to the financial statements.

There are varying levels of integration among reportable segments. These integrations include 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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment

	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Elimination RM	Total RM
2020						
Revenue						
Sales to external customers	11,461,279	18,033,499	10,610,218	-	-	40,104,996
Inter-segment revenue	430,766	20,000	497,881	324,000	(1,272,647)	-
Total revenue	11,892,045	18,053,499	11,108,099	324,000	(1,272,647)	40,104,996
Results						
Operating results	(289,837)	(3,331,314)	(47,464)	(10,082,097)	(3,640,878)	(17,391,590)
Interest income	244,003	-	206	390,305	(514,155)	120,359
Finance costs	(617,322)	(599,615)	(17,813)	(242,688)	270,680	(1,206,758)
(Loss)/Profit before taxation	(663,156)	(3,930,929)	(65,071)	(9,934,480)	(3,884,353)	(18,477,989)
Income tax expense	496,131	36,475	-	705,412	-	1,238,018
(Loss)/Profit for the year	(167,025)	(3,894,454)	(65,071)	(9,229,068)	(3,884,353)	(17,239,971)
Assets						
Segment assets/Total assets	56,663,150	29,978,661	27,401,518	84,518,683	(65,631,862)	132,930,150
Liabilities						
Segment liabilities /Total liabilities	55,291,819	34,210,495	34,364,411	11,666,442	(63,276,952)	72,256,215

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Elimination RM	Total RM
2020						
Other information						
Non-cash expenses						
Depreciation of						
- property, plant and equipment	1,952,344	826,858	289,111	917,301	-	3,985,614
- right-of-use assets	410,567	1,161,414	35,893	860,368	(99,233)	2,369,009
Changes in fair value of:						
- other investments	-	-	-	8,203,887	-	8,203,887
- investment properties	-	151,762	-	-	-	151,762
Allowance expected credit losses on trade receivables	397,848	890,503	-	-	-	1,288,351
Impairment losses on:						
- other investments	-	-	-	99,999	-	99,999
- investment properties	-	151,762	-	-	-	151,762
Impairment of goodwill	-	2,435,112	-	-	-	2,435,112
Bad debts written off	-	22,006	-	-	-	22,006
Write down of inventories	-	177,544	-	-	-	177,544
Share-based-payment	-	-	-	441,000	-	441,000
Non-cash (income)						
Gain on disposal of:						
- property, plant and equipment	-	(2,333)	-	-	-	(2,333)
- mutual funds	-	-	-	(1,154)	-	(1,154)
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets:						
- property, plant and equipment	10,803,664	1,164,395	415,647	144,585	(23,878)	12,504,413
- right-of-use assets	-	678,696	-	-	-	678,696

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Elimination RM	Total RM
2019						
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 interests	-	-	-	-	(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	6,745,782	27,511,002	46,433,063	82,755,124	(56,085,436)	107,359,535
Liabilities						
Segment liabilities /Total liabilities	3,809,801	27,456,643	55,642,004	2,874,578	(58,353,551)	31,429,475

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

	Data centre and cloud services RM	**Trading RM**	**Construction RM**	**Others RM**	**Elimination RM**	**Total RM**
2019						
Other information						
Non-cash expenses						
Depreciation of property, plant and equipment	1,071,430	605,221	394,174	759,884	-	2,830,709
Expected credit losses on trade receivables	313,160	-	-	-	-	313,160
Impairment losses on:						
- inventories	-	34,503	-	-	-	34,503
- investment in subsidiaries	-	-	-	1,175,941	(1,175,941)	-
Unrealised loss on foreign exchange	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 expected credit 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 instruments and deferred tax assets	5,874,748	889,131	531,486	1,372,796	(63,607)	8,604,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

Major customers

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

	Revenue		Segment
	2020	**2019**	
	RM	**RM**	
All common control companies of: - Customer A	4,098,323	4,075,849	Data centre, cloud services and training
- Customer B	7,159,161	10,385,171	Construction

(b) Geographical segments

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

37. FINANCIAL INSTRUMENTS

37.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2020 categorised as follows:

(i) Amortised cost ("AC")
(ii) Fair Value Through Profit or Loss ("FVPL")

Group	Carrying amount RM	AC RM	FVPL RM
2020			
Financial assets			
Other investments	7,075,436	-	7,075,436
Trade receivables	28,836,176	28,836,176	-
Other receivables and deposits	13,354,468	13,354,468	-
Deposits with licensed banks	4,163,204	4,163,204	-
Cash and bank balances	3,345,900	3,345,900	-
	56,775,184	49,699,748	7,075,436

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments as at 31 March 2020 categorised as follows (cont'd):

