KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (609953-K)

UPHOLDING EXCELLENCE WITH DIGITALISATION

Annual Report 2023

CORPORATE OBJECTIVES

20th Annual General Meeting

of Key Alliance Group Berhad

Broadcast Venue

Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

Date and Time

Wednesday, 13 September 2023

10:30 a.m.

For our reports, please scan the QR code or log on to http://ir2.chartnexus.com/kgroup/annual_report.php

Customer Loyalty

Nothing speaks more loudly than delivering inventive ICT solutions that translates into customer success. This is an essential element in the way Key Alliance Group do business and conducts itself.

Continuous Growth

As growth comes from taking smart risks, we believe our experience and knowledge will help us recognize trends and make for a smoother ride in the perilous waves of uncertainty.

Market Leadership

Key Alliance Group Berhad focuses on leading the pack in its chosen fields of competition and continuously adapts to global market request.

Employee Commitment

Motivated and loyal employees make a difference at Key Alliance Group Berhad. Their efforts, contributions and accomplishments are highly valued, and critical to our success.

Corporate Citizenship

Key Alliance Group Berhad will practice the highest standards of honesty and integrity, crucial in earning and retaining loyalty from various stakeholders.

Responsible Profit

Short and long-term profitability will provide resources that allow us to reinvest in new and emerging business opportunities, employees and community.

IN THIS REPORT

CONNECTING

DIGITALISATION

BEYOND EXPECTATION

To drive innovation & technology

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)

Lee Kien Fatt
(Independent Non-Executive Director)

Yee Yit Yang
(Independent Non-Executive Director)

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
(Non-Independent Non-Executive Director)

Dr Azizah Binti Sulaiman
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Chairman:
Lee Kien Fatt
Committee Members:
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
Yee Yit Yang

NOMINATION COMMITTEE

Committee Chairman:
Lee Kien Fatt
Committee Members:
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
Yee Yit Yang

REMUNERATION COMMITTEE

Committee Chairman:
Lee Kien Fatt
Committee Members:
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
Yee Yit Yang

SHARE ISSUANCE SCHEME COMMITTEE

Committee Chairman:
Roy Ho Yew Kee
Committee Members:
Yee Yit Yang
Ong Gim Hai

COMPANY SECRETARIES

CHONG VOON WAH
SSM Practicing Certificate No.: 202008001343
MAICSA 7055003
THAI KIAN YAU
SSM Practicing Certificate No.: 202008001515
MIA 36921

BUSINESS ADDRESS

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47410 Petaling Jaya, Selangor Darul Ehsan
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Fax : +603-7805 7795
Email : kgroup@kag.com.my
Website : www.kag.com.my

REGISTERED OFFICE

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No. 1 Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Tel : +603-2856 7333
Email : vw.chong@silverocean.com.my

AUDITORS

Messrs Russell Bedford LC PLT
(LLP0030621-LCA & AF1237)
Chartered Accountants
Suite 37, Level 21, Mercu 3
No. 3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur
Tel : +603-2202 6666
Fax : +603-2202 6699

SHARE REGISTAR

Shareworks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel : +603-6201 1120
Fax : +603-6201 3121
Email : ir@shareworks.com.my

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

BOARD OF DIRECTORS' PROFILE

DATO' ZAIDI BIN MAT ISA @ HASHIM

Independent Non-Executive Chairman

Nationality
Malaysian

Gender
Male

Age
53

Dato' Zaidi Bin Mat Isa @ Hashim ("Dato' Zaidi"), was appointed as the Chairman of Key Alliance Group Berhad ("KAG" or "the Company") on 20 November 2017. Dato' Zaidi holds a Master's in Business Administration (MBA) from University Malaysia Pahang.

Dato' Zaidi was formerly the Managing Director of Kedah based Darulaman Consolidated (M) Berhad from 1995 to 2000. From 2002 to 2005, he was appointed as Chief Executive Officer of MyPrima Group of Companies which specialised in media advertisement, branding and marketing.

Dato' Zaidi was appointed as Executive Director in INIX Technologies Holdings Bhd, overseeing governmental relations, public and private sector markets and Director of NWP Holdings Berhad in property development and forest management with sawmills in the state of Sabah in East Malaysia and Laos in 2016 to 2017.

Other than KAG, Dato' Zaidi also sits on the board of Smtrack Berhad as Executive Director.

ROY HO YEW KEE

Managing Director

Nationality
Malaysian

Gender
Male

Age
47

Mr Roy Ho Yew Kee ("Mr Roy"), was appointed as the Executive Director of KAG on 30 December 2011 and redesignated as Non-Independent Non-Executive Director on 23 May 2014. On 27 November 2015, he was redesignated as Executive Director and later redesignated as Managing Director on 14 August 2017. Mr Roy also is the Chairman of the Share Issuance Scheme Committee. 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.

Mr. Roy started his career in Australia in 1998, in the financial services industry, joining Hartley Poynton Ltd, a subsidiary of Royal Bank of Canada, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products. He then moved to a boutique trading firm, Tricom Futures Ltd, in 2003, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structures and derivatives.

Other than KAG, Mr Roy also sits on the board of XOX Bhd, Cheetah Holdings Berhad and Komarkcorp Berhad as Executive Director.

BOARD OF DIRECTOR'S PROFILE

ONG GIM HAI

Executive Director

Nationality
Malaysian

Gender
Male

Age
48

Mr Ong Gim Hai ("Mr Ong"), was appointed as Independent Non-Executive Director of KAG on 10 August 2017 and redesignated to Executive Director on 11 October 2019. He is also a member of the Share Issuance Scheme 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 of 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 2006 to manage large enterprise account and develop new business within assigned accounts. Mr Ong then joined VMware Inc in the year 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.

Other than KAG, Mr Ong also sits on the board of Jadi Imaging Holdings Berhad as Executive Director.

YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD

Non-Independent Non-Executive Director

Nationality
Malaysian

Gender
Male

Age
44

YM Tengku Ezuan Ismara was appointed as Independent Non-Executive Director of KAG on 29 May 2020 and redesignated to Non-Independent Non-Executive Director on 6 August 2020. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He holds Masters in Law majoring in Banking Law and Anti-Money Laundering Act from International Islamic University Malaysia and Double Degree in Accounting and Finance from University of East London.

YM Tengku Ezuan Ismara 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. YM 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. YM Tengku Ezuan Ismara joins KAG 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, YM Tengku Ezuan Ismara also sits on the board of Komarkcorp Berhad and XOX Networks Berhad as Independent Non-Executive Chairman and Uzma Berhad as Independent Non-Executive Director.

BOARD OF DIRECTOR'S PROFILE

YEE YIT YANG

Independent Non-Executive Director

Nationality
Malaysian

Gender
Male

Age
55

Mr Yee Yit Yang ("Mr Yee") was appointed as Independent Non-Executive Director of KAG on 5 November 2019. He is also a member of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Share Issuance Scheme Committee of the Company. Mr Yee is a member of the Australian CPA and Malaysia Institute of Accountants. He graduated with Bachelor of Economics (Major: Accounting & Finance) from Latrobe University, Australia.

Mr Yee 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 AE Multi Holdings Berhad, Joe Holding Berhad and Bioalpha Holdings Berhad as Independent Non-Executive Director.

LEE KIEN FATT

Independent Non-Executive Director

Nationality
Malaysian

Gender
Male

Age
56

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, Nomination Committee and Remuneration Committee of the Company. Mr Lee is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

Mr Lee started his career with an articleship with KPMG in 1987 before joining Group Associated (C&L) Sdn. Bhd. as Finance Manager from 1992 to 1994. After a stint with Ng Tiong Seng Corporation Berhad, he joined United Straits Amalgamated Berhad as Group Financial Controller in 1997. Subsequently, he was appointed as Consultant cum Executive Director of RNC Corporation Berhad in 1999. Mr Lee then left to join as Consultant cum Independent Non-Executive Director of LBI Capital Berhad in 2003. He also served as an Independent Non-Executive Director of Tenggara Oil Berhad from 2007 to 2008. Currently, Mr Lee is also the Director of Fattco Holdings Sdn Bhd.

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

BOARD OF DIRECTOR'S PROFILE

DR AZIZAH BINTI SULAIMAN

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	**Female**	**52**

Dr Azizah Binti Sulaiman ("Dr Azizah") was appointed as Independent Non-Executive Director of KAG on 1 June 2023. Dr Azizah graduated with Bachelor of Medicine and Surgery (MBBS) from Manipal Academy of Higher Education (India). She also holds the Letter of Credentialing & Privileging Aesthetic Medical Practice from Ministry of Health Malaysia.

Dr Azizah completed her housemanship and continued her work in the government sector at Queen Elizabeth Hospital Kota Kinabalu, Sabah. There she trained in multiple disciplinaries until she decided to specialise in Aesthetic Medicine. Currently, she is the Medical Director of Klinik Cosmedic, she has successfully positioned the clinic as a reputable and trusted provider of Aesthetic Medical Services. Dr Azizah is also the Vice President of Pertubuhan Doktor Estetik Berdaftar Malaysia (PDEBM).

Other than KAG, Dr Azizah also sits on the board of Komarkcorp Berhad as Independent Non-Executive Director.

Notes:

(i) All the Directors do not have any family relationship with any Director, Major Shareholder and/or Chief Executive of KAG.

(ii) None of the Directors have been convicted of any offences other than traffic offences within the past five (5) years.

(iii) None of the Directors have any conflict of interest with the Company.

(iv) Details of Directors' attendances at the Board meetings are set out in the Corporate Governance Overview Statement.

KEY SENIOR MANAGEMENT PROFILE

SIM MEI CHIN
Financial Controller

Nationality	Gender	Age
Malaysian	**Female**	**39**

Ms Sim Mei Chin ("Ms Tiffany") is the Financial Controller of the Group. She graduated with a Bachelor's Degree in Business Administration from Anglia Polytechnic University, UK. She is also an ACCA member. She has 18 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 any public listed company. She has no relationship with any other Director, Major Shareholder or Chief Executive of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than the traffic offence, if any.

CHOONG KAI LOON
Channel Director of
Progenet Innovations Sdn Bhd

Nationality	Gender	Age
Malaysian	**Male**	**37**

Channel Director of Progenet Innovations Sdn Bhd, Mr Choong Kai Loon ("Mr Choong") graduated with a Bachelor's Degree in Information Technology from Multimedia University, Malaysia.

Mr Choong spent his early post-graduate years in a fintech company Finexus International Sdn Bhd and eventually ventured into data center and cloud hosting business with Peering One Sdn Bhd before joining Progenet Innovations Sdn Bhd.

He currently oversees the sales and operations for cloud business while assisting existing and new customers on transforming business operations from local hosting to using latest technology.

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

KEY SENIOR MANAGEMENT PROFILE

KHAIROL RIZUAN BIN NOR AZHAR

Sales Director of
Progenet Innovations Sdn Bhd

Nationality	Gender	Age
Malaysian	**Male**	**36**

Mr Khairol Rizuan Bin Nor Azhar ("Mr Khairol") is the Sales Director of Progenet Innovations Sdn Bhd. He graduates from Multimedia University, Cyberjaya with a Degree in Electronics majoring in Telecommunication. He is currently entrusted in managing day to day operations of the Sales Department toward achieving the KPI's of the department.

Mr Khairol has gained vast experiences in managing few projects that involve backup software including one of the largest banks in Malaysia alongside with other IT projects ranging from public sector, FSI, Manufacturing, Commercial etc. He was formerly employed by an IT company namely Integrasi Erat Sdn Bhd which has over 120 footprints nationwide specializing in sales and consultant for Government, FSI and multinational corporation sector. He spent more than eight (8) years working in IT with Integrasi Erat Sdn Bhd and Infowhiz Solutions Sdn Bhd and brings together with him precious sales experiences. With Infowhiz Solutions Sdn Bhd, he specialized in sales as well as a consultant for corporate and commercial sector.

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

TAN YU WEI

CEO of Design Dept Sdn Bhd

Nationality	Gender	Age
Malaysian	**Male**	**37**

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

With 16 years of experience in the design & construction industry, Mr Tan 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 joining Key Alliance Group Berhad in 2013.

His scope of work consists of producing concepts for new sites, project roadmapping, and general management of the company. He currently heads a young dynamic team.

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

TRANSFORMING

FUTURISTIC

IDEAS & SOLUTIONS

Through technology
in a digital economy

MANAGEMENT DISCUSSION AND ANALYSIS

Company profile and business

The principal activities of Key Alliance Group Berhad (**"KAG"** or the **"Company"**) is investment holding. Together with its subsidiaries (**"KAG Group"** or the **"Group"**), KAG is principally organised into the following reportable segments:

Principal Activities

Cloud services, data centre and IT related services

provision of cloud computing services, co-location, disaster recovery and other IT related services.

Trading of kitchen appliances, IT and office automation and medical equipment

distributing and reselling of kitchen appliances, IT related product and office automation and services as well as medical equipment and devices.

Construction

contractor for building construction and provision of renovation works.

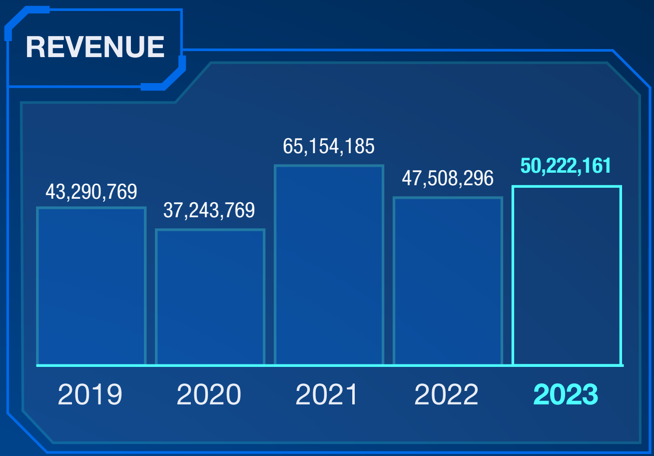
Corporate Vision

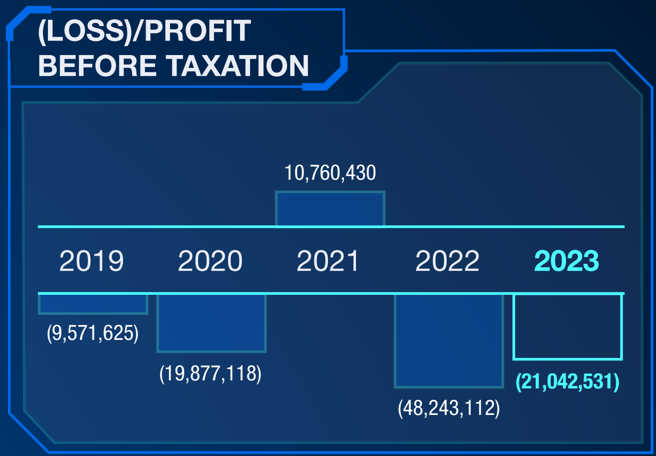
The Group's vision is to be a transitional group of companies in the provision of leading edge technology for total business and operational solutions.