(i) Amortised cost ("AC")
(ii) Fair Value Through Profit or Loss ("FVPL")

	Carrying amount RM	AC RM	FVPL RM
Group (cont'd)			
2020			
Financial liabilities			
Trade payables	23,529,677	23,529,677	-
Other payables, deposit and accruals	20,957,969	20,957,969	-
Contract Liabilities	6,817,285	6,817,285	-
Bank overdraft	1,911,116	1,911,116	-
Term loan	9,600,000	9,600,000	-
Hire purchase payables	853,273	853,273	-
Lease liabilities	7,994,665	7,994,665	-
	71,663,985	71,663,985	-
Company			
2020			
Financial assets			
Other investments	6,891,240	-	6,891,240
Other receivables and deposits	1,218,604	1,218,604	-
Amount due from subsidiary companies	43,870,092	43,870,092	-
Deposits placed licensed banks	4,101,604	4,101,604	-
Cash and bank balances	160,433	160,433	-
	56,241,973	49,350,733	6,891,240
Financial liabilities			
Other payables, deposit and accruals	6,296,539	6,296,539	-
Amount due to subsidiary companies	2,116,087	2,116,087	-
Lease liabilities	2,681,719	2,681,719	-
	11,094,345	11,094,345	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Categories of financial instruments (cont'd)

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 Profit or Loss ("FVPL")

	Carrying amount RM	AC RM	FVPL RM
Group			
2019			
Financial assets			
Other investments	5,406,905	-	5,406,905
Trade receivables	21,469,506	21,469,506	-
Other receivables and deposits	8,851,588	8,851,588	-
Deposits with licensed banks	4,035,255	4,035,255	-
Cash and bank balances	3,515,755	3,515,755	-
	43,279,009	37,872,104	5,406,905
Financial liabilities			
Trade payables	19,214,251	19,214,251	-
Other payables, deposit and accruals	5,935,842	5,935,842	-
Contract liabilities	1,559,034	1,559,034	-
Hire purchase payables	452,777	452,777	-
Lease liabilities	1,126,492	1,126,492	-
Bank overdraft	1,909,904	1,909,904	-
	30,198,300	30,198,300	-
Company			
2019			
Financial assets			
Other investments	5,228,864	-	5,228,864
Other receivables and deposits	1,286,271	1,286,271	-
Amount due from subsidiary companies	50,032,113	50,032,113	-
Deposits with licensed banks	3,982,255	3,982,255	-
Cash and bank balances	843,625	843,625	-
	61,373,128	56,144,264	5,228,864
Financial liabilities			
Other payables, deposits and accruals	207,257	207,257	-
Amount due to subsidiary companies	1,422,498	1,422,498	-
	1,629,755	1,629,755	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 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 were 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 and the Company assess 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 fully) 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 were 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 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Recognition and measurement of impairment loss

	Gross-carrying amount RM	Loss allowances RM	Net balance RM
Group			
2020			
Current (not past due)	2,674,313	(61,621)	2,612,692
1-30 days past due	1,022,988	(126,381)	896,607
31-60 days past due	6,011,827	(61,476)	5,950,351
61-90 days past due	662,726	(116,611)	546,115
More than 90 days past due	19,476,825	(646,414)	18,830,411
	29,848,679	(1,012,503)	28,836,176
Credit impaired			
Individually impaired	768,406	(768,406)	-
	768,406	(768,406)	-
Trade receivables	30,617,085	(1,780,909)	28,836,176
Group			
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
More than 90 days past due	15,969,346	(122,468)	15,846,878
	21,204,236	(122,468)	21,081,768
Credit impaired			
Individually impaired	3,680,147	(3,292,409)	387,738
	3,680,147	(3,292,409)	387,738
Trade receivables	24,884,383	(3,414,877)	21,469,506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(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.

(iii) Other receivables

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. Other receivables are individually assessed for credit impairment.

The following table provides information about the exposure to credit risk for other receivables:

	Gross-carrying amount RM	Loss allowance RM	Net balance RM
Group			
2020	8,551,829	(8,525,768)	26,061
2019	13,235,880	(12,344,852)	891,028
Company			
2020	8,249,912	(8,241,456)	8,456
2019	8,317,579	(8,241,456)	76,123

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iv) Inter-company loans and advances (cont'd)

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 to 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:

	Gross-carrying amount RM	Loss allowance RM	Net balance RM
Company			
2020	53,702,254	(9,832,162)	43,870,092
2019	56,083,367	(6,051,254)	50,032,113

(v) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks and corporations in respect of banking facilities and lease liabilities 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 RM14,198,632 (2019: RM4,151,439) representing the outstanding banking and lease facilities of the subsidiaries as at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

(v) Financial guarantees (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

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 and the Company 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 and the Company maintain 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

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:

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within 1 year RM	1 - 5 years RM	Over 5 year RM
Group					
2020					
Non-derivative financial liabilities					
Trade payables	23,529,677	23,529,677	23,529,677	-	-
Other payables and accruals	20,957,969	20,957,969	20,957,969	-	-
Contract liabilities	6,817,285	6,817,285	6,817,285		-
Bank overdrafts	1,991,116	1,991,116	1,991,116	-	-
Term loan	9,600,000	12,011,852	1,690,917	10,320,935	-
Non-derivative financial liabilities (cont'd)					
Hire purchase payables	853,272	954,536	479,159	475,377	-
Lease liabilities	7,994,665	9,195,644	3,530,626	5,665,018	-
	71,743,984	75,458,079	58,996,749	16,461,330	-
2019					
Non-derivative financial liabilities					
Trade payables	19,214,251	19,214,251	19,214,251	-	-
Other payables and accruals	5,935,842	5,935,842	5,935,842	-	-
Contract liabilities	1,559,034	1,559,034	1,559,034	-	-
Bank overdrafts	1,909,904	1,909,904	1,909,904	-	-
Hire purchase payables	452,777	511,622	302,724	208,898	-
Lease liabilities	1,126,492	1,226,621	786,831	439,790	-
	30,198,300	30,357,274	29,708,586	648,688	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within 1 year RM	1 - 5 years RM	Over 5 year RM
Company					
2020					
Non-derivative financial liabilities					
Other payables and accruals	6,296,539	6,296,539	6,296,539	-	-
Amount due to subsidiary companies	2,116,087	2,116,087	2,116,087	-	-
Lease liabilities	2,681,719	3,007,326	1,002,442	2,004,884	-
	11,094,345	11,419,952	9,415,068	2,004,884	-
Company					
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	-	-

(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's exposure to foreign currency risk is insignificant as the Group principally transacted in Ringgit Malaysia on sales, purchases and borrowings.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2020					
Financial assets					
Deposits placed with licensed banks	2.40-3.20	4,163,204	-	-	4,163,204
Financial liabilities					
Term loan	8.60	828,976	6,293,590	2,477,434	9,600,000
Hire purchase payables	7.20-8.10	410,552	442,721	-	853,273
Lease liabilities	8.05-10.94	2,869,010	5,125,655	-	7,994,665
Bank overdrafts	3.55	1,991,116	-	-	1,991,116
		6,099,654	11,861,966	2,477,434	20,439,054
2019					
Financial assets					
Deposits placed with licensed banks	2.95-3.30	4,035,255	-	-	4,035,255
Financial liabilities					
Hire purchase payables	4.6-7.2	267,304	185,473	-	452,777
Lease liabilities	8.05	623,403	503,089	-	1,126,492
Bank overdrafts	7.85	1,909,904	-	-	1,909,904
		2,800,611	688,562	-	3,489,173

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Company					
2020					
Financial assets					
Fixed deposits placed with licensed banks	2.40-3.20	4,101,604	-	-	4,101,604
Financial liabilities					
Lease liabilities	8.05	823,221	1,858,498	-	2,681,719
2019					
Financial assets					
Fixed deposits placed with licensed banks	2.95-3.30	3,982,255	-	-	3,982,255
Financial liabilities					
Lease liabilities		-	-	-	-

<u>Interest rate risk sensitivity analysis</u>

An increase in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM115,911 (2019: RM19,099). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Financial risk management (cont'd)

(c) Market risk (cont'd)

(iii) Other price risk

Equity price risk arises from the Group and the Company's investments in equity security.

Risk management objectives, policies and processes for managing the risk

Management of the Group and the Company monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decision are approved by Board of Directors.

37.3 Fair values of financial instruments

Determination of fair value

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balances, short term receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments. The fair value of non-current receivables and payables are estimated by discounting future cash flows using current lending rates for similar types of arrangements.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long-term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

Fair values hierarchy

<u>Policy on transfer between levels</u>

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

During the financial year ended 31 March 2020, there was no transfer between the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 Fair values of financial instruments (cont'd)

Fair values hierarchy (cont'd)

Policy on transfer between levels (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 -Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 -Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 -Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between Level 1 and Level 2

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

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Carrying
	Level 1	**Level 2**	**Level 3**	**Total**	**amount**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
2020					
Financial assets					
Other investments					
- unquoted ordinary shares	-	-	350,667	350,667	350,667
- unquoted redeemable preference shares	-	-	63,862	63,862	63,862
- quoted shares	1,986,000	-	-	1,986,000	1,986,000
- quoted irredeemable convertible preference shares	3,986,000	-	-	3,986,000	3,986,000
- quoted warrants	498,250	-	-	498,250	498,250
- mutual funds	190,657	-	-	190,657	190,657
	6,660,907	-	414,529	7,075,436	7,075,436