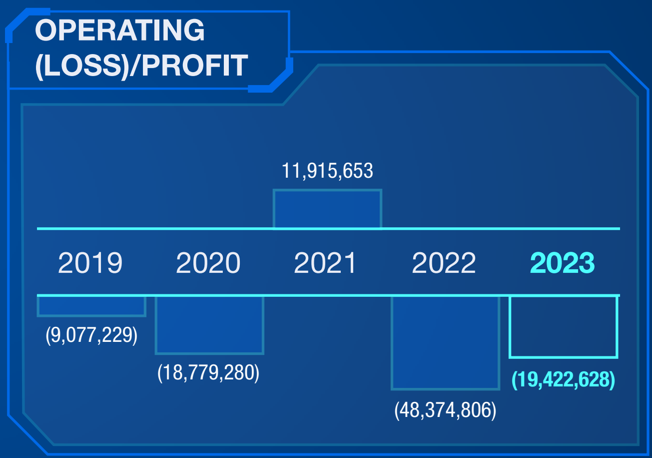
Strategic in creating value

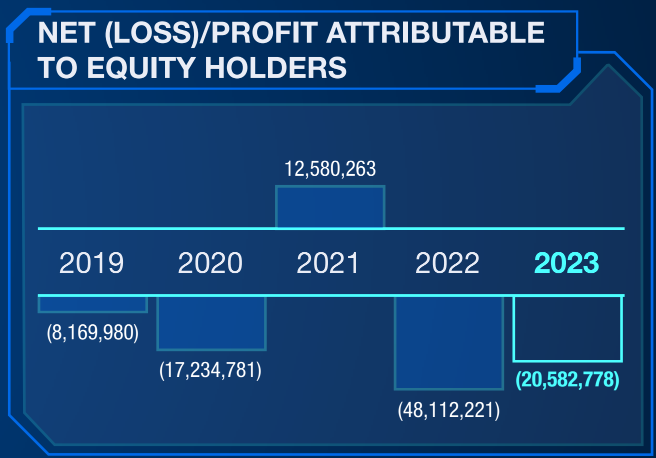
- To enhance customer relationship and satisfaction level
- To innovate and step forward with continuous improvement through continuous training and developing competencies and skills among employees
- To be pro-active and serve in nation-building activities, developing a digital and knowledgebased economy

MANAGEMENT DISCUSSION AND ANALYSIS









		FYE 31 March 2023 (12 mths)	FYE 31 March 2022 (12 mths)	FYE 31 March 2021 (12 mths)	Restated FYE 31 March 2020 (12 mths)	Restated FYE 31 March 2019 (12 mths)
Revenue	*RM*	50,222,161	47,508,296	65,154,185	37,243,769	43,290,769
Operating profit/(loss)	*RM*	(19,422,628)	(48,374,806)	11,915,653	(18,779,280)	(9,077,229)
Profit/(Loss) before taxation	*RM*	(21,042,531)	(48,243,112)	10,760,430	(19,877,118)	(9,571,625)
Profit/(Loss) after taxation	*RM*	(21,211,783)	(48,933,337)	10,715,512	(18,639,100)	(9,142,990)
Net profit/(loss) attributable to equity holders	*RM*	(20,582,778)	(48,112,221)	12,580,263	(17,234,781)	(8,169,980)
Total assets	*RM*	148,499,590	172,244,660	222,378,815	131,480,756	114,716,339
Total borrowings	*RM*	7,248,555	9,370,881	17,261,295	20,148,825	11,504,886
Shareholder equity	*RM*	112,060,589	127,755,991	162,993,484	57,639,920	72,705,701
Basic earnings/ (loss) per share		(0.56)	(1.84)	0.77	(2.02)	(1.67)
Net assets per share		0.03	0.04	0.07	0.10	0.14

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

"The Group experienced an increase in revenue from RM47.51 million in the financial year ended 31 March 2022 to RM50.22 million in the financial year ended 31 March 2023 ("FYE 2023")."

The higher revenue is primarily attributable to higher work completion of construction and renovation works during the current financial year but partially offset by lower contribution from the trading segment due to lower demand for COVID-19 test kits.

The Group recorded a loss after taxation of RM21.21 million for the FYE 2023 as compared to a loss after taxation of RM48.93 for the financial year ended 31 March 2022. The lower loss after taxation is mainly due to lower fair value loss on financial assets amounting to RM2.17 million in FYE 2023 (whereas fair value loss on financial assets amounted to RM40.96 million in the preceding financial year). This was partially offset by allowance for expected credit loss amounting to RM7.78 million in FYE 2023 (whereas reversal of allowance for expected credit loss amounted to RM1.20 million in the preceding financial year).

OPERATION REVIEW

Cloud services, data centre and IT related services

The cloud services, data centre and IT related services segment recorded revenue of RM9.22 million for the FYE 2023 as compared to RM10.63 million for the preceding financial year. The lower revenue is due to completion of a number of contracts for the Group's cloud, data centre and co-location services during the current financial year. This segment recorded higher loss after taxation of RM3.40 million for FYE 2023 as compared to loss after taxation of RM2.89 million for the preceding financial year. This is in line with the decrease in revenue during the current financial 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 RM4.28 million.

Trading of kitchen appliances, IT and office automation and medical equipment

This segment recorded revenue of RM17.25 million for FYE 2023 as compared to RM24.50 million for the preceding financial year. This is mainly due to the decrease in revenue of trading of medical products during the financial year as a result of lower demand for COVID-19 test kits. The segment incurred loss after taxation of RM4.33 million for FYE 2023 as compared to loss after taxation of RM2.05 million for the preceding financial year. The higher loss after taxation was mainly due to the lower revenue as mentioned above as well as higher inventories written off/down amounting to RM1.50 million (preceding financial year: inventories written off amounting to RM0.24 million).

Construction

This segment recorded revenue of RM24.49 million for FYE 2023 as compared to RM14.21 million for the preceding financial year. This is due to the higher work completion of construction and renovation works during the current financial year. This segment incurred higher loss after taxation of RM6.90 million for FYE 2023 as compared to loss after taxation of RM7,827 for the preceding financial year. This is mainly attributable to a one-off allowance for expected credit loss.

Revenue by Principal Activities *(RM'mil)*

	2022	2023
Cloud services, data centre and IT related services	10.63	9.22
Trading of kitchen appliances, IT and office automation and medical equipment	24.50	17.25
Construction	14.21	24.49

MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED OR KNOWN RISKS

Market Competition

Cloud, data centre and IT related services industry and trading industry are always competitive. The Group faces competition from both existing players and new entrants that offer similar products and services. Increased competition could result in revenue erosion and loss of market share, which could materially and adversely affect the Group's business operations and financial performance.

The Group emphasises on the quality of the products and services provided to the customers. In this regard, the Group hired competent sales staff to serve its clients and also provided professional after sales services to customers to ensure they are satisfied with the Group's products and services. 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 the Group has taken a holistic approach to data security. The data centre is accredited by ISO 27001 – ISMS to ensure compliance with cyber security and confidentiality requirements. The data centre is built based on a 4-tier security level system which secures client data from potential breaches.

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 the Group include changes in political leadership, war, economic downturn and changes in economic policies (such as higher / lower interest rates). The management keeps abreast of government policies, rules and regulations and will take necessary actions to ensure compliance and to respond promptly to changes in regulatory, political and economic landscape.

Dependence on key personnel

The Group believes that its continued success will depend upon the abilities, skills, experience, competencies and continued effort of its 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 business operations and financial performance.

The Group strives to attract and retain qualified personnel who are essential in the support of its 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 to prepare them to take over from the senior management team in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED OR KNOWN RISKS (CONT'D)

COVID-19 and other infectious diseases

As a result of COVID-19 and the MCO imposed by the Government of Malaysia, businesses are required to follow the standard operating procedures. During this period, the Group has had to change the way it conducts business, including changing operation procedures to comply with the control in physical movements and adherence to social distancing requirements, and has taken the necessary steps to ensure the stability of its operations.

On 1 April 2022, the Government Malaysia has reopened the country's border and concurrently with transition from pandemic phase to endemic phase. However, there is no assurance that the COVID-19 virus or other infectious diseases will not adversely affect us again in the future. As such, the Group will remain vigilant and take a prudent approach in conducting business including better cost management.

Foreign exchange risks

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

The Group negotiates with its suppliers / principals to provide a better rate on the goods purchased in the event USD strengthens against RM. The exposure of foreign currency risk is closely monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

OUTLOOK AND FUTURE PROSPECT

The Malaysian economy further expanded in the first quarter of 2023 (5.6%; 4Q 2022: 7.1%; 1Q 2011 - 4Q 2019 average: 5.1%), driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. On the supply side, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

For 2023, the Malaysian economy is expected to continue to expand amid slower external demand. Growth will be driven by domestic demand, supported by improving labour market conditions, higher tourism activity and further progress of multi-year investment projects.

Despite global headwinds, the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023, driven by firm domestic demand. Improving employment and income as well as continued implementation of multi-year projects would support consumption and investment activity. Moreover, higher inbound tourism activity would lift high-touch services industries. Governor Tan Sri Nor Shamsiah Mohd Yunus said, "Risks to Malaysia's growth outlook are relatively balanced. Upside risks stem mainly from domestic factors. These include stronger-than-expected tourism activity and implementation of projects including those from the re-tabled Budget 2023. Meanwhile, downside risks could emanate from lower exports due to weaker-than-expected global growth and more volatile global financial market conditions."

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2023, Bank Negara Malaysia)

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PROSPECT (CONT'D)

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

The services sector is anticipated to expand by 5% in 2023, benefitting from the sustained domestic demand in spite of a moderate global economic growth. The growth will continue to be mainly driven by wholesale and retail trade; real estate and business services; information and communication; transportation and storage; and food & beverages and accommodation subsectors.

The information and communication subsector is expected to expand by 4.6%, mainly driven by the increasing digital adoption across all economic sectors. Phase 2 of the Jalinan Digital Negara (JENDELA) is expected to boost the digital connectivity through the utilisation of Fixed Wireless Access and other fit-for-purpose technologies, thus enabling the country to further address the digital divide. In this regard, Digital National Berhad aims to extend the fifth-generation cellular network (5G) coverage to 80% of the nation's populated areas by 2024. In addition, high quality investment in digital-related infrastructures such as data centres and cloud computing services as well as continued surge in the e-commerce and online entertainment activities will further boost the subsector.

The construction sector is forecast to expand by 4.7% in 2023 following a better performance in all subsectors. Civil engineering subsector is anticipated to rebound buoyed by implementation of new projects such as Mass Rapid Transit Line 3 (MRT3) Circle Line and acceleration of ongoing infrastructure projects which include, Rapid Transit System (RTS) Link, East Coast Rail Link (ECRL) and Light Rail Transit Line 3 (LRT3).

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

PHASE 2 OF THE JALINAN DIGITAL NEGARA (JENDELA)

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PROSPECT (CONT'D)

Cloud services, data centre and IT related services

The outbreak of the COVID-19 pandemic has had a profound impact on businesses worldwide, leading to an accelerated digitalisation of operations. In response to the new normal, many companies are embracing remote working practices, and one technology that has played a crucial role in enabling this transition is cloud computing. Recognising the shift towards cloud technology, the Group has identified cloud and data centre services as a promising business area with growth opportunities that can potentially enhance the Group's financial performance.

Cloud technology migration offers numerous advantages over traditional on-premise solutions, such as improved scalability and enhanced security. As businesses increasingly recognize these benefits, the demand for cloud computing services, co-location, disaster recovery, and other IT-related services, in which the Group specializes, is expected to experience sustained growth.

Through its subsidiary, Agrocloud Sdn Bhd, the Group has been proactively engaging with various potential customers to deliver innovative IT solutions tailored to their specific needs. In addition to cultivating customer relationships, the Group is actively exploring potential partnerships and investment opportunities to expand its cloud and data centre services. This strategic approach allows the Group to stay at the forefront of the industry and capitalise on the expanding market for cloud technology. While the Group's focus remains on the cloud and data centre services sector, it is also searching for growth opportunities in other business segments.

Trading of kitchen appliances, IT and office automation and medical equipment

In line with the reduction of COVID-19 cases in Malaysia, there has been a noticeable decline in the demand for medical equipment and devices, particularly COVID self-test kits. Despite this lower demand, the Group remains committed to its turnaround strategy and aims to seize any opportunities that may arise to expand its product portfolio in the medical equipment sector.

In addition, the Group also intends to continue seeking for growth opportunities within its consumer trading segment, which will include, amongst other, seeking viable exclusive or non-exclusive distribution agreements for kitchen appliances and multi-function printers.

Looking ahead, the Group envisions leveraging its existing cloud services, data centre, and IT-related services business to further enhance and complement its trading activities. By integrating its cloud computing technology, the Group can analyse market trends, buyer preferences, and supply chain dynamics to provide actionable intelligence to its stakeholders and drive positive change to the trading segment.

Construction

After a period of stagnancy caused by the COVID-19 pandemic, the construction sector in Malaysia is poised to regain its momentum and embark on a recovery path in the coming years. According to the Economic Outlook 2023, the construction industry is expected to experience a rebound, driven by the implementation of new projects such as the MRT3 Circle Line, as well as the accelerated progress of ongoing infrastructure initiatives including the RTS Link, ECRL, and LRT3.

The Group is proactively seeking opportunities to secure new construction projects and replenish its construction order book. The Group recognises the potential for growth and profitability in this recovering market and are committed to leveraging its strengths to capitalise on these opportunities.

The Group maintains a cautious yet optimistic stance on its outlook and prospects and are actively pursuing opportunities to improve its business and generate value for shareholders.

SUSTAINABILITY REPORT CONTENTS

SUSTAINABILITY REPORT

ABOUT THE REPORT

The Report

"Since the first Sustainability Report **("Report")** was first released in 2019, Key Alliance Group Berhad **("KAG")** has issued the Report for five consecutive years. The Report elaborates the Group's concepts, practices and achievements of its sustainable development and social responsibility during the financial year ended 31 March **("FYE")** 2023 from the economic, environmental and social **("EES")** as well as governance aspects."

Scope of the Report

The Report covers KAG and its subsidiaries **("the Group")**. Information disclosed in this Report encompasses our major activities related to cloud and IT related services, construction and renovation as well as trading, as shown below. Revenue from other business segments of the Group accounts for a very small percentage of total revenue and has a minimal impact on the overall performance of the Group, so it is not included in the scope of this Report.

The Report covers the period from 1 April 2022 to 31 March 2023. All information in the Report is disclosed from the Group level.

Road Map

We continue to prioritise our focus of sustainability framework on cloud and IT related services and construction related to renovation works as this remains the nucleus of the Group's sustainability efforts.

Where we were
Scope : Cloud and IT related services, Construction related to renovation work, Trading of IT and office automation, kitchen appliances, medical equipment

Where we are
Scope : Cloud and IT related services, Software As a Service ("SAAS"), Construction, Trading of IT and office automation, kitchen appliances, medical equipment

Where we will be
Scope : Cloud and IT related services, SAAS, Construction, Trading of IT and office automation, kitchen appliances, medical equipment

Where we will be
Scope : Cloud and IT related services, SAAS, Construction and Trading for all items

SUSTAINABILITY REPORT

ABOUT THE REPORT (CONT'D)

Reporting Principles

The Report is prepared in reference to the principles of:

- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition);
- Listing Requirements of Bursa Malaysia Securities Berhad [Paragraph (30) of Appendix 9C of the ACE Market Listing Requirements (supplemented by Guidance Note 11)];

- Sustainability Reporting Standards **("GRI Standards")** core option published by Global Reporting Initiative (GRI).

The Report follows the reporting principles of:

Materiality

The Group identifies key EES issues through stakeholder engagement and materiality assessment

Quantitative

The Report states the Group's key environmental and social KPIs on a quantitative basis; quantitative information is accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate

Balance

The Report provides an unbiased picture of the Group's environmental and social performance

COMMITMENT TO SUSTAINABILITY DEVELOPMENT

Sustainability has always been a pillar of KAG's culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criteria in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that EES risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.

SUSTAINABILITY REPORT

COMMITMENT TO SUSTAINABILITY DEVELOPMENT (CONT'D)

OUR POLICY ON SUSTAINABILITY

- Embrace Sustainability in Organisation Culture
- Capitalise on Latest Technology and Information
- Strengthen the Core Businesses
- Build Regional Connectivity
- Foster a High Performance Partnership

The Group continued success in maintaining a sustainable business and generating long-term shareholders' value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. The Board regularly reviews these factors to assess their impacts on our business model over the near, medium and long term.

ECONOMIC

Sustaining our economy

Delivering sustainable returns to our shareholders.

Providing professional services in addressing customers' requirements.

Create value, by looking for opportunities to collaborate and to share best practices with our suppliers.

ENVIRONMENT

Conserving our environment

Protecting our environment and improving our environmental performance and adopting environmental-friendly practices.

SOCIAL

Building a resilient workforce

Ensuring a positive work environment for our employees to learn and grow

Serving our community

Contributing to the well-being of the community around us

SUSTAINABILITY REPORT

GOVERNANCE FRAMEWORK

Vision, Mission and Core Value

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.

VISION

To be a transitional group of companies in the provision of leading edge technology for total business and operational solutions

MISSION

- To enhance customer relationship and satisfaction level
- To innovate and step forward with continuous improvement cycle
- To invest in employee knowledge and intellectual capital
- To be pro-active and serve in nation-building activities, developing a digital and knowledge-based economy
- To develop strategic vision and expand technology portfolio, to enrich company's intrinsic values and to grow shareholder's wealth

CORE VALUE

- Customer Loyalty
- Continuous Growth
- Market Leadership
- Employee Commitment
- Corporate Citizenship
- Responsible Profit

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors **("Board")** plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Chief Executive Officer **("CEO")**, Managing Director **("MD")** and Head of Departments **("HOD")** to oversee the implementation of the organisation's sustainability approach and ensure that key targets are being met. The Board should have an overall fluency in sustainability so that they can connect sustainability issues to the strategic decision making for the business. The Board must have a basic understanding of sustainability to ask the right questions and ultimately tie sustainability back to the business and strategic decision making.

Hence the Group will be forming a Sustainability Steering Committee **("the Committee")** in which is directly accountable to the Board in the coming financial year. The Committee will be chaired by MD and with different department heads as members, the Committee will be meeting the Board half yearly to deliberate on the focus areas of our strategic sustainability developments, its direction and goals. The driving principle behind is to develop specific policy recommendations, enhance efficiency, minimize costs and engage staff in sustainability.

For each of us to pull the weight to integrate sustainability into our daily business operations, our sustainability governance structure also aims to create accountability for sustainability at every level.