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 Fair values of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
Group					
2019					
Financial assets					
Other investments					
- unquoted ordinary shares	-	-	200,002	200,002	200,002
- unquoted redeemable preference share	-	-	63,862	63,862	63,862
- quoted shares	4,965,000	-	-	4,965,000	4,965,000
- mutual funds	178,041	-	-	178,041	178,041
	5,143,041	-	263,864	5,406,905	5,406,905
Company					
2020					
Financial assets					
Other investments					
- unquoted ordinary shares	-	-	350,667	350,667	350,667
- unquoted redeemable preference shares	-	-	63,862	63,862	63,862
- quoted shares	1,986,000	-	-	1,986,000	1,986,000
- quoted irredeemable convertible preference shares	3,986,000	-	-	3,986,000	3,986,000
- quoted warrants	498,250	-	-	498,250	498,250
- mutual funds	6,461	-	-	6,461	6,461
	6,476,711	-	414,529	6,891,240	6,891,240
Company					
2019					
Financial assets					
Other investments					
- unquoted ordinary shares	-	-	200,002	200,002	200,002
- unquoted redeemable preference shares	-	-	63,862	63,862	63,862
- quoted shares	4,965,000	-	-	4,965,000	4,965,000
	4,965,000	-	263,864	5,228,864	5,228,864

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 Fair values of financial instruments (cont'd)

The fair values of unquoted investments were based on discounted cash flows or dividend yield valuation techniques using market interest rates for a similar instrument at the measurement date.

38. CONTINGENT LIABILITIES

	Company	
	2020 RM	2019 RM
Unsecured		
Corporate guarantees issued to banks for lease facility granted to a subsidiary company	890,954	232,742
Corporate guarantees issued to a leasing company for lease facility granted to a subsidiary company	2,585,549	2,638,494
	3,476,503	2,871,236
Secured		
Corporate guarantees issued to banks for facilities granted to subsidiary company	9,600,000	-
Fixed deposit pledged to a bank for credit facilities granted to subsidiary companies	4,101,604	3,982,255
	13,701,604	3,982,255

39. MATERIAL LITIGATION

The Company has received a sealed Writ of Summons ("the Writ") and Statement of Claim ("SOC") from Ocean W ICT Sdn Bhd ("the Plaintiff") through its solicitors on 24 September 2019.

The Plaintiff in their SOC has sought the following reliefs:

(i) A claim of RM 2,895,217.39;

(ii) A declaration that the Company acted in conspiracy with DVM Innovate Sdn Bhd (a former subsidiary of the Company), in carrying on the business of DVM Innovate Sdn Bhd to defraud the Plaintiff;

(iii) A declaration that the Company and former directors of DVM Innovate Sdn Bhd whether jointly or severally, be personally liable for sum of RM 2,895,217.39, pursuant to the Judgement in Default dated 8 August 2018 obtained in the Kuala Lumpur High Court;

(iv) Costs;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

39. MATERIAL LITIGATION (CONT'D)

The Plaintiff in their SOC has sought the following reliefs (cont'd):

(v) Interest amounting to 5% until full settlement of the judgement debt;

(vi) Any and/or further relief deemed fit and proper by the Court.

The matter is fixed for trial from 7 December 2020 to 11 December 2020.

The Company has sought legal advice and has taken necessary actions to address this matter.

40. CAPITAL MANAGEMENT

The Group and the Company manage its capital by maintaining an optimal capital structure so as to support their businesses and maximise shareholders' 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 manage its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, 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 ratios of the Group and of the Company at the end of the reporting year were as follow:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total interest bearing borrowings	20,439,054	3,489,173	2,681,719	-
Total equity	60,673,935	73,991,758	66,979,735	79,853,115
Debt-to-equity ratio	0.34	0.05	0.04	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(a) 10% Private Placement

On 21 February 2020, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) ("10% Private Placement"). Bursa Malaysia Securities Berhad has approved the listing and quotation of up to 72,164,652 placement shares of the Company on 9 March 2020. The issued price of RM0.0135 was fixed on 6 April 2020, representing a discount of 10% to the 5-day volume-weighted average price of the shares of the Company of RM0.0150 up to and including 3 April 2020, being the last traded day of the shares of the Company immediately preceding the price-fixing date. A total of 57,831,166 new shares were placed out which raised gross proceeds of RM0.78 million used primarily for the repayment of loans and borrowings. The 10% Private Placement was completed on 15 April 2020.