SUSTAINABILITY REPORT

GOVERNANCE FRAMEWORK (CONT'D)

Corporate Governance (Cont'd)

Board of Directors

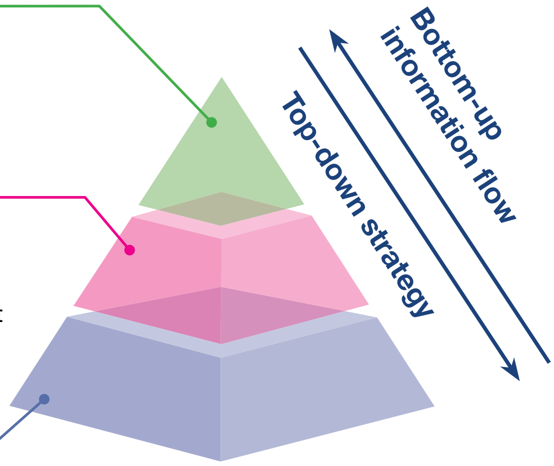
- Assumes the overall responsibility for sustainability strategy and reporting that sets the long-term development and positioning of KAG

Sustainability Steering Committee

- Formulates sustainability strategy and goals for the Board's endorsement
- Monitors the progress of implementation by the working groups
- Reports to the Board regulary to enable it to discharge its oversight responsbility

Working Group

- Each working group covers each of the focus areas of our sustainability strategy
- Each is championed by a selected department head and is charged with execution responsiblities
- Reports to the Committee



The responsibility of the Committee will be to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities
- Tracking and communication of sustainability strategies, priorities and targets as well as performance against targets to internal and external stakeholders

The Committee will cascade sustainability matters to their respective teams in the form of policies, internal memos and updates to the Group's Standard Operating Procedures **("SOPs")** to continue embedding sustainability in every aspect of the Group's daily operations. In addition to that, internal and external stakeholders will be informed of the Company's sustainability strategies, priorities as well as targets and performance against target through engagements and disclosures in the Company's Annual Report.

The Board also acknowledges that risk management and internal controls are integral to our corporate governance and it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the internal control system is delegated by the Board to the Audit and Risk Management Committee.

The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committee. Performance evaluation of the Board and Senior Management include a review of the performance of the Group in addressing the Group's material sustainability risks and opportunities.

SUSTAINABILITY REPORT

GOVERNANCE FRAMEWORK (CONT'D)

Ethical Business Practices and Anti-Bribery & Corruption Policy

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Business Conduct and Ethics.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

The Group has established and adopted Anti-Bribery & Corruption Policy as we are committed to a zero-tolerance against all forms of bribery and corruption. We are committed to conduct our business ethically, as well as in conformity with all applicable laws. This Anti-Bribery & Corruption Policy is applicable to the Board, our employees as well as any Third Parties associated with us.

The Group inducts all new employees on the Company's Anti-Bribery & Corruption Policy as well as Code of Business Conduct and Ethics, during the dedicated in-house orientation programme. Any updates to the Employee Handbook are done through the internal network and all employees have to sign off on the Company's policies on confidentiality and conflict of interest, integrity and prevention of staff fraud once they have attended the Group's internal briefings.

RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030" - a plan to solve the world's most pressing EES problems over the next fifteen (15) years. It consists of seventeen (17) goals and one hundred and sixty-nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is committed to "Agenda 2030" through its SDG Roadmap.

We support the SDGs, recognize their strategic importance to our business and to the world, hence we are committed to helping achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the SDGs are relevant to our operations to varying degrees and we are already contributing to many of these goals. We focus on supporting two goals where we can make the greatest contribution:

SUSTAINABILITY REPORT

RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)") (CONT'D)

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSICE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

One of the most obvious ways a business like KAG can contribute to the SDGs is by helping to stimulate economic growth, by growing our own business. As a fundamental principle, growth must not come at the expense of the planet or people – especially vulnerable employees. Four out of the ten material Sustainability Matters that the Group has identified are in relation to our employees because our employees are essential to KAG's success.

We work to maintain a productive and healthy organisation by employing and developing talented people, galvanizing talents to reach their full potential, continually strengthening our leadership and cultivate a high-performance culture by fostering strong engagement. We promote a safe and healthy workplace for our people and provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, regardless of gender, ethnicity, or physical ability so as to nurture a vibrant and diverse workface with robust training and succession plan.

As COVID-19 has affected all areas of business throughout the world since 2020, it has become a social responsibility for KAG Group to act accordingly. It is our Group's immediate priority to protect the health and safety of our employees. We continue to provide self-test kits to our employees to perform test once a week and visitors to data centre are required to perform self-test before entering.

We aim to work with suppliers that behave in an economically, environmentally and socially responsible manner. Our approach to suppliers is clearly set out in our Code of Business Conduct and Ethics. These principles cover requirements such as no corruption or bribery, human rights and fair labour practices, safe and healthy working environment as well as compliance to environmental laws and regulations. Our suppliers are critical to our ability to run our business. They are involved in almost every step of our operations and are often key to achieving successful outcomes and having a positive impact on the community.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

In this competitive business world and digital era, offering excellent customer service has become a necessity for businesses to stay ahead of the curve. Customer satisfaction is one of the major factors that contribute to the business success. KAG adheres to the "consumer-oriented" business concept. We are constantly offering variety of products and services to ensure higher satisfaction from our customers. We strive to differentiate ourselves with exceptional customer service by setting the bold target of 15 minutes response time from our Network Operation Centre ("NOC") Team.

Cybersecurity and privacy are core elements of customer trust. Our IT segment is accredited by ISO 27001 – Information Security Management System (ISMS) as well as Payment Card Industry Data Security Standard (PCI DSS) to ensure compliance with cyber security and confidentiality requirements. We also conduct our business in compliance with the Malaysian Personal Data Protection Act 2010 ("PDPA")'s guidance with the collection, use and disclosure of personal data.

SUSTAINABILITY REPORT

STAKEHOLDERS' ENGAGEMENT AND COMMUNICATION

The Board continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which the Board engages them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	• Annual & Extraordinary General Meetings • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Return on investments • Corporate governance
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Anti-Bribery and Corruption
Board of Directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Technical and skills trainings • Performance appraisal • Team building activities	• Remuneration policy • Career development • Performance review • Fair employment practices • Protection against COVID-19
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Subscription package • Website • Social media	• Customer satisfactions • After-sales services • Quality assurance
Suppliers	• Service vendor evaluation form • Regular meetings • Quality audit on products and services • Contract negotiation	• Quality of products and services • Supply commitment
Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

SUSTAINABILITY REPORT

SUSTAINABILITY RISKS AND RESPONSES

The Board understands the importance of addressing sustainability risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success. The Board proactively considers sustainability issues when overseeing the planning, performance and long-term strategy of the Company, to ensure the Company remains resilient, is able to deliver durable and sustainable value as well as maintain the confident of its stakeholders.

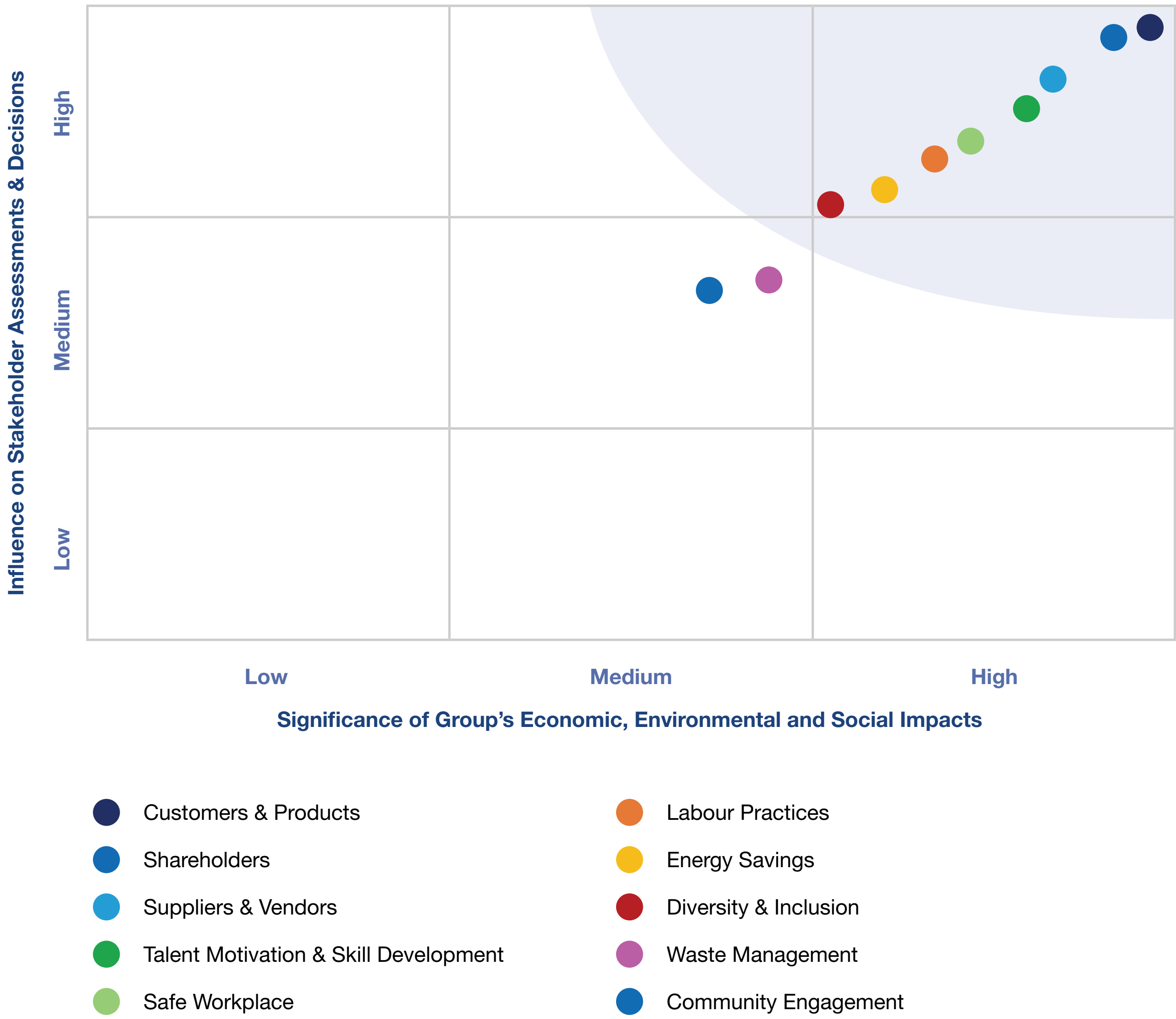
RISK	RISK ANALYSIS	RISK RESPONSES
Rapid development of the market	**Technology advancement:** COVID-19 pandemic has accelerated the market need for cloud and co-location solutions. Failing to keep up with the rapid development of the market will result in the technology obsolescence risk.	The Group strives to keep up with the needs of customers. Our product development team works closely with suppliers to keep abreast of the latest technology products and solutions. Tapping into the remarkable growth of social commerce, we also actively engage in multiple social media platforms like Facebook, etc. to interact with customers such as sharing of new subscription package, new promotions and etc.
Public health emergencies	Public health emergencies, such as COVID-19 outbreak in early 2020, have severe impact on public health. The economy uncertainty brought by COVID-19 continues to cloud the growth of Malaysia's economy. How to respond to public health emergencies reflects how capable an enterprise is to manage and operate in such situations. If an enterprise lacks management capabilities and there are no complete safety management structure and emergency procedures and measures, it cannot stabilise the operation in face of emergencies.	In FYE 2023, the Group continued to implement safety measures and SOPs to ensure that everyone could return to work safely. We continue to provide self-test kits to our employees to perform test once a week and visitors to data centre are required to perform self-test before entering.
Staff engagement	**Staff engagement:** Transforming staff to evolving needs and supporting employment with limited resources without compromise is challenging. **Workplace wellness:** Expectation on work-life balance and workplace health and safety are even higher after the pandemic.	The Group continues to cultivate a high-performance culture and nurture a vibrant and diverse workforce with robust training and succession plan.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

The Board conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant economic, environmental and social impact on our business or substantively influence the assessment and decisions of our stakeholders.

The Board assesses our material sustainability matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, society and the environment.



SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT (CONT'D)

The table below shows key relationships between the Group's top material sustainability matters, and the related SDGs.

Ranking	Material Sustainability Matters	ESS Pillars	Related SDGs
1	Customers & Products	Economic	9, 12
2	Shareholders	Economic	8
3	Suppliers & Vendors	Economic	8, 9, 12
4	Talent Motivation & Skill Development	Social	8
5	Safe Workplace	Social	8, 3
6	Labour Practices	Social	8
7	Energy Savings	Environmental	13, 7
8	Diversity & Inclusion	Social	8, 5, 10
9	Waste Management	Environmental	13, 12
10	Community Engagement	Social	3, 4

SUSTAINABILITY REPORT

ECONOMIC

Shareholders

Our shareholders are the ultimate owners of the Company and as such, the Group's healthy and sustainable financial performance and position is one of the material sustainability matters to our Group. We strive to achieve economic sustainability growth for our shareholders.

The Group believes that focusing on financial sustainability is critical. The Group's basic principle is that long-term profitability and shareholders' value are ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and communities as a whole.

To promote transparency, our shareholders are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.kag.com.my also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. For our customers, we will supply and provide quality products and services which meet their satisfaction and expectations through continual improvements in technology and processes as the case may be.

CUSTOMERS' SATISFACTION

- Internationally recognised best practices and international quality accreditation
- Experienced management that equipped with industry knowledge and comprehensive training
- Prompt delivery and reliable customer service
- Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our IT segment is accredited by ISO 27001 – ISMS to ensure compliance with cyber security and confidentiality requirements. The compliance to ISO 27001 helps to achieve the following benefits:

- Protect data digitally or in cloud
- Increase the resilience to cyber attack
- Respond to evolving security threats
- Improve company culture through embracing security as part of everyday working practices

SUSTAINABILITY REPORT

ECONOMIC (CONT'D)

Customers & Products (Cont'd)

Cybersecurity and privacy are core elements of customer trust. When customers choose to purchase our products or services, they have cast their vote of confidence in the quality of our products or services. To reciprocate this trust, we serve wholeheartedly to satisfy their needs and expectations by ensuring the data security and privacy are always protected.

We go the extra mile to ensure our IT environment and data centre are fully protected with trustworthy cybersecurity appliances. Vulnerability assessment on our IT environment is performed regularly to ensure our system is not vulnerable to any cyberattack. To prevent the risk of data loss, the Group has in place a robust data backup and redundancy plan as well as disaster recovery procedures. In the year under review, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database.

We endeavour to provide high-quality and worry-free services to our customers hence the Group also in compliance with PCI DSS in order to ensure that the acceptance, processing, storing or transmission credit card information maintain a secure environment.

In addition, we abide by the prescribed laws in the PDPA, which mandates the protection of the private data of our customers, employees and business partners. We implement only the best practices when it comes to privacy and security controls so that our customers, employees and business partners can rest assured that their data are safe and secured.

We conduct our business in compliance with the PDPA's guidance with the collection, use and disclosure of personal data. We have also safeguarded against external attempts to breach any confidential information. There were no reported cases of corruption and non-compliance with Personal Data Protection Act 2010 in FYE2023.

The COVID-19 pandemic and the corresponding rise in both remote work and education increase the demand for cloud and IT related services. As one of the market leaders in this industry, we possess teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectation. We are aware that the use of the new technologies to improve our business processes. In this regard, we endeavour to keep abreast with more technological advances and innovations in the cloud and IT related services.

We have adopted an impartial feedback mechanism to address customer complaints and manage our relationship with them. The periodic interaction with key customers during service contract renewals not only ensure the Company's service records are clean but also enables product and service excellence.

In this competitive business world and digital era, offering excellent customer service is a necessity for businesses to stay ahead of the curve. Customer satisfaction is one of the major factors that contribute to the business success. KAG adheres to the "consumer-oriented" business concept. We are constantly offering variety of products and services to ensure higher satisfaction from our customers. We strive to differentiate ourselves with exceptional customer service by setting the bold target of 15 minutes response time from our NOC Team.

Suppliers & Vendors

We have built a competent pool of suppliers based on integrity, trust, and reliability. As such, we have maintained good long-term relationships with existing suppliers whom have adapted well to our working culture, integrated sustainability measures in their operations and are willing to go the extra mile in terms of quality and services.

We value the long-term cooperation with our suppliers, which has resulted in better efficiency, reliability of delivering of service or product. Periodic assessments are conducted to ensure that the quality of products and services are on par with our requirements and standards. New suppliers are required to ensure quality of their products and services which are based on the quality standards expected by our customers.

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, 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.

Regarding supplier acceptance, our suppliers are filtered through careful selection ensuring only the ones with appropriate criteria met are engaged. We are in compliance with the internal checklist in Service Vendor Evaluation Form to review qualification and systems of supplier to be approved, to screen out qualified suppliers for verification. The Group will carry out assessment on quality management, environment, social and governance risk and etc.

ECONOMIC (CONT'D)

Suppliers & Vendors (Cont'd)

KAG is committed to addressing the environmental and social impacts of our business within our operations and across our supply chain. We promote sustainable supply chain by embedding this into the Group's value chain creates a sense of corporate responsibility on resource management. We trust operating a sustainable business will enable us to serve our customers for generations to come.

We encourage our suppliers to adopt responsible and sustainable practises with respect to a range of environmental and social issues outlined in our Code of Business Conduct and Ethics. This process gives preference to suppliers which integrate considerations for environmental conservation, protection of endangered species, protection of labour rights and welfare, equal opportunities, no corruptions or bribery and no pending environmental issues.

The Group conducts regular inspection on services and products received from suppliers. On top of that, the Group conducts annual performance evaluation on suppliers on the criteria mentioned above. If the suppliers fail inspection or annual review, we will terminate sourcing from them immediately.

The Group focuses its renovation activities on local contractors to support local job creation and price-competitiveness. In the period under review, the Group has successfully utilised most of their budgets to locate, evaluate and engage local contractors with a strong service record, free from reputational issues and capable of turning around high-quality work at agreed schedules of delivery.

ENVIRONMENT

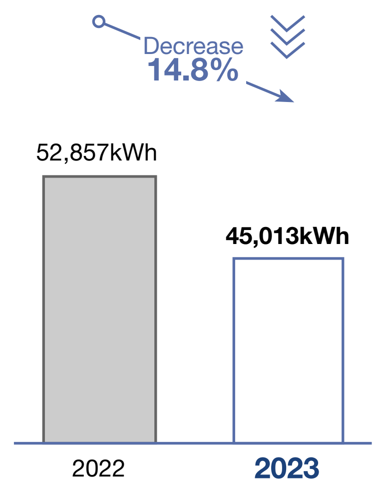
Energy Savings

The global commitment and acceleration of efforts to transition to a net zero economy. We have evaluated our operations to enhance energy efficiency to reduce our carbon footprint to support cleaner and sustainable growth. We aspire to protect the environment by integrating environmental considerations into our decision-making process. We implement appropriate measures to advance energy efficiency to minimise the impacts on the environment brought about by our daily operations.

Our initiatives to reduce our energy consumption every year are we encourage the temperature setting of air-conditioning system of all our office places are within the range of 22-25 degree Celsius. Apart from that, we switch off unnecessary ventilation, air conditioning systems, lighting when not in use and during non-business hours and the most importantly, our data centre is designed and built in modern power efficient.

In FYE 2023, the Group's headquarter energy consumption was amounting to RM97,558 with an increase in usage from FYE 2022 due to the increased number of physical events that took place as we entered the "Transition to Endemic" phase. Conversely, the Group's data center energy consumption recorded at 45,013kWh with reduction of 14.8% from 52,857kWh in FYE 2022.

GROUP'S DATA CENTER ENERGY CONSUMPTION



Waste Management

To ensure sustainable consumption and production patterns, we are committed to reduce consumption and to responsibly use resources available to it. Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. The implication of e-portal for leave applications and access to payslips removes the need for physical copies. Additionally, other materials such as furnishing, and fixture are recycled or reused where possible.

SUSTAINABILITY REPORT

SOCIAL

Safe Workplace

The Group believes that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- ensure compliance with laws and regulations in relation to occupational safety and health; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

As COVID-19 has affected all areas of business throughout the world since 2020, it has become a social responsibility for KAG Group to act accordingly. It is our Group's immediate priority to protect the health and safety of our employees. We continue to provide self-test kits to our employees to perform test once a week and visitors to data center are required to perform self-test before entering.

Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice.

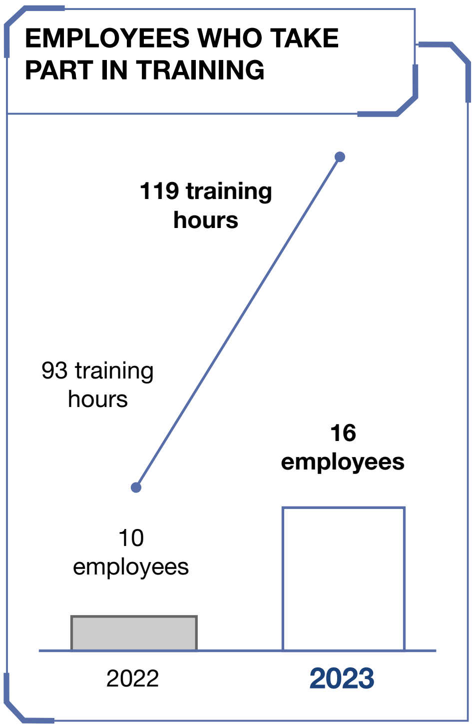
In addition to this, all employee benefits provided by the Group is above minimum statutory requirements and includes healthcare and insurance coverage, leaves, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees' experience, expertise, qualifications and job grade.

Talent Motivation & Skill Development

The Group recognises that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, human resource management, technical skills, and others. Our technical team is encouraged to participate in technology partner events or forum to keep abreast with the latest technology development.

As part of the Group's talent management pipeline, the Group supports internships by partnering local institutions of higher learning to place their undergraduates within departments relevant to their studies. During FYE 2023, a total of three (3) interns from various disciplines joined the Group for real-life work experiences and one of them has since joined the Group as a permanent staff.



SUSTAINABILITY REPORT

SOCIAL (CONT'D)

Talent Motivation & Skill Development (Cont'd)

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training program is designed specifically for management staff.

We review remuneration package annually which is linked to job responsibilities and task goals of employees to motivate employees. The remunerations of the employees of the Group are no less than the minimum statutory requirements. The Group regularly evaluates the reasonableness of employees' wages and review the wages each year according to the personal and operation performance and the market salary.

In addition to this, all employee benefits provided by the Group includes healthcare and insurance coverage, leaves, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees' experience, expertise, qualifications and job grade.

For many years, we have recognised the importance of engaging with our workforce. Employees' engagement is important to an organisation because it motivates employees to do their best. We consider effective engagement a key element of the Company's ability to create value as we recognise that our people are our greatest asset. Management regularly engages with the workforce through a range of activities such as festive celebrations with lucky draw, birthday celebration, team building and etc.

Pic 1: Birthday Celebration

Pic 2: Bowling Event

Pic 3: Chinese New Year Celebration

Pic 4: Team Building

SUSTAINABILITY REPORT

SOCIAL (CONT'D)

Diversity and Inclusion

Diversity refers to the differences in workforce by gender, age, ethnicity and disability. This measure is considered across the Board, from the Directors to the Management and the rest of the workforce.

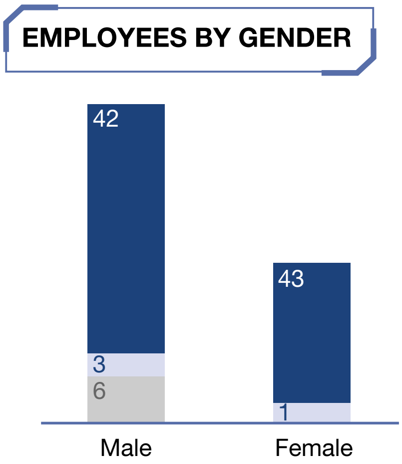
In the appointment and recruitment process, we pride ourselves being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

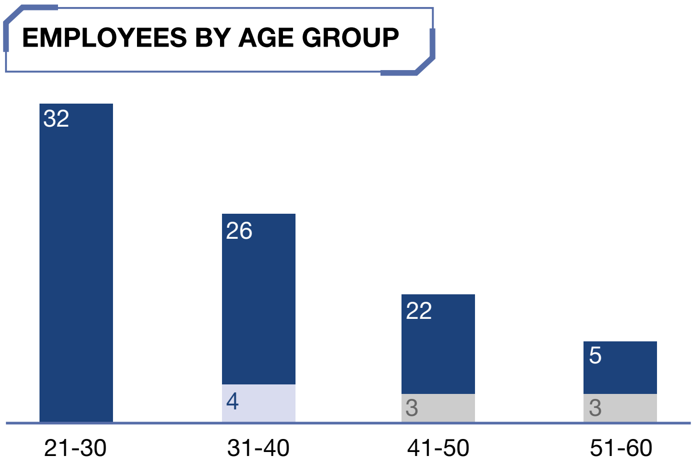
We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 March 2023, the total number of employees stood at 95 employees, of which 46% is female and the remaining 54% is male.

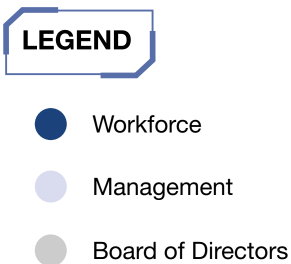
The Directors are cognisant of the ongoing initiative to increase female representation in the boardroom and are looking into increasing female representation should the right director be found.

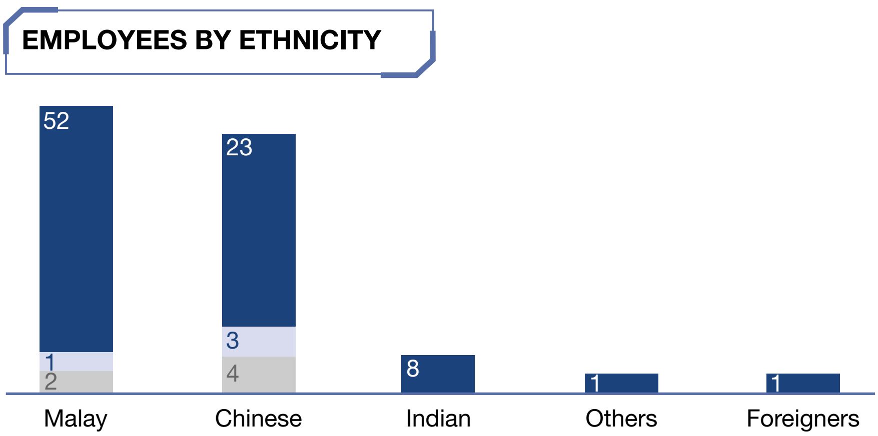
Having a diverse team of employees, across age, gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

As at 31 March 2023, the Group had a total staff strength of 95 personnel, an expansion of 10.5% from 1 April 2022's 86 personnel. The following charts depict the composition of the Group's human capital in 2023.









SUSTAINABILITY REPORT

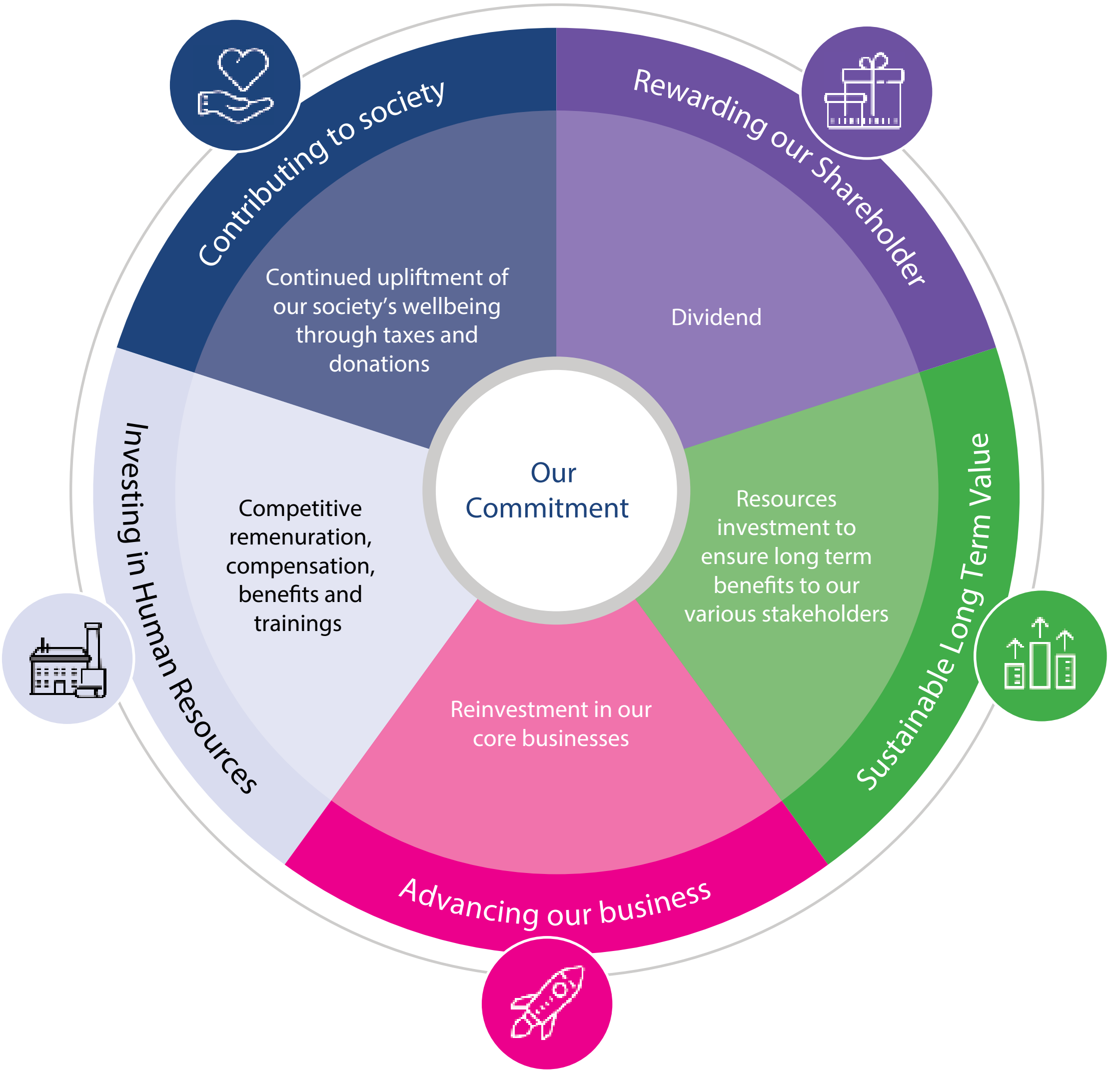
SOCIAL (CONT'D)

Community Engagement

Community engagement are support especially for those from vulnerable groups is an important part of our outreach activities. We are proud of having the privilege to serve various segments of the community such as those on low incomes, people living with disabilities, senior citizens and etc. towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made various donations and contribution to non-profit organisations such as One Hope Charity & Welfare.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.



CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

This CG Overview 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 ("MCCG"), the relevant chapters of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on CG and all applicable laws and regulations throughout the financial year ended 31 March 2023 ("FY2023").

The CG Overview Statement shall be read together with the CG Report 2023, which can be downloaded from the Company's website at www.kag.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – 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 dealings 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

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

PART 1 – 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 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"); and
- 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 Committee, 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 as a whole.

The ToR of each of the Board Committees as approved by the Board is available on the Company's corporate website at 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. The 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

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

PART 1 – 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 the Board and Board Committee meetings held 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	N/A	N/A	N/A	N/A	^1/1
Mr Roy Ho Yew Kee	4/4	N/A	N/A	N/A	N/A	1/1
Mr Ong Gim Hai	4/4	N/A	N/A	N/A	N/A	1/1
Mr Lee Kien Fatt	4/4	^4/4	^1/1	^1/1	N/A	1/1
Mr Yee Yit Yang	4/4	4/4	1/1	1/1	N/A	1/1
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	4/4	4/4	1/1	1/1	N/A	1/1
Dr Azizah Binti Sulaiman (Appointed on 1 June 2023)	N/A	N/A	N/A	N/A	N/A	N/A

@ Annual General Meeting ("AGM") held on 9 September 2022

^ 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 held in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

(ii) New Directorships

Prior to the acceptance of new board appointment(s) in other companies and/or Public Listed Companies ("PLCs"), the Directors are to notify the Chairman and/or the Company 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 more than 5 directorships in PLCs (as prescribed in Rule 15.06 of the 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART 1 – 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

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are mindful that they should continue to attend training programmes from time to time to enhance their skills and knowledge where relevant, as well as to keep abreast with the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board will also on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

During the financial year ended 31 March 2023, all the Directors appointed to the Board have attended the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the external auditors, the internal auditors and Company Secretaries during the Board and Board Committees meetings.