(b) COVID-19

The coronavirus ("Covid-19") pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

Countries around the world, including Malaysia, have to implement immediate preventive measures to control and minimise the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering, border closure and travel bans. In response, the Group has worked on plans to ensure minimal disruptions to its operations during this period and the Group has also implemented precautionary measures to control and contain the spread of the virus. These include optimising costs, preserving liquidity and continuous enhancement of operational efficiency.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. At this juncture, it is not possible to reliably estimate the extent of the impact of the pandemic. The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from Covid-19.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

42. SUBSEQUENT EVENTS (CONT'D)

(a) Share issuance (cont'd)

Subsequent to the financial year, the Company issued the following as share capital (cont'd):

Date of issuance	Number of shares issued	Issue price per share RM	Consideration RM	Description
15 April 2020	57,831,166	0.0135	780,721	Issuance in connection with 10% Private Placement
19 May 2020	19,500,000	0.0250	487,500	Issuance in connection with SIS
19 May 2020	2,700,000	0.0300	81,000	Issuance in connection with SIS
27 May 2020	19,500,000	0.0250	487,500	Issuance in connection with SIS
27 May 2020	2,700,000	0.0300	81,000	Issuance in connection with SIS

(b) 30% Private Placement

On 19 May 2020, the Company proposed to undertake another private placement of up to 30% of the total number of issued shares of the Company to third party investor(s) ("30% Private Placement"). The 30% Private Placement was subject to the approval of the shareholders of the Company which was obtained on 13 July 2020. Depending on the granting and exercise of the outstanding options under the Share Issuance Scheme of the Company, a total of between 204,162,850 and 204,303,205 placement shares shall be issued. The issued price of RM0.060 was fixed on 13 July 2020, representing a discount of 20% to the 5-day volume-weighted average price of the shares of the Company of RM0.075 up to and including 10 July 2020, being the last traded day of the shares of the Company immediately preceding the price-fixing date. The gross proceeds of up to RM12.3 million will be used primarily to expand the cloud services, data centre and IT related services business segment of the Group.

43. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16 Leases ("MFRS 16").

Effects of adopting MFRS 16

The Group and the Company adopted the requirements of MFRS 16 on 1 April 2019 using the modified retrospective approach, with the cumulative effect of adopting MFRS 16, being recognised in equity as an adjustment to the opening balance of retained profits for the current year. Prior period has not been restated – i.e. it is presented as previously reported under MFRS 117 *Leases* ("MFRS 117") and IC Interpretation 4 *Determining Whether an Arrangement contains a Lease* ("IC Interpretation 4"). Accordingly, the financial statements of the previous year are not comparable.

(i) Recognition of leases at 1 April 2019, previously recognised under MFRS 117

The Group and the Company previously classified leases as operating or finance leases based on assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group and the Company. Under MFRS 16, at 1 April 2019, the Group and the Company recognised right-of-use assets ("ROU") and lease liabilities in respect of all the Group and the Company's leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

43. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Effects of adopting MFRS 16 (cont'd)

(ii) Measurement of leases at 1 April 2019, previously measured under MFRS 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Company's incremental borrowing rate as offered by active creditors of the Group and the Company as at 1 April 2019. The cost of ROU includes the amount of lease liabilities recognised at the commencement date.

The Group and the Company elected the following transition practical expedients on a lease-by-lease basis for measurement purpose at first-time application of the standard:

- Relying on previous impairment assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019;
- Elected not to recognise the associated ROU and lease liabilities for lease contracts with remaining lease term not exceeding twelve months at the date of initial application;
- Initial direct costs are excluded from the measurement of the ROU at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- Elected to expense any variable lease payments, as established in the terms to any lease contract, when they are incurred.

(iii) Impacts on financial statements

The following table presents the reconciliation of lease liabilities as of 1 April 2019:

	Group RM	Company RM
Weighted average incremental borrowing rate as at 1 April 2019	8.05%-10%	8.05%
Discounted operating lease commitments as at 1 April 2019	8,976,059	3,441,472

The recognised right-of-use assets relate to the following type of assets:

	RM	RM
Rental of office premises	5,427,033	3,441,472
Rental units	3,363,871	-
	8,790,904	3,441,472

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

43. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Effects of adopting MFRS 16 (cont'd)

(iii) Impacts on financial statements (cont'd)

The financial effects due to the changes in accounting policies have been adjusted to the statements of financial position of the Group and the Company as at 1 April 2019. There are no changes to the comparatives in the statements of comprehensive income and statements of cash flow of the Group and the Company.