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

Board members	**Seminars/Conferences/Training Programmes Attended**
Dato' Zaidi Bin Mat Isa @ Hashim	Baker Tilly Malaysia Tax and Budget Webinar
Mr Roy Ho Yew Kee	Baker Tilly Malaysia Tax and Budget Webinar
Mr Ong Gim Hai	Baker Tilly Malaysia Tax and Budget Webinar
Mr Lee Kien Fatt	Baker Tilly Malaysia Tax and Budget Webinar
Mr Yee Yit Yang	1. Compliance with LR – Reporting of Financial Statements 2. Baker Tilly Malaysia Tax and Budget Webinar 3. Accounting for Biological Assets: MFRS and MPERS
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	Baker Tilly Malaysia Tax and Budget Webinar

(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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

1.2 The Chairman of the Board

The Board is currently chaired by Dato' Zaidi Bin Mat Isa @ Hashim, the Independent Non-Executive Director of the Company, who is not related to any Directors of the Company and majority of the Board consists of Independent Non-Executive Directors. In addition, the Chairman is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

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

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

In line with the recommendation of the MCCG, the Chairman is not a member of any Board Committees. This is to ensure check and balance as well as that objectivity will not be influenced by the Chairman of the Board who also sits on Board Committee(s).

1.3 Separation of Roles of Independent 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 the Independent Non-Executive Chairman and Executive Director are strictly separated. The Company practices a division of responsibilities between the Independent Non-Executive Chairman and the Executive Director. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Independent Non-Executive Chairman is responsible for Board's 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 Secretaries

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 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

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. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The Directors may seek advice from the Management on issues under their respective purview.

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 deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting.

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.

When necessary, the Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and 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 MCCG. 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 the 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 Board Charter regularly 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 Board Charter is available on the Company's corporate website at www.kag.com.my.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

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

3.1 Code of Conduct

The Company's Code of Conduct 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 Conduct and to report violations or suspected violations thereto.

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

3.2 Whistleblowing Policy

To maintain the highest standard of ethical conduct, the Board also has a separate formal Whistleblowing 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 Whistleblowing Policy is accessible by the public through the Company's corporate website at www.kag.com.my.

3.3 Anti-Bribery and Corruption Policy ("ABC Policy")

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the ABC Policy which set out the Group's responsibilities in providing principles, guidelines and recommendation to the employees on the procedures to deal with solicitation, bribery and corruption that could possibly arise on the business dealing and operation activities.

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instil the spirit of integrity and avoid all forms of corruption practices within the organisation.

The ABC Policy is accessible by the public through the Company's corporate website at www.kag.com.my.

3.4 Promote Sustainability

The Board has established an Environmental, Social and Governance ("ESG") Policy and Sustainability Policy to demonstrate its commitment to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board and Senior Management of the Company recognises the importance of prioritising sustainability as part of its overall approach to value creation.

The Board of believes that introducing ESG considerations in its business decisions is essential foundation to achieve long term business success besides creating value for all its stakeholders, as well as a strategic approach to support and empower communities, encourage social inclusivity and improve the environments. The balancing of ESG with the interest of stakeholders is essential to enhancing investor perception and public trust that works towards value enhancement for stakeholders in the long run. The Company also believes that as a responsible corporate citizen, one would have an obligation in making the earth a better place to live in through responsible investing, besides weighing on an appropriate risk-return profile for its investments.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

3. PROMOTING GOOD BUSINESS CONDUCT AND MAINTAINING A HEALTHY CORPORATE CULTURE (CONT'D)

3.4 Promote Sustainability (Cont'd)

The Board fulfils its responsibilities by delegating to the management. The management is responsible for implementing, overseeing and addressing all sustainability-related issues from stakeholders and update the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.

The ESG Policy and Sustainability Policy adopted by the Board can be found at the Company's website at www.kag.com.my. The details of the sustainability effort are presented in the Sustainability Report of this Annual Report.

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 current Board comprises of 7 members, comprising of 1 Independent Non-Executive Chairman, 1 Managing Director, 1 Executive Director, 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. In this respect, the Board complies with the recommendation of the MCCG of which at least 50% of the Board is Independent Director. 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 6 to 9 of this Annual Report.

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

Dato' Zaidi Bin Mat Isa @ Hashim / Mr Lee Kien Fatt / Mr Yee Yit Yang / Dr Azizah Binti Sulaiman
Key Alliance Group Berhad
Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

4. BOARD'S OBJECTIVITY (CONT'D)

4.2 Tenure of Independent Directors

As at 31 March 2023, none of the Independent Directors has reached 9 years of service since their appointment as Directors. The tenure of the Independent Non-Executive Directors of the Company are as follows:

	1-3 Years	4-6 Years	7-9 Years
Dato' Zaidi Bin Mat Isa @ Hashim		√	
Lee Kien Fatt		√	
Yee Yit Yang	√		

4.3 Policy of Independent Director's Tenure

The Board has adopted a 9 years policy for its 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 the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of 9 years, the Board must justify the decision and seek annual shareholders' approval through a two-tier voting process.

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 aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of KAG. The Board together with the NC will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, our Board comprises of 1 female Director, representing 14% of total numbers of the Board. In line with the MCCG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of additional female directors onto the Board in the future to bring about a more diverse perspective.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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, and depending on the quantum of the fees involved.

Upon receiving a nomination for new Director, the review process entails the assessment of the candidates' background, experience, knowledge and skills critical to the Group's business. Other criteria such as integrity, wisdom, independence of the candidates, existing commitments, potential risk and/or conflict of interest are also considered in the assessment of suitability of candidates for appointment to the Board.

The shortlisted candidate, who were not known to the existing Board members, will be interviewed by the NC and thereafter, met with the Board for endorsement of appointment.

4.7 Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Company's Constitution also provides at least 1/3 of the remaining Directors are subject to re-election by rotation at each Annual General Meeting, and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every 3 years, but shall be eligible for re-election.

The NC would carry out a formal assessment evaluation on the performance as well as identifying any gaps or areas of improvement of the Individual directors, Board and Board Committee annually. The NC also would identify the Directors to be retired ("Retiring Directors") by rotation in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective Director's performance and contributions to the Board, the NC then recommend to the Board the re-election of the Retiring Directors at the forthcoming AGM.

Upon the recommendation of the NC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting.

4.8 NC

In line with the Listing Requirements, the Board has established the NC which is comprised exclusively of Non-Executive Directors, with majority of whom are the Independent Non-Executive Directors.

The NC of KAG was established on 29 April 2005 to assist the Board in assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The Terms of Reference of the NC can be viewed at the Company's website at www.kag.com.my.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

4. BOARD'S OBJECTIVITY (CONT'D)

4.8 NC (Cont'd)

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;
- undertook annual assessment of its Independent Directors;
- 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;
- Reviewed and recommended the retirement and re-election of Directors in accordance with the Company's Constitution; and
- Reviewed and recommended the adoption of the Board Diversity Policy and Directors' Fit and Proper Policy.

4.9 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.

As at 31 March 2023, the total number of SIS options granted, exercised and outstanding under the SIS during the financial year are set out in the table below:

Category of Employees	No. of SIS Options Over Ordinary Shares			
	Granted and Vested	Exercised	Lapsed/ Forfeited/ Revoked	Outstanding
Eligible Employees	-	-	-	-

Pursuant to the SIS By-Laws, the aggregate maximum allocation of SIS Options applicable to the eligible employee (including the allocation to the Directors and senior management) shall be determined by the SIS Committee at its sole and absolute discretion.

The ARMC has verified and noted that there was no SIS Options granted to the eligible employees of KAG Group during the financial year ended 31 March 2023.

5. OVERALL BOARD EFFECTIVENESS

5.1 Annual Evaluation

The NC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

5. OVERALL BOARD EFFECTIVENESS (CONT'D)

5.1 Annual Evaluation (Cont'd)

The criteria used by the NC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. 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 Board did not engage any external party to undertake an independent assessment of the Directors.

The Board will also undertake an annual assessment of its Independent Directors on an annual basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements.

From the annual assessment and review conducted for FY2023, the NC was satisfied that all the Directors possess sufficient qualification to remain on the Board. Save for the NC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

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

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

PART III - REMUNERATION

6. LEVEL AND COMPOSITION OF REMUNERATION

6.1 Remuneration Policy

The Board has adopted a Remuneration Policy to ensure the payment of equitable, competitive remuneration to the Directors and Senior Management of the Company which is based on individual performance, company's benchmark, industry practices and performance of the Group as a whole.

The Company's Remuneration Policy 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART III - REMUNERATION (CONT'D)

6. LEVEL AND COMPOSITION OF REMUNERATION (CONT'D)

6.1 Remuneration Policy (Cont'd)

The determination of the remuneration for the Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for the Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Director concerned. The remuneration package of the Non-Executive Directors will be a matter to be deliberated on by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board. A copy of the Company's Remuneration Policy is available on the Company's website at www.kag.com.my.

6.2 RC

In line with the best practices of MCCG, the Board has established the RC which comprise majority of Independent Non-Executive Directors.

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 the 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 the Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The Terms of Reference of the RC can be viewed at the Company's website at www.kag.com.my.

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

- Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors for the shareholders' approval; and
- Reviewed and recommended the adoption of the Remuneration Policy.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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/receivable from the Company and its subsidiaries during the FY2023 are as follows:

GROUP

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total RM
Roy Ho Yew Kee	132,000	246,000	40,000	-	3,500	35,381	456,881
Dato' Zaidi Bin Mat Isa @ Hashim	85,000	-	-	-	-	-	85,000
Lee Kien Fatt	48,000	-	-	-	-	-	48,000
Ong Gim Hai	96,000	249,000	12,000	-	-	34,579	391,579
Yee Yit Yang	138,000	-	-	-	-	-	138,000
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	102,000	-	-	-	-	-	102,000
Dr Azizah Binti Sulaiman *(Appointed on 1 June 2023)*	-	-	-	-	-	-	-
Total	**601,000**	**495,000**	**52,000**	**-**	**3,500**	**69,960**	**1,221,460**

COMPANY

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total 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	96,000	-	-	-	-	-	96,000
Yee Yit Yang	42,000	-	-	-	-	-	42,000
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	42,000	-	-	-	-	-	42,000
Dr Azizah Binti Sulaiman (Appointed on 1 June 2023)	-	-	-	-	-	-	-
Total	**384,000**	**-**	**-**	**-**	**-**	**-**	**384,000**

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART III - REMUNERATION (CONT'D)

7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

7.2 Details of Key Senior Management's Remuneration

The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not directors of the Company.

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top 5 senior management received for FY2023 was RM816,000 representing 15.31% of the total employees' remuneration of the Group.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top 5 senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the key senior management on named basis.

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 be preserved. The Board is of the view that the Chairman 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

KAG recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. As recommended by MCCG, the Company will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group. Currently, none of the members of the Board nor the ARMC of the Company was former key audit partners of the external auditors appointed by the Group.

CORPORATE GOVERNANCE (“CG”) OVERVIEW STATEMENT

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

PART I - ARMC (CONT’D)

8. EFFECTIVE AND INDEPENDENT ARMC (CONT’D)

8.3 Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors

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 & process control and other related matters that arise from the audit of the financial statements of the Company. Where necessary, the ARMC will meet with the external auditors without the presence of Executive Board member and Management to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit findings.

The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the ARMC prior to submission to the Board for approval. The effectiveness and performance of the external auditors are reviewed annually by the ARMC.

To assess or determine the suitability and independence of the external auditors, the ARMC has taken into consideration of, amongst others, the following:

(a) the adequacy of the competency, experience and quality of the external auditors;

(b) the external auditor’s resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(c) the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and

(d) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

Annual appointment or re-appointment of the external auditors is via shareholders’ resolution at the AGM on the recommendation of the ARMC and the Board. The external auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders’ enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

The ARMC had assessed the independence of Messrs. Russell Bedford LC PLT (“RBLC”) as external auditors of the Company as well as reviewed the level of non-audit services rendered by RBLC to the Company for FY2023. The ARMC had obtained written assurance from RBLC 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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART I - ARMC (CONT'D)

8. EFFECTIVE AND INDEPENDENT ARMC (CONT'D)

8.3 Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors (Cont'd)

The ARMC was satisfied with RBLC'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 RBLC. Having satisfied itself with their performance and technical competency as well as received the assurance from RBLC as stated above, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of RBLC as the External Auditors of the Company for the financial year ending 31 March 2024.

8.4 ARMC Composition

The current ARMC comprises of 3 Non-Executive Directors with majority are Independent Directors. On the composition, please refer to the Corporate Information of this Annual Report on page 4.

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.

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 the 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 43.

8.6 Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 March 2023 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Act. The ARMC assists the Board in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out on page 70 of this Annual Report.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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 had established Enterprise Risk Management framework and 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.

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.

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 currently comprises of 3 Non-Executive Directors with majority are Independent Directors. This is in line with Practice Note 10.3 of the MCCG whereby the risk management committee should comprise a majority of Independent Directors.

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

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

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.

For FY2023, the Group has outsourced its internal audit function to Vaersa Advisory Sdn. Bhd., a professional service firm ("Outsourced IA").

The Outsourced IA is headed by its associate director, Ms Tiffany Lim, who holds a Bachelor of Degree and associate member with the Institute of Internal Auditors Malaysia. The Outsourced IA has assigned 2 staff to provide internal audit services during the financial period. 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 and monitor the Group's system of internal control and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. 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 and present to the ARMC's review and approval.

During the financial year, the following activities were carried out by the Outsourced IA in discharge of its responsibilities:

(a) Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures on the following the business process/area set out below:

- Project management of Design Dept Sdn Bhd;
- Procurement Department of GE Green Sdn Bhd and Progenet Cloud Services and Data Centre;
- Sales and Credit Control of Design Dept Sdn Bhd and Progenet Innovations Sdn Bhd; and
- Human Resources and Finance Departments of KAG.

(b) Proposed and presented the internal audit plan for the ARMC's approval and ensured that appropriate actions were taken to carry out the audits based on the approved plan; and

(c) Reported to the ARMC the results of the internal audit reports and its findings and the implementation of the management responses to the findings.

The ARMC had assessed the adequacy of the scope, functions, competency and resources of the Outsourced IA for the financial year under review and the internal audit function performed by the Outsourced IA was satisfactory and adequate. Accordingly, the ARMC and the Board agreed to continuously outsource the internal audit function in providing an independent appraisal on the adequacy and effectiveness of the Group's internal control system.

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.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART I – ENGAGEMENT 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 Statements in this Annual Report. 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.

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 28 days before the AGM. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. 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. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

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

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

12. STRENGTH RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDRES (CONT'D)

12.2 Effective Communication and Proactive Engagements

All the Directors shall endeavor to present in person to engage directly with, and be accountable to, the shareholders for their stewardship of the Company at the AGM. The 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 Shareholders Watch 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.

In line with the recommendation of MCCG, the minutes of the AGM or any general meeting will be posted on the Company's website for public viewing within 30 business days after the AGM or general meeting.

12.3 Facilitate Greater Shareholder Participation at General Meetings

Under Rule 8.31A(1) of the Listing Requirements, a public listed company 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.

The 19th AGM of the Company which was held on 9 September 2022 was conducted by way of a virtual basis and online remote voting using the Remote Participation and Voting Facilities and has been attended by all the Directors of the Company.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report and the CG Report 2023, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

COMPOSITION AND ATTENDANCE

The ARMC of Key Alliance Group Berhad ("KAG" or "the Company") 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. Currently, the ARMC comprises three (3) members, with majority are 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"). The ARMC Chairman, Mr Lee Kien Fatt, is member of the Malaysia Institute of Accountants ("MIA"). Accordingly, KAG also complies with Rule 15.09(1)(c)(i) of the Listing Requirements. No alternate director is appointed as a member of the ARMC.

The record of attendance of the members of the ARMC for meeting held during the financial year ended 31 March 2023 ("FY2023") is disclosed in the Corporate Governance ("CG") Overview Statement on page 42 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 summarised broadly as follows:

(a) External Audit

- 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 Messrs Russell Bedford LC PLT ("RBLC") based on the quality of services and relationship with Management, the ARMC and Board and that the ARMC has been satisfied with the independence, performance and suitability of RBLC based on the assessment and is recommending to the Board and shareholders for approval on the re-appointment of RBLC for the financial year ended 31 March 2023.

(b) Internal Audit

- Reviewed internal auditors ("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;

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

SUMMARY OF ACTIVITIES (CONT'D)

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 summarised broadly as follows (Cont'd):

(b) Internal Audit (Cont'd)

- 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 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.

(d) Risk Management and Internal Control

- Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximise opportunities;
- Assessed the systems processes, policy and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- Reviewed the system of internal control to ensure that they are in place, effectively administered and regularly monitored;
- Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the ARMC itself;
- Reviewed the updates on the risk profile and summary of risk presented by the Management; and
- Highlighted to the Board any significant new risks which had come to its attention from the IA or Risk Management reports which are of sufficient importance to warrant the attention of the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

SUMMARY OF ACTIVITIES (CONT'D)

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 summarised broadly as follows (Cont'd):

(e) Related Party Transactions/Conflict of Interest Situations

- Reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(f) Other activities:

- Reviewed its ToR periodically and made recommendation to the Board on revision, if necessary;
- Verified the options allocated under the Share Issuance Scheme ("SIS") in compliance with criteria as stipulated in the SIS By-laws of the Company;
- Reviewed application of CG principles and the extent of the Group's compliance with the best practices set out under with the Malaysian Code on Corporate Governance ("MCCG"); 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 ("IA"). In this respect, the IA has added value by improving the control processes within the Group. The total costs incurred was amounted to RM33,000 for the FY2023.

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 64 to 66 of this Annual Report.

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 issued by Securities Commission Malaysia, 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 2023 ("FY2023").

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 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. Notwithstanding, the Company's internal control system does not apply to its associate companies which fall within the control of their majority shareholders.

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 processes. 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, security risk, dependence on key management personnel risk, operational and business risks, foreign exchange risks, regulatory and political risk.

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 align to the Group's business objectives.

3. The Heads of Department and Key Management staffs are responsible for identifying, assessing, and managing the risks faced by the respective departments. The results of risk assessment activities are shared across the business unit for appropriate actions to be taken.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

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

5. The Board is assisted by the ARMC in overseeing the effectiveness of the Group's policies and guidelines to ensure proper management of risks to which the Group is exposed and to take appropriate and timely action to manage the risks.

6. The Board through the ARMC, maintains risks oversight for the Group by carrying out the following:

    i. On-going review with the Key Management personnel within the Group on the development and maintenance of risk management practices and internal control systems.

    ii. Review on the results of the internal audit 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 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.

- The Group has in place a Whistleblowing Policy, 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 majority 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 Conduct are in place and available at the Company's website to set the pace of upholding integrity and ethical values within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT

During the financial year under review, the Group has outsourced its internal audit function to Vaersa Advisory Sdn Bhd, a professional service firm ("Outsourced IA").

The Outsourced IA is headed by its associate director, Ms Tiffany Lim, who holds a Bachelor Accounting Degree and associate member with the Institute of Internal Auditors Malaysia. The Outsourced IA has assigned 2 staffs to provide internal audit services during the financial period. 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 reviews were conducted using a risk-based approach and were guided by, in all material respect, the International Professional Practice Framework issued by the Institute of Internal Auditors. The internal audit reviews involved assessing key risk areas, walkthrough or high-level reviews of the major operations, discussions held with management and key staff as well as tests of transactions on a sample basis.

The internal audit function independently assess operations of the Group's system of internal control and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal audit function prepares risk-based internal audit strategy based on the risk profiles of individual business unit of the Group and presents to the ARMC's review and approval.

The comprehensive report on the approaches of internal audit reviews, findings and the recommendation action plans are tabled for the ARMC's review and endorsement. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's responses, were discussed with the Management and subsequently presented to the ARMC.

During the financial year under review, the Outsourced IA has conducted audits based on approved internal audit plan. The area of IA covered the following:

- Project management of Design Dept Sdn Bhd;
- Procurement Department of GE Green Sdn Bhd and Operation review of Progenet Cloud Services and Data Centre;
- Sales and Credit Control of Design Dept Sdn Bhd and Progenet Innovations Sdn Bhd; and
- Human Resources and Finance Departments of KAG.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainty that would require separate disclosure in this Annual Report.

The ARMC assessed the adequacy of the scope, functions, competency, and resources of the Outsourced IA for the financial year under review and the internal audit function performed by the Outsourced IA was satisfactory and adequate. Accordingly, the ARMC and the Board agreed to continuously outsource the internal audit function in providing an independent appraisal on the adequacy and effectiveness of the Group's internal control system.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the 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 and Senior Management 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 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 on-going corrective measures.

Nevertheless, the Board recognises 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.

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 2023 ("FY2023").

30% Private Placement

On 21 July 2020, the 30% Private Placement has been completed with the listing of 204,162,850 placement shares on the ACE Market of Bursa Malaysia Securites Berhad. As at 31 March 2023, the proceeds raised from the 30% Private Placement had been fully utilised as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Business expansion	12,140	(12,140)	-
Estimated expenses for the Corporate Exercises	110	(110)	-

Right Issue with Warrants

On 20 November 2020, 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 2023, the status of the utilisation of the proceeds raised is as follow:

Purpose	Proposed Utilisation RM'000	Variation RM'000	Revised Utilisation of Proceed RM'000	Actual Utilisation RM'000	Unutilised RM'000
Business expansion *- Purchase of Covid-19 RT PCR Test Kit, and other in vitro diagnostic devices and/or medical equipment/devices*	28,995	1,388	30,383	(30,383)	-
- Staff related costs	1,000	-	1,000	(354)	646
- Marketing & Advertising costs	5,000	(2,400)	2,600	(286)	2,314
Repayment of bank borrowings	9,600	-	9,600	(9,600)	-
Working capital	3,810	1,012	4,822	(4,822)	-
Estimated expenses for the Corporate Exercises	700	-	700	(700)	-

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds raised (Cont'd)

10% Private Placement

On 23 December 2021, the 10% Private Placement has been completed with the listing of 510,861,906 placement shares on the ACE Market of Bursa Malaysia Securites Berhad. As at 31 March 2023, the status of the utilisation of the proceeds raised is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Development of an electronic-commerce marketplace/platform for medical equipment, devices and related products	6,787	(142)	6,645
Estimated expenses for the Corporate Exercises	110	(92)	18

20% Private Placement

On 13 April 2022, the 20% Private Placement has been completed with the listing of 613,000,000 placement shares on the ACE Market of Bursa Malaysia Securites Berhad. As at 31 March 2023, the status of the utilisation of the proceeds raised is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised RM'000
Data centre maintenance and upgrade	2,070	(17)	2,053
Software development/expansion for agricultural cloud-based business	1,274	(712)	562
Working capital	1,589	(1,118)	471
Estimated expenses for the Corporate Exercise	400	(400)	-

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 FY2023 or entered into since the end of the previous financial year ended 31 March 2022.

ADDITIONAL COMPLIANCE INFORMATION

3. Options, warrants or convertible securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

The details of the issued and paid-up shares capital of the Company as at 31 March 2023 are as follows:

	No. of Shares	RM
As at 1 April 2022	3,065,171,440	188,508,602
Private Placement	613,000,000	4,887,376
As at 31 March 2023	3,678,171,440	193,395,978

4. Audit and Non-Audit Fees

During the FY2023, audit and non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, Messrs. Russell Bedford LC PLT were as follows:

	The Company RM	The Group RM
Audit Services Rendered	64,000	232,000
Non-Audit Services Rendered		
(a) Review of Statement of Risk Management and Internal Control	6,000	6,000

5. Recurrent Related Party Transactions of Revenue Nature

Save for such disclosure made in note 31 of the audited consolidated financial statements on page 141 of this Annual Report, there were no other material recurrent related party transactions entered by the Group during the financial year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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 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.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2023, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

FINANCIAL STATEMENTS

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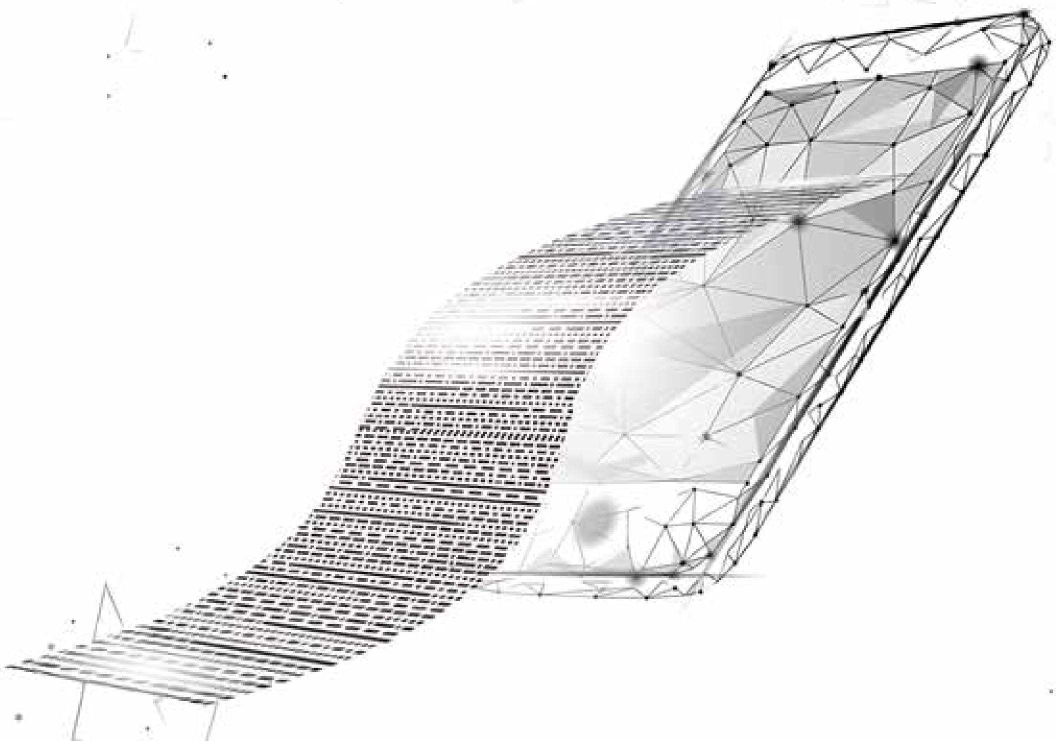

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

Principal activities

The principal activity of the Company is that of investment and property holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 15 to the financial statements.

Financial results

	Group RM	Company RM
Net loss for the financial year	(21,211,783)	(6,648,428)
Attributable to:		
Owners of the Company	(20,582,778)	(6,648,428)
Non controlling interests	(629,005)	-
	(21,211,783)	(6,648,428)

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

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

Issue of shares and debentures

During the financial year, the Company increased its issued and paid up capital by way of private placement of 613,000,000 new ordinary shares at an issue price of RM0.0087 per share for cash. The shares were issued for working capital purposes.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The movements in the Company's share capital account are disclosed in Note 25 to the financial statements.

The Company has not issued any debentures during the financial year.

Warrants C

The Company had on 20 November 2020 issued 982,103,848 warrants in conjunction with its renounceable rights issue exercise. The warrants are constituted by a deed poll dated 7 October 2020 ("Deed Poll").

DIRECTORS' REPORT

Warrants C (cont'd)

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 20 November 2020 and the expiry date is on 19 November 2023. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.05 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movement in the Company's warrants during the financial year are as follows:

	Entitlement for ordinary shares			
	Balance at 1.4.2022	**Issuance**	**Exercised**	**Balance at 31.3.2023**
Number of unexercised warrants	982,103,848	-	-	982,103,848

Directors

The directors of the Company in office since the end of the previous 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	
Y.M. Tengku Ezuan Ismara Bin Tengku Nun Ahmad	
Dr Azizah Binti Sulaiman	Appointed on 1 June 2023

The directors of the Company's subsidiaries in office since the end of the previous financial year to the date of this report, not including those directors listed above are:

Tay Ben Seng, Benson	Resigned on 8 June 2023
Koo Kien Yoon	
Vishnu Nair A/L Jeyarajan	
Hon Chao Sheung	
Dato' Dr Azirul Salihin Bin Anuar	Resigned on 1 June 2023
Khairul Anuar Bin Danial	Resigned on 1 June 2023
Mohamad Reza Bin Abu Hassan	Appointed on 23 May 2022

DIRECTORS' REPORT

Directors' interests in shares

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
	Balance as at 1.4.2022	Bought	Sold	Balance as at 31.3.2023
In the Company				
Shareholdings registered in the name of directors:				
Roy Ho Yew Kee	225,400,000	-	-	225,400,000
Ong Gim Hai	11,800,000	-	-	11,800,000

None of the other directors in office at the end of the financial year had any interest in shares of the Company and its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of the directors' remuneration are disclosed in Note 6 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

Other statutory information

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

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

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

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

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

DIRECTORS' REPORT

Other statutory information (cont'd)

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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

Auditors

The auditors, Messrs Russell Bedford LC PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 6 to the financial statements.

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

DATO' ZAIDI BIN MAT ISA @ HASHIM

ROY HO YEW KEE

Kuala Lumpur

Dated: 26 July 2023

STATEMENT BY DIRECTORS

The directors of **KEY ALLIANCE GROUP BERHAD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the 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

ROY HO YEW KEE

Kuala Lumpur

Dated: 26 July 2023

STATUTORY DECLARATION

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 to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
above named ROY HO YEW KEE at)
Kuala Lumpur in Wilayah Persekutuan on)
26 July 2023)

ROY HO YEW KEE

Before me,

COMMISSIONER FOR OATHS
LEE CHIN HOCK
No. W909

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

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 31 March 2023, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 (the "Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Key audit matters

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

1.3.1 Impairment review of plant and equipment and right of use assets of data centre and cloud services segment

Subsidiaries of the Group in the data centre and cloud services segment, Key Alliance Sdn Bhd and Progenent Innovations Sdn Bhd had been persistently making losses. This is an indication that an impairment might have occurred on the plant and equipment and right of use assets of the respective subsidiary as at 31 March 2023.

The carrying amount (before impairment) of the plant and equipment and right of use assets are RM39,180,253 and RM763,356 respectively as at 31 March 2023. Management has performed an impairment review and no impairment is required as the recoverable amounts of these assets are higher than their carrying amounts.

We focused on this area as significant judgements are involved in determining the recoverable amount by using the chosen valuation techniques and due to the application of assumptions by the professional valuers.

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

1. Report on the audit of the financial statements (Cont'd)

1.3 Key audit matters (Cont'd)

1.3.1 Impairment review of plant and equipment and right of use assets of data centre and cloud services segment (Cont'd)

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- performed site visit to verify the existence and conditions of the plant and equipment;
- considered the professional competencies, capabilities, objectivity and independence of the professional valuers engaged by the Group;
- discussed with the independent professional valuers to obtain an understanding of the valuation techniques, key assumptions and input data used; and
- assessed the appropriateness of the valuation techniques and the key assumptions used based on our industry knowledge.

We found the valuation techniques used to be appropriate and assumptions applied were supported by available evidence.

Additional information on the impairment review is disclosed in Note 11.3 to the financial statements.

1.3.2 Fair value of investment properties of the Group and of the Company

The Group adopts fair value measurement for its investment properties. The fair value of investment properties of the Group and of the Company of RM18.2 million and RM9.0 million respectively is determined by independent firms of professional valuers. Significant judgements are involved in determining the fair value by using the chosen valuation techniques and applying the assumptions as disclosed in Note 35.3 to the financial statements.

<u>How the matter was addressed in the audit</u>

Our audit procedures focused on the valuations performed by the firm of professional valuers, which included amongst others, the following:

- performed site visit to verify the existence and conditions of the investment properties;
- considered the professional competencies, capabilities, objectivity and independence of the professional valuers engaged by the Group;
- discussed with the independent professional valuers to obtain an understanding of the valuation techniques, key assumptions and input data used; and
- assessed the appropriateness of the valuation techniques and the key assumptions used based on our industry knowledge.

We found the valuation techniques used to be appropriate and assumptions applied were supported by available evidence.

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

1. Report on the audit of the financial statements (Cont'd)

1.3 Key audit matters (Cont'd)

1.3.3 Recoverability of trade and other receivables

As disclosed in Note 21 and 22 to the financial statements, the carrying amount of trade receivables and other receivables of the Group was RM19,799,833 and RM925,694 respectively as at 31 March 2023. During the reporting period, management has recognised a net allowance for expected credit losses of RM7,778,837.

The Group has significant receivable balances that are overdue, leading to the risk that the Group's allowance for expected credit losses for receivables being insufficient if these amounts are not recoverable in the event of default. The recoverability of receivables is a key audit matter as its assessments involve significant judgements.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- reviewed and verified the collections received during the reporting period and subsequent to the reporting period to bank records;
- assessed the adequacy of impairment assessment performed by management on overdue receivables. For a balance where no allowance for impairment was made, we obtained evidence in the form of subsequent receipts, historical payment trends and customer's financial position; and
- tested the adequacy of the allowance of expected credit losses made by management through challenging the relevant assumptions and data applied in making the estimates.

We are satisfied with the results of our procedures performed.

1.3.4 Impairment assessment of the carrying amount of investment in subsidiaries and expected credit losses on amount due from subsidiaries

As disclosed in Note 15 and Note 22 to the financial statements, the carrying amount of investment in subsidiaries and amount due from subsidiaries amounted to RM6,400,018 and RM65,957,456 respectively as at 31 March 2023.

The assessment of recoverable amount of investment in subsidiaries and amount due from subsidiaries which is interrelated requires significant judgements and assumptions used in the calculation.

We focused on this area due to the significant judgements and assumptions made by management in determining the recoverable amount of the investment in subsidiaries and amount due from subsidiaries.