The table below summarises the effects upon adoption of MFRS 16 as at 1 April 2019 and the movements during the year ended 31 March 2020:

	Group		Company	
	Right-of-use assets RM	Lease liabilities RM	Right-of-use assets RM	Lease liabilities RM
As previously reported, at 31 March 2019	-	-	-	-
Effects of adoption of MFRS 16	8,790,904	(8,976,059)	3,441,472	(3,441,472)
As restated at 1 April 2019	8,790,904	(8,976,059)	3,441,472	(3,441,472)
Additions	678,696	(678,696)	-	-
Depreciation of right-of-use assets	(2,369,009)	-	(860,368)	-
Interest expenses	-	(699,017)	-	(242,688)
Payments	-	2,853,181	-	1,002,441
At 31 March 2020	7,100,591	(7,500,591)	2,581,104	(2,681,719)

The following table sets out the amount recognised in profit or loss:

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation of right-of-use assets	12	2,369,009	-	860,368	-
Interest expense on lease liabilities	29	699,017	-	242,688	-

44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation which have no impact to the earnings per share of the Group.

45. 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.

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	16	9,000,000	2004 (A) 15.5.2020 (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 / Shoplots	6,055 sq. ft.	Freehold	1	4,600,000	2014 (A) 15.5.2020 (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 / Shoplots	6,055 sq. ft.	Freehold	1	4,600,000	2014 (A) 15.5.2020 (V)

ANALYSIS OF SHAREHOLDINGS

AS AT 14 AUGUST 2020

Issued and Paid Up Share Capital	982,205,686
Class of Shares	Ordinary shares
Voting Right	One vote per ordinary share
Number of Shareholders	10,215

Distribution of Shareholdings

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	482	4.72	23,097	0.00
100 - 1,000	937	9.17	443,188	0.05
1,001 - 10,000	2,567	25.13	15,450,787	1.57
10,001 - 100,000	4,760	46.60	212,629,676	21.65
100,001 to less than 5% of the shares	1,469	14.38	753,658,938	76.73
5% and above of issued shares	-	-	-	-
Total	**10,215**	**100.00**	**982,205,686**	**100.00**

Director's Shareholdings

	Direct Interest		Indirect Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-
Ong Gim Hai	200,000	0.02	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Lee Kien Fatt	-	-	-	-
Yee Yit Yang	-	-	-	-
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-

List of Top 30 Shareholder as at 14 August 2020

	Names	Shares	%
1	M & A Nominee (Tempatan) Sdn Bhd *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)*	22,500,000	2.29
2	Foo Chu Jong	21,100,000	2.15
3	Choong Kean Leang	20,500,000	2.09
4	M & A Nominee (Tempatan) Sdn Bhd *SANSTON FINANCIAL GROUP LIMITED FOR DIGITAL PAPER SDN BHD*	15,043,713	1.53
5	Lim Teck Huat	12,703,300	1.29

ANALYSIS OF SHAREHOLDINGS
AS AT 14 AUGUST 2020 (CONT'D)

List of Top 30 Shareholder as at 14 August 2020 (cont'd)

	Names	Shares	%
6	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR FOO CHU JONG*	11,610,000	1.18
7	Foo Chu Pak	10,970,100	1.12
8	Alliancegroup Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR LIM HAN JOEH*	9,000,000	0.91
9	Foo Chu Jong	8,500,000	0.87
10	Tan Siew Li	5,700,000	0.58
11	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR ONG YEW BENG*	5,100,000	0.52
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR LIM SOON CHAI*	5,000,000	0.51
13	Hallmark Meadown Sdn Bhd	5,000,000	0.51
14	Daya Setempat Sdn Bhd	4,800,000	0.49
15	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR SOH KOK LEONG*	4,762,000	0.48
16	Mohd Shariffulah Yahya Bin Hussin	4,729,600	0.48
17	Hu Xin	4,330,000	0.44
18	Azila Binti Ismail	4,000,000	0.41
19	Maybank Nominees (Tempatan) Sdn Bhd *MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN CHONG SWEE*	4,000,000	0.41
20	Ong Kit Wee	3,980,000	0.40
21	Tan Ooi Han	3,900,000	0.40
22	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR LING SU YOU*	3,800,000	0.39
23	Foo Chew Mooi	3,530,000	0.36
24	Affin Hwang Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR TAN SIEW LI*	3,500,000	0.36
25	Usharani Mahinda Tilaka	3,440,000	0.35
26	Chang Yean Phing	3,350,000	0.34
27	Kia Bee Hiang	3,150,000	0.32
28	Wang Tsun Siang	3,100,000	0.32
29	Tan Kin Seng	3,000,000	0.30
30	Public Nominees (Tempatan) Sdn Bhd *PLEDGED SECURITIES ACCOUNT FOR PADZUL BIN MOHAMAD*	3,000,000	0.30
	Total shares	217,098,713	22.10