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

1. Report on the audit of the financial statements (Cont'd)

1.3 Key audit matters (Cont'd)

1.3.4 Impairment assessment of the carrying amount of investment in subsidiaries and expected credit losses on amount due from subsidiaries (Cont'd)

How the matter was addressed in the audit

We tested management's impairment review by performing the following work:

- discussed with management to understand the underlying assumptions used in the impairment review model;
- compared the assumptions used within the impairment review model to approved budgets and business plans;
- benchmarked key assumptions used by management in estimating future cash flows such as revenue growth and gross profit margin to historical performance;
- benchmarked key assumptions including discount rates, where applicable, and inflation against our own internal research data;
- reviewed management's calculation together with relevant supporting documents; and
- evaluated the basis used by management in determining cash flows recoverable in worst case scenarios, where applicable.

We are satisfied with the results of our procedures performed.

Additional information on the impairment review of investment in subsidiaries is disclosed in Note 15.2 to the financial statements.

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

1. Report on the audit of the financial statements (Cont'd)

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 and/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 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 and/or the Company to cease to continue as a going concern.

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

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

We communicate with those charged with governance 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.

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

1. Report on the audit of the financial statements (Cont'd)

1.6 Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

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

2. Report on other legal and regulatory requirements

In accordance with requirements to the Act, we also report that the subsidiary in which we have not acted as auditors, is as disclosed in Note 15 to the financial statements.

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Lew Chui Hoong.

RUSSELL BEDFORD LC PLT
LLP0030621-LCA & AF 1237
CHARTERED ACCOUNTANTS

LEW CHUI HOONG
03481/01/2024 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 26 July 2023

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Revenue	4	50,222,161	47,508,296	324,000	324,000
Cost of sales	5	(45,964,179)	(39,863,630)	-	-
Gross profit		(4,257,982)	7,644,666	324,000	324,000
Other operating income		991,432	1,142,162	652,791	752,850
Administrative expenses		(11,026,156)	(12,545,976)	(3,877,976)	(4,852,430)
Other operating expenses		(5,867,049)	(45,815,767)	(2,173,688)	(44,920,503)
Net allowance for expected credit losses		(7,778,837)	1,200,109	(1,886,000)	(2,647,074)
Loss from operations	6	(19,422,628)	(48,374,806)	(6,960,873)	(51,343,157)
Finance income	7	244,928	149,974	640,659	508,929
Finance costs	8	(617,069)	(1,228,741)	(331,104)	(277,090)
Net finance (costs)/income		(372,141)	(1,078,767)	309,555	231,839
Share in (loss)/profit of associates		(1,247,762)	1,210,461	-	-
Loss before tax		(21,042,531)	(48,243,112)	(6,651,318)	(51,111,318)
Income tax expense	9	(169,252)	(690,225)	2,890	-
Net loss/Total comprehensive loss for the year		(21,211,783)	(48,933,337)	(6,648,428)	(51,111,318)
Net loss/Total comprehensive loss attributable to:					
Owners of the Company		(20,582,778)	(48,112,221)		
Non controlling interests		(629,005)	(821,116)		
		(21,211,783)	(48,933,337)		
Basic loss per share (sen)	10	(0.56)	(1.84)		

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non current assets					
Plant and equipment	11	40,108,294	44,707,078	348,841	947,803
Right of use assets	12	4,556,867	6,590,431	3,684,729	4,542,629
Investment properties	13	18,200,000	18,200,000	9,000,000	9,000,000
Intangible assets	14	221,686	233,278	-	-
Investment in subsidiaries	15	-	-	6,400,018	6,400,018
Investment in associates	16	9,962,699	11,210,461	10,000,000	10,000,000
Other financial assets	17	23,101,910	25,271,804	22,907,086	25,080,595
Goodwill	18	-	-	-	-
Deferred tax assets	19	-	73,000	-	-
Other receivables, deposits and prepayments	22	54,043	1,912,810	6,489,600	7,715,838
		96,205,499	108,198,862	58,830,274	63,686,883
Current assets					
Inventories	20	2,021,465	4,104,126	-	-
Trade receivables	21	19,799,833	22,451,404	-	-
Other receivables, deposits and prepayments	22	3,319,664	16,789,145	59,938,473	62,042,560
Contract assets	4	-	517,267	-	-
Contract costs	23	4,752,312	-	-	-
Tax recoverable		540,731	501,790	50,575	47,685
Fixed deposits with licensed banks	24	2,748,475	2,901,135	2,696,953	2,643,783
Cash and bank balances		19,111,611	16,780,931	13,447,438	9,863,725
		52,294,091	64,045,798	76,133,439	74,597,753
Total assets		148,499,590	172,244,660	134,963,713	138,284,636

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Equity					
Share capital	25	193,395,978	188,508,602	193,395,978	188,508,602
Reserves	26	(81,335,389)	(60,752,611)	(63,903,369)	(57,254,941)
Equity attributable to owners of the Company		112,060,589	127,755,991	129,492,609	131,253,661
Non controlling interests		(3,820,852)	(3,191,847)	-	-
Total equity		108,239,737	124,564,144	129,492,609	131,253,661
Non current liabilities					
Lease liabilities	27	3,369,789	5,161,502	3,094,949	3,878,228
Contract liabilities	4	371,575	1,694,424	-	-
Deferred tax liabilities	19	496,793	496,793	496,793	496,793
		4,238,157	7,352,719	3,591,742	4,375,021
Current liabilities					
Trade payables	28	17,155,848	18,228,351	-	-
Other payables and accruals	29	4,304,601	5,498,932	1,096,083	1,931,506
Contract liabilities	4	10,682,481	12,391,135	-	-
Borrowings	30	1,993,101	1,982,858	-	-
Lease liabilities	27	1,885,665	2,226,521	783,279	724,448
		36,021,696	40,327,797	1,879,362	2,655,954
Total liabilities		40,259,853	47,680,516	5,471,104	7,030,975
Total equity and liabilities		148,499,590	172,244,660	134,963,713	138,284,636

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital RM	Warrant reserve RM	Accumulated losses RM	Equity attributable to owners of the Company RM	Non controlling interests RM	Total equity RM
Group						
At 1 April 2021	175,611,967	19,642,077	(32,260,560)	162,993,484	(2,490,579)	160,502,905
Transactions with owners:						
Issuance of shares	12,896,635	-	-	12,896,635	-	12,896,635
Acquisition of non controlling interests	-	-	(21,907)	(21,907)	21,897	(10)
Additional subscription of shares in a subsidiary	-	-	-	-	97,951	97,951
Total transactions with owners	12,896,635	-	(21,907)	12,874,728	119,848	12,994,576
Net loss/Total comprehensive loss for the year	-	-	(48,112,221)	(48,112,221)	(821,116)	(48,933,337)
At 31 March 2022	188,508,602	19,642,077	(80,394,688)	127,755,991	(3,191,847)	124,564,144
Transactions with owners:						
Issuance of shares	4,887,376	-	-	4,887,376	-	4,887,376
Net loss/Total comprehensive loss for the year	-	-	(20,582,778)	(20,582,778)	(629,005)	(21,211,783)
At 31 March 2023	193,395,978	19,642,077	(100,977,466)	112,060,589	(3,820,852)	108,239,737

	Share capital RM	Warrant reserve RM	Accumulated losses RM	Total equity RM
Company				
At 1 April 2021	175,611,967	19,642,077	(25,785,700)	169,468,344
Transactions with owners:				
Issuance of shares	12,896,635	-	-	12,896,635
Net loss/Total comprehensive loss for the year	-	-	(51,111,318)	(51,111,318)
At 31 March 2022	188,508,602	19,642,077	(76,897,018)	131,253,661
Transactions with owners:				
Issuance of shares	4,887,376	-	-	4,887,376
Net loss/Total comprehensive loss for the year	-	-	(6,648,428)	(6,648,428)
At 31 March 2023	193,395,978	19,642,077	(83,545,446)	129,492,609

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from/(used in) operating activities				
Loss before tax	(21,042,531)	(48,243,112)	(6,651,318)	(51,111,318)
Adjustments for:				
Allowance for expected credit losses – net	7,778,837	(1,200,109)	1,886,000	2,647,074
Amortisation of intangible assets	-	8,000	-	-
Bad debts written off	12,510	933,154	-	-
Deposits written off	87,444	680,824	87,444	680,824
Depreciation	6,751,200	5,731,698	1,526,777	1,846,133
Distribution income from unquoted mutual funds	(3,794)	(118)	(179)	(118)
Fair value loss on other financial assets	2,173,688	40,955,913	2,173,688	40,955,913
Gain on derecognition of lease liabilities/lease modification	(15,695)	(133,312)	-	(133,256)
Gain on disposal of plant and equipment	-	(385)	-	-
Impairment loss on				
- plant and equipment	241,103	133,635	-	-
- right of use assets	262,004	254,365	-	-
- investment in subsidiaries	-	-	-	3,964,590
- goodwill	-	1,398,725	-	-
Interest expense	617,069	1,228,741	331,104	277,090
Interest income	(244,928)	(149,974)	(640,659)	(508,929)
Inventories written off/written down	1,501,035	238,309	-	-
Intangible assets written off	52,000	-	-	-
Reversal of inventories written down	-	(123,135)	-	-
Plant and equipment/Right of use assets written off	150,598	29,598	3,797	514
Unrealised (gain)/loss on foreign exchange	(2,549)	1,275	-	-
Share in loss/(profit) of associates	1,247,762	(1,210,461)	-	-
Operating (loss)/profit before working capital changes	(434,247)	533,631	(1,283,346)	(1,381,483)
Decrease in trade and other receivables	10,101,028	9,443,411	452,004	18,686,075
Decrease in inventories	601,523	476,233	-	-
Changes in contract assets/ liabilities	(2,514,236)	(2,202,391)	-	-
Increase in contract costs	(4,752,312)	-	-	-
(Decrease)/Increase in trade and other payables	(1,713,751)	(3,844,707)	(714,783)	683,260
Cash generated from/(used in) operations	1,288,005	4,406,177	(1,546,125)	17,987,852
Income tax paid	(175,585)	(147,763)	(17,340)	(17,340)
Income tax refunded	40,392	20,230	17,340	20,230
Net cash from/(used in) operating activities	1,152,812	4,278,644	(1,546,125)	17,990,742

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Cash flows from/(used in) investing activities				
Distribution income received	3,794	118	179	118
(Increase)/Decrease in fixed deposits pledged	(13,102)	1,584,758	(53,170)	1,534,758
Decrease/(Increase) in fixed deposits with maturity of more than 3 months	166,528	(166,528)	-	-
Acquisition of other financial assets	(3,794)	(25,784,416)	(179)	(25,781,355)
Investment in an associate	-	(4,000,000)	-	(4,000,000)
Acquisition of shares in a subsidiary	-	(10)	-	(10)
Repayments from/(Advances to) subsidiaries	-	-	904,877	(22,528,706)
Interest received	244,928	149,974	640,659	508,929
Proceeds from disposal of plant and equipment	-	3,680	-	-
Additions to intangible assets	(50,408)	(223,278)	-	-
Purchase of plant and equipment	(1,209,175)	(1,668,122)	(73,712)	(10,998)
Net cash (used in)/from investing activities	(861,229)	(30,103,824)	1,418,654	(50,277,264)
Cash flows from/(used in) financing activities				
Proceeds from issuance of shares	4,887,376	6,896,635	4,887,376	6,896,635
Share issue proceeds from non controlling interest of a subsidiary	-	97,951	-	-
Repayments of term loans	-	(8,636,783)	-	-
Repayments of advances from subsidiaries	-	-	(120,640)	(44,419)
Repayments of lease liabilities	(2,240,687)	(2,544,181)	(724,448)	(778,464)
Interest paid	(617,069)	(1,228,741)	(331,104)	(277,090)
Net cash from/(used in) financing activities	2,029,620	(5,415,119)	3,711,184	5,796,662
Net increase/(decrease) in cash and cash equivalents	2,321,203	(31,240,299)	3,583,713	(26,489,860)
Cash and cash equivalents at beginning of year	14,848,829	46,089,128	9,863,725	36,353,585
Cash and cash equivalents at end of year	17,170,032	14,848,829	13,447,438	9,863,725

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and cash equivalents are represented by:				
Cash and bank balances	19,111,611	16,780,931	13,447,438	9,863,725
Fixed deposits with licensed banks	2,748,475	2,901,135	2,696,953	2,643,783
Bank overdraft	(1,993,101)	(1,982,858)	-	-
	19,866,985	17,699,208	16,144,391	12,507,508
Less: Fixed deposits pledged	(2,696,953)	(2,683,851)	(2,696,953)	(2,643,783)
Less: Fixed deposits with maturity of more than 3 months	-	(166,528)	-	-
	17,170,032	14,848,829	13,447,438	9,863,725

Reconciliation of liabilities arising from financing activities

Group	1.4.2022 RM	Cash flows RM	Non-cash changes RM	31.3.2023 RM
Lease liabilities				
- hire purchase	495,458	(311,436)	-	184,022
- other lease liabilities	6,892,565	(1,929,251)	108,118	5,071,432
	7,388,023	(2,240,687)	108,118	5,255,454

Group	1.4.2021 RM	Cash flows RM	Non-cash changes RM	31.3.2022 RM
Lease liabilities				
- hire purchase	838,121	(342,663)	-	495,458
- other lease liabilities	5,797,725	(2,201,518)	3,296,358	6,892,565
Borrowings	8,636,783	(8,636,783)	-	-
	15,272,629	(11,180,964)	3,296,358	7,388,023

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of liabilities arising from financing activities (cont'd)

Company	**1.4.2022 RM**	**Cash flows RM**	**Non-cash changes RM**	**31.3.2023 RM**
Lease liabilities				
- hire purchase	184,069	(46,322)	-	137,747
- other lease liabilities	4,418,607	(678,126)	-	3,740,481
Amount due to subsidiaries	958,551	(120,640)	-	837,911
	5,561,227	(845,088)	-	4,716,139

Company	**1.4.2021 RM**	**Cash flows RM**	**Non-cash changes RM**	**31.3.2022 RM**
Lease liabilities				
- hire purchase	228,384	(44,315)	-	184,069
- other lease liabilities	1,858,496	(734,149)	3,294,260	4,418,607
Amount due to subsidiaries	1,002,970	(44,419)	-	958,551
	3,089,850	(822,883)	3,294,260	5,561,227

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The principal activity of the Company is that of investment and property holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 15.

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

The registered office of the Company is located at 22-09, Menara 1MK, No.1 Jalan Kiara, Mont Kiara 50480 Kuala Lumpur.

The principal place of business is located at Lot 18.2, 18th Floor, Menara Lien Hoe, No 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the board of directors on 26 July 2023.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and their related IC Interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

2.2.2 Significant accounting policies

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For each business combination, non controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non controlling interests and the owners of the Company. Losses applicable to the non controlling interests in a subsidiary are allocated to the non controlling interests even if doing so causes the non controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is loss. Subsequently, it is accounted for as equity accounted investee or as a financial asset depending on the level of influence retained.

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

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

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

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is possible that the Group will collect the consideration to which it will be entitled to in exchange for goods or services sold.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A contract asset is stated at cost less accumulated impairment losses, if any.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Contract costs

The Group recognise costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group that will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

Foreign currencies

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2023 RM	2022 RM
United States Dollar	4.409	4.204
Euro	4.809	4.693
Chinese Renminbi	0.643	0.662

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Impairment of assets

The carrying amount of assets subject to accounting for impairment (primarily non financial assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Impairment of assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. The reversal is recognised in profit or loss.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

No depreciation is provided on construction work in progress. Depreciation on all other plant and equipment is calculated on a straight line basis at the following annual rates based on their estimated useful lives:

Computers, equipment and software	20% to 30%
Furniture and fittings	10% to 30%
Office equipment	10% to 20%
Motor vehicles	20%
Renovation	20%
Equipment rental units	20%
Signboard	10%
Cabling and storage systems	10%
Data centre	15 years

Depreciation on construction work in progress commences when the assets are ready for their intended use.

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

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the reporting period in which they arise.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the rights, or exposed, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Investment in an associate

An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Company's investment in an associate is stated at cost less impairment losses, if any.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the reporting date. Under this method of accounting, the investment in an associate is measured in the consolidated statement of financial position at cost plus the Group's post acquisition share of the associate's profit or loss and other comprehensive income while dividend received is reflected as a reduction of the investment.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associate to ensure consistency of accounting policies with the Group.

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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Intangible assets

(i) Research and development expenditures

Expenditures incurred at research phase, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss.

Expenditures incurred at development phase are recognised as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(b) management intends to complete the intangible asset and use or sell it;
(c) there is an ability to use or sell the intangible asset;
(d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(f) the expenditure attributable to the intangible asset during its development can be reliably measured.

The expenditure capitalised includes direct labour, overhead costs and cost of materials that are directly attributable to preparing the asset for its intended use. Development expenditure recognised as intangible asset is stated at cost less accumulated amortisation and impairment losses, if any.

Development expenditure is amortised when the asset is available for use on the straight line basis over the period of expected benefit of five years. The amortisation period and the amortisation method are reviewed at the end of each reporting period.