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of KEY ALLIANCE GROUP BERHAD ("KAG" or "the Company") will be conducted entirely through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 28 September 2020 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of Directors and Auditors thereon

2. To approve the payment of shortfall of Directors' fees and allowances of RM26,500 for the financial year ended 31 March 2020. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees and allowances up to RM500,000 or the financial year ending 31 March 2021 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 2)**

4. To re-elect Dato' Zaidi Bin Mat Isa @ Hashim, the Director who retires in accordance with Clause 90 of the Constitution of the Company. **(Ordinary Resolution 3)**

5. To re-elect the following Directors who retire in accordance with Clause 98 of the Constitution of the Company:

   i. Yee Yit Yang **(Ordinary Resolution 4)**
   ii. YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad **(Ordinary Resolution 5)**

6. To re-appoint Messrs RSL PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:-

7. **Proposed renewal of authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 7)**

   "THAT pursuant to Section 75 of the Act, the Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors of the Company 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 twenty percent (20%) of the total number of the issued shares of the Company for the time being AND THAT the Board of Directors be hereby also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

NG MEI WAN
(SSM Practicing Certificate No.: 201908000801) (MIA 28862)
R. MALATHI A/P RAJAGOPAL
(SSM Practicing Certificate No.: 201908000851) (MAICSA 7054884)
Company Secretaries

Kuala Lumpur
28 August 2020

NOTES:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders WILL NOT BE ALLOWED to attend the Seventeenth Annual General Meeting ("17th AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 17th AGM via the Remote Participation and Voting facilities ("RPV") provided by Mlabs Systems Berhad via its website at https://rebrand.ly/KAG-AGM. Please follow the Procedures for RPV in the Information for Shareholders on 17th AGM and take note of Notes (2) to (9) below in order to participate remotely via RPV.

2. Only depositors whose names appear in the Record of Depositors as at 21 September 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at 17th AGM.

3. 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.

4. 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.

5. 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.

6. Any alterations in the Proxy Form must be initialled by the member.

7. 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.

8. A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this 17th AGM via RPV must request his/her proxy to register himself/herself for RPV at https://rebrand.ly/KAG-AGM. Please follow the Procedures for RPV in the Information for Shareholders on 17th AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. 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 17th AGM to vote by poll.

EXPLANATORY NOTES TO THE AGENDA

10. **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.

11. **Item 3 of the Agenda - Ordinary Resolution no. 2**
Approval of Directors' fees and allowances for the financial year ending 31 March 2021

Directors' fees and allowances approved for the financial year ended 31 March 2020 was RM246,000. The Directors' fees and allowances proposed for the financial year ending 31 March 2021 are calculated based on the number of scheduled Board and Committee Meetings for 2021 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 and allowances on monthly basis and/or as and when required. In the event the Directors' fees and allowances 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.

12. **Item 7 of the Agenda - Ordinary Resolution no. 7**
Proposed renewal of authority for Directors to Allot and Issue Shares pursuant to Section 75 of the Act

(a) The proposed Ordinary Resolution no. 7, if passed, will grant a mandate ("20% General Mandate") empowering the Directors of the Company, from the date of the Seventeenth Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding twenty percent (20%) of the total number of the issued share of the Company for the time being for such purposes as they may deem 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 20% General Mandate is pursuant to temporary relief measures due to COVID-19 pandemic issued by Bursa Malaysia on 16 April 2020. The temporary relief measures may be utilised until 31 December 2021, after that the 10% limit under Rule 6.04 (1) of the ACE Market Listing Requirements of Bursa Securities will be reinstated.

The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders due to unprecedented challenges from the COVID-19 impact, and the 20% General Mandate will enable the Company to raise higher fund more speedily during this challenging period to ensure sustainability of the Company's existing activities as well as funding for future investment activities.

(c) This mandate is a renewal of the previous mandate obtained at the Extraordinary General Meeting held on 13 July 2020 which will expire at the conclusion of the forthcoming Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(d) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the Extraordinary General meeting held on 13 July 2020.

(e) The 20% 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 the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

13. **ANNUAL REPORT**

The Annual Report for the financial year ended 31 March 2020 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. [199101019611 (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 Seventeenth Annual General Meeting of the Company.

INFORMATION TO SHAREHOLDERS

INFORMATION FOR SHAREHOLDERS ON SEVENTEENTH ANNUAL GENERAL MEETING OF KEY ALLIANCE GROUP BERHAD

Date : Monday, 28 September 2020
Time : 11.00 a.m.
Broadcast Venue : Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

MODE OF MEETING

In view of the COVID-19 outbreak and as part of safety measures against COVID-19, the Seventeenth Annual General Meeting ("17th AGM") will be conducted entirely through live streaming from the Broadcast Venue.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 17th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, **"participate"**) remotely at the 17th AGM via the Remote Participation and Voting facilities (**"RPV"**) provided by Mlabs Systems Berhad via its website at https://rebrand.ly/KAG-AGM.

Procedures		Action
Before the 17th AGM		
1.	Register as participant in KAG 17th AGM	• Using your computer, access the website at https://rebrand.ly/KAG-AGM. Click on the **Register Now** button to register for the 17th AGM. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by Cisco WebEx. You are recommended to download and install Cisco WebEx Meetings (available for PC, Mac, Android, and iOS). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	• Registration for the 17th AGM is open from 3:00 p.m. on Friday, 28 August 2020 till 11:00 a.m. on Sunday, 27 September 2020. Registration is mandatory if you wish to attend the said Meeting. • Clicking on the link will redirect you to the 17th AGM event page. Click on the **Register** link to go to the online registration form. • Complete all the necessary information in the registration page. Your name **MUST** match your CDS account name. • Kindly fill in the CDS account number and indicate the number of shares you have. • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in registration being rejected. • System will send an email to notify that your registration for remote participation is received and pending verification. • After verification of your registration against the General Meeting ROD as at 21 September 2020, the system will send you an **email to notify you if your registration is approved or rejected** after 21 September 2020. • If your registration is rejected, you can contact ShareWorks Sdn. Bhd. or the Company for clarifications or to appeal.

INFORMATION TO SHAREHOLDERS (CONT'D)

On the day of 17th AGM		
3.	Attending KAG AGM	• Two reminder emails will be sent to your inbox. First is one day before the 17th AGM day, while the 2nd will be sent 1 hour before the 17th AGM. • Click **Join Event** in the reminder email to participate the RPV. • Please ensure you have downloaded and installed Cisco WebEx Meetings application before attending the Virtual General Meeting.
4.	Participating with live video	• After chairman greeting, you will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the 17th AGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given time frame. • Click on the **Submit** button after you have completed your selection(s). Empty votes will be deemed as abstain. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the 17th AGM, the live session will end.

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to https://rebrand.ly/KAG-AGM on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Enquiry pertaining to registration, logging in and system related matters:
General Line : +6016-628 7852
Email : zhlee@mlabs.com
Contact persons : Mr Lee Zhen Han

Enquiry pertaining to proxy forms or other matters:
General Line : +603-6201 1120
Email : sharereg@shareworks.com.my
Contact persons : Ms Maria Fong or Mr Vemalan

PROXY FORM

KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (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 Seventeenth Annual General Meeting of the Company will be conducted entirely through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 28 September 2020 at 11.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Payment of shortfall of Directors' fees and allowances of RM26,500 for the financial year ended 31 March 2020		
2	Payment of Directors' fees and allowances for the financial year ending 31 March 2021		
3	Re-election of Dato' Zaidi Bin Mat Isa @ Hashim		
4	Re-election of Yee Yit Yang		
5	Re-election of YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad		
6	Re-appointment of Messrs RSL PLT as Auditors		
7	Proposed renewal of authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016		

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 2020

Notes:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.*

   Shareholders WILL NOT BE ALLOWED to attend the Seventeenth Annual General Meeting ("17th AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 17th AGM via the Remote Participation and Voting facilities ("RPV") provided by Mlabs Systems Berhad via its website at https://rebrand.ly/KAG-AGM. Please follow the Procedures for RPV in the Information for Shareholders on 17th AGM and take note of Notes (2) to (9) below in order to participate remotely via RPV.

2. *Only depositors whose names appear in the Record of Depositors as at 21 September 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at 17th AGM.*

3. *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.*

4. *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.*

5. *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.*

6. *Any alterations in the Proxy Form must be initialled by the member.*

7. *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.*

8. *A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this 17th AGM via RPV must request his/her proxy to register himself/herself for RPV at https://rebrand.ly/KAG-AGM. Please follow the Procedures for RPV in the Information for Shareholders on 17th AGM.*

9. *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 17th AGM to vote by poll.*

Personal Data Privacy : *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 Seventeenth Annual General Meeting (including any adjournment thereof).*

Fold this Flap for sealing

Then fold here

AFFIX
STAMP

Company Secretaries
KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (609953-K)
3-2, 3rd Mile Square
No. 151 Jalan Kelang Lama
Batu 3½, 58100 Kuala Lumpur
Malaysia

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