(i) Software

Software acquired separately is measured on initial recognition at cost. Following initial recognition, software is carried at cost less any accumulated amortisation and impairment losses, if any.

Software is amortised on a straight line basis over its finite useful life of 5 years.

The amortisation period and the amortisation method are reviewed at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Inventories

Inventories comprising trading merchandise are stated at the lower of cost and net realisable value. Cost of inventories is determined on first in, first out basis. Costs of inventories comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs to be incurred in marketing, selling and distribution.

Leases

As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Office buildings	2 - 6 years
Equipment rental units	3 - 5 years
Motor vehicles	4 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Leases (cont'd)

As a lessee (cont'd)

ii) Lease liabilities (cont'd)

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue or other operating income in profit or loss based on its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Segment information

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

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

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

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss does not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(iii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

a) contingent consideration of an acquirer in a business combination;
b) financial guarantee contracts;
c) loan commitments;
d) designated at fair value through profit or loss; or
e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the loss allowance determined in accordance with the expected credit losses model and the amount initially recognised less cumulative amortisation.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on the following items:

a) financial assets at amortised cost;
b) contract assets; and
c) financial guarantee contracts.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the ECL is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

a) the financial instrument has a low risk of default;
b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Expected credit losses (cont'd)

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers 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.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Definition of default

The Group considers a debt instrument to be in default when:

a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or

b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

a) Significant financial difficulties of the debtor;
b) A breach of contract, such as a default or past due event;
c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE FINANCIAL STATEMENTS

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
b) Held primarily for the purpose of trading;
c) Expected to be realised within twelve months after the reporting period; or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in the normal operating cycle;
b) It is held primarily for the purpose of trading;
c) It is due to be settled within twelve months after the reporting period; or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft, fixed deposits pledged and fixed deposits with maturity of more than three months.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements (cont'd)

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(a) Impairment of non financial assets

In assessing impairment of goodwill, plant and equipment, right of use assets and investment in subsidiaries, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the relevant assets.

Significant variations to these assumptions and estimates could result in changes to the assessment of the recoverability of these non financial assets. To the extent of any future determination that these non financial assets are not recoverable, future financial results in the reporting period in which this determination is made will be affected.

(b) Allowance for expected credit losses for debt instruments at amortised cost

When measuring expected credit losses, the Group uses reasonable and supportable forward looking information, which is based on assumptions for future conditions and how these conditions will affect the amount of expected credit losses.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and internal credit enhancements. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(c) Recognition of construction revenue

Over time construction revenue is recognised by selecting an appropriate method for measuring the Group's progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured using an input method, by reference to the construction costs incurred to date as a percentage of the estimated total costs of the contract.

Significant estimation is required in determining the progress based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example scope of work and costs to completion. In making the estimation, the Group evaluates based on past experience.

(d) Fair values of investment properties

Fair values of investment properties are determined by independent firms of professional valuers.

Significant judgements are involved in determining the fair values by using the chosen valuation technique and applying the assumptions as disclosed in Note 35.3. Any changes in fair values of these investment properties are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

4.1 Disaggregation of revenue

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Type of goods or services				
Data centre and cloud services				
Data centre, cloud services and co-location services	5,196,321	7,015,593	-	-
IT support services	3,116,884	1,631,658	-	-
Maintenance support	398,296	543,561	-	-
	8,711,501	9,190,812	-	-
Construction				
Renovation contracts	24,492,113	14,077,602	-	-
Trading				
Sale of multifunction printers	12,860	226,833	-	-
Sale of accessories, consumables, computers and software	146,562	411,723	-	-
Click charges income	1,832,433	2,512,173	-	-
Service charges income	343,087	567,269	-	-
Sale of kitchen appliances	542,326	820,983	-	-
Sale of medical products	12,656,768	18,113,661	-	-
Other services	4,283	8,641	-	-
	15,538,319	22,661,283	-	-
Others				
Management fees	-	-	324,000	324,000
Revenue from contracts with customers	48,741,933	45,929,697	324,000	324,000
Operating lease income	1,480,228	1,578,599	-	-
	50,222,161	47,508,296	324,000	324,000

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Timing of revenue recognition				
Goods transferred at a point in time	15,924,705	19,573,200	-	-
Services transferred over time	9,670,420	24,148,929	324,000	324,000
Services transferred at a point in time	23,146,808	2,207,568	-	-
Revenue from contracts with customers	48,741,933	45,929,697	324,000	324,000

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue (cont'd)

4.2 Contract balance

	Group	
	2023	**2022**
Contract liabilities	**RM**	**RM**
Current	10,682,481	12,391,135
Non current	371,575	1,694,424
	11,054,056	14,085,559
Contract assets	-	517,267

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date.

The contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received the consideration in advance or has billed the customers.

Contract liabilities are recognised as revenue upon the Group delivering the goods to customer or perform the services under the contract.

	Group	
	2023	**2022**
	RM	**RM**
The performance obligations for the non current portion of the contract liabilities is expected to be satisfied as follows:		
Later than 1 year and not later than 2 years	348,885	933,009
Later than 2 years and not later than 5 years	22,690	761,415
	371,575	1,694,424

The following table provides information of the contract balance:

	Group	
	2023	**2022**
	RM	**RM**
At beginning of year	13,568,292	15,770,683
Advance consideration received/Billings issued during the year	19,292,596	17,176,671
Revenue recognised during the year	(21,806,832)	(19,379,062)
At end of year	11,054,056	13,568,292

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue (cont'd)

4.3 Performance obligations

Segment	Nature of goods or services	Timing of transfer of goods or services	Significant payment terms
Data centre and cloud services	Data centre, cloud services and co-location services	Revenue is recognised over time when the customer simultaneously receives and consumes the benefits	Generally due within 30 days to 90 days from invoice date
Data centre and cloud services	IT support services (including installation and configuration)	Revenue is recognised at a point in time when the services are rendered	Generally due within 90 days from invoice date
Data centre and cloud services	Maintenance support	Revenue is recognised over time when the customer simultaneously receives and consumes the benefits	Generally due within 90 days from invoice date
Data centre and cloud services	Others	Revenue is recognised at a point in time upon delivery of goods to the customer	Generally due within 30 days to 60 days from invoice date
Construction	Renovation works	Revenue is recognised over time by reference to the progress towards the complete satisfaction of the performance obligation	Generally due within 30 to 60 days from invoice date
Construction	Renovation works	Revenue is recognised at a point in time upon completion and customer acceptance of the renovation works	Generally due within 30 to 60 days from invoice date
Trading	Sale of multi function printers, accessories, consumables, computers and software	Revenue is recognised at a point in time upon delivery of goods to the customers	Generally due within 30 to 60 days from invoice date
Trading	Click charges income	Revenue is recognised over time when the customer simultaneously receives and consumes the benefits	Generally due within 30 to 60 days from invoice date
Trading	Service charges income	Revenue is recognised at a point in time when the services are rendered	Generally due within 30 to 60 days from invoice date
Trading	Sale of kitchen appliances	Revenue is recognised at a point in time upon delivery of goods to the customers	Generally due within 30 to 90 days from invoice date
Trading	Sale of medical products	Revenue is recognised at a point in time upon delivery of goods to the customers	Generally due within 30 days from invoice date
Trading	Other services	Revenue is recognised at a point in time when the services are rendered	Generally due within 30 to 90 days from invoice date
Others	Management fees	Revenue is recognised over time when subsidiaries simultaneously receive and consume the benefits	Generally due within 30 days from invoice date

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

4.4 Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period for contracts that have a duration of more than one year:

	Group	
	2023	**2022**
	RM	**RM**
- 2023	-	2,733,009
- 2024	740,468	933,009
- 2025	348,885	741,426
- 2026	22,690	19,989
	1,112,043	4,427,433

4.5 Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

5. Cost of sales

	Group	
	2023	**2022**
	RM	**RM**
Data centre and cloud services	8,622,157	5,859,424
Construction	21,685,323	12,180,698
Trading	15,656,699	21,823,508
	45,964,179	39,863,630

NOTES TO THE FINANCIAL STATEMENTS

6. Loss from operations

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Loss from operations is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit				
- current year	232,000	164,000	64,000	50,000
- under/(over) provision in prior years	7,000	(10,400)	5,000	-
Bad debts written off	12,510	933,154	-	-
Deposits written off	87,444	680,824	87,444	680,824
Directors' remuneration				
- fees				
- Company	589,000	548,000	384,000	384,000
- subsidiaries	60,000	48,000	-	-
- other than fees				
- Company	620,460	616,471	-	-
Intangible assets written off	52,000	-	-	-
Inventories written off	368,367	93,538	-	-
Inventories written down	1,132,668	144,771	-	-
Expenses relating to leases of low value assets	31,609	30,352	-	-
Expenses relating to short term leases	41,580	109,319	14,155	11,558
Plant and equipment/Right of use assets written off	150,598	29,598	3,797	514
Reversal of inventories written down	-	(123,135)	-	-
Liquidated and ascertained damages income	(110,000)	(40,000)	-	-
(Gain)/Loss on foreign exchange - net				
- realised	(7,319)	7,625	-	-
- unrealised	(2,549)	1,275	-	-
Distribution income from unquoted mutual funds	(3,794)	(118)	(179)	(118)
Gain on disposal of plant and equipment	-	(385)	-	-
Gain on derecognition of lease liabilities/lease modification	(15,695)	(133,312)	-	(133,256)
Rental income - included in other operating income	(789,540)	(676,988)	(651,012)	(618,782)

Staff costs comprise:				
Salaries, bonus and allowances	5,926,092	5,616,994	1,183,400	1,119,864
Defined contribution plan	610,206	600,578	92,173	85,911
Other employee related expenses	297,821	249,559	66,550	64,300
	6,834,119	6,467,131	1,342,123	1,270,075

The key management personnel of the Group and the Company whose remuneration is analysed as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Executive directors				
- fees	276,000	276,000	192,000	192,000
- other than fees	616,960	581,303	-	-
	892,960	857,303	192,000	192,000
Non executive directors:				
- fees	373,000	320,000	192,000	192,000
- other than fees	-	31,668	-	-
	373,000	351,668	192,000	192,000
Total remuneration	1,265,960	1,208,971	384,000	384,000
Estimated money value of benefits in kind	3,500	3,500	-	-
Total remuneration including benefits in kind	1,269,460	1,212,471	384,000	384,000

NOTES TO THE FINANCIAL STATEMENTS

7. Finance income

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Interest income from:				
- fixed deposits	57,624	55,669	55,295	52,344
-advances to a subsidiary	-	-	401,675	365,341
- unit trust funds	3,615	3,061	-	-
-short term deposits	183,689	91,244	183,689	91,244
	244,928	149,974	640,659	508,929

8. Finance costs

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Interest expense on:				
- term loans	-	508,507	-	-
- hire purchase	22,222	62,836	6,788	8,799
- other lease liabilities	484,143	549,490	324,316	268,291
- interest bearing advances from a corporate shareholder of a subsidiary	50,531	58,213	-	-
- overdraft	60,173	49,122	-	-
- bank guarantee commission	-	573	-	-
	617,069	1,228,741	331,104	277,090

9. Income tax expense

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Expected income tax payable				
- current year	(99,800)	-	-	-
- over/(under) provision in prior years	3,548	(49)	2,890	-
	(96,252)	(49)	2,890	-
Deferred tax (Note 19)				
- current year	(39,400)	(78,045)	-	-
- under provision in prior years	(33,600)	(612,131)	-	-
	(73,000)	(690,176)	-	-
	(169,252)	(690,225)	2,890	-

NOTES TO THE FINANCIAL STATEMENTS

9. Income tax expense (cont'd)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Loss before tax	(21,042,531)	(48,243,112)	(6,651,318)	(51,111,318)
Less: Share in loss/(profit) of associates	1,247,762	(1,210,461)	-	-
	(19,794,769)	(49,453,573)	(6,651,318)	(51,111,318)
Taxation at statutory tax rate of 24% (2022: 24%)	4,751,000	11,869,000	1,596,000	12,267,000
Expenses not deductible for tax purposes	(2,949,325)	(11,519,276)	(1,309,000)	(12,252,000)
Income not subject to tax	74,000	273,335	400	7,000
Utilisation of deferred tax assets not recognised in prior years	51,525	203,096	-	-
Deferred tax assets not recognised	(2,066,400)	(904,200)	(287,400)	(22,000)
Over/(Under) provision in prior years				
- current tax	3,548	(49)	2,890	-
- deferred tax	(33,600)	(612,131)	-	-
Income tax expense for the year	(169,252)	(690,225)	2,890	-

10. Loss per share

10.1 Basic loss per share

Basic loss per ordinary share is calculated based on the net loss attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2023	**2022**
	RM	**RM**
Net loss attributable to owners of the Company	(20,582,778)	(48,112,221)
Weighted average number of ordinary shares in issue	3,659,697,467	2,617,499,854
Basic loss per ordinary share (sen)	(0.56)	(1.84)

10.2 Diluted earnings per share

For the years ended 31 March 2023 and 2022, diluted loss per share is not presented in the financial statements as there is an anti dilutive effect on loss per share.

NOTES TO THE FINANCIAL STATEMENTS

11. Plant and equipment

Group	Computers, equipment, software, furniture and fittings RM	Motor vehicles RM	Renovation RM	Construction work in progress RM	Cabling and storage systems RM	Signboard RM	Equipment rental units RM	Data centre RM	Total RM
Cost									
At 1 April 2021	1,810,082	2,096,877	5,466,011	20,700,844	-	1,700	2,140,878	25,407,000	57,623,392
Reclassification from right of use assets	-	-	-	-	-	-	137,480	-	137,480
Transfer to inventories	-	-	-	-	-	-	(641,975)	-	(641,975)
Reclassification	-	-	-	(20,700,844)	9,900,000	-	-	10,800,844	-
Additions	500,275	-	50,860	-	2,000,000	116,987	-	-	2,668,122
Disposals	(9,687)	-	(480)	-	-	-	-	-	(10,167)
Write offs	(74,983)	-	-	-	-	-	(27,062)	-	(102,045)
At 31 March 2022	2,225,687	2,096,877	5,516,391	-	11,900,000	118,687	1,609,321	36,207,844	59,674,807
Reclassification from right of use assets	-	-	-	-	-	-	148,582	-	148,582
Reclassification from intangible assets	40,000	-	-	-	-	-	-	-	40,000
Transfer to inventories	-	-	-	-	-	-	(248,388)	-	(248,388)
Additions	658,641	-	-	-	-	-	-	-	658,641
Write offs	(14,081)	-	(80,880)	-	-	-	(231,995)	-	(326,956)
At 31 March 2023	2,910,247	2,096,877	5,435,511	-	11,900,000	118,687	1,277,520	36,207,844	59,946,686

NOTES TO THE FINANCIAL STATEMENTS

11. Plant and equipment (cont'd)

Group	Computers, equipment, software, furniture and fittings RM	Motor vehicles RM	Renovation RM	Construction work in progress RM	Cabling and storage systems RM	Signboard RM	Equipment rental units RM	Data centre RM	Total RM
Accumulated depreciation									
At 1 April 2021	1,288,492	2,085,676	3,036,509	-	-	808	1,323,027	4,234,500	11,969,012
Reclassification from right of use assets	-	-	-	-	-	-	76,033	-	76,033
Transfer to inventories	-	-	-	-	-	-	(746,243)	-	(746,243)
Charge for the year	368,613	2,400	1,121,988	-	60,005	-	293,407	1,792,967	3,639,380
Disposals	(6,832)	-	(40)	-	-	-	-	-	(6,872)
Write offs	(73,463)	-	-	-	-	-	(23,753)	-	(97,216)
At 31 March 2022	1,576,810	2,088,076	4,158,457	-	60,005	808	922,471	6,027,467	14,834,094
Reclassification from right of use assets	-	-	-	-	-	-	107,710	-	107,710
Reclassification from intangible assets	30,000	-	-	-	-	-	-	-	30,000
Transfer to inventories	-	-	-	-	-	-	(211,661)	-	(211,661)
Charge for the year	287,955	2,400	837,091	-	1,229,162	25,686	198,273	2,374,694	4,955,261
Write offs	(10,202)	-	(47,180)	-	-	-	(175,129)	-	(232,511)
At 31 March 2023	1,884,563	2,090,476	4,948,368	-	1,289,167	26,494	841,664	8,402,161	19,482,893

NOTES TO THE FINANCIAL STATEMENTS

11. Plant and equipment (cont'd)

Group	Computers, equipment, software, furniture and fittings RM	Motor vehicles RM	Renovation RM	Construction work in progress RM	Cabling and storage systems RM	Signboard RM	Equipment rental units RM	Data centre RM	Total RM
Accumulated impairment losses									
At 1 April 2021	-	-	-	-	-	-	-	-	-
Impairment loss for the year	1,746	-	17,471	-	-	-	114,418	-	133,635
At 31 March 2022	1,746	-	17,471	-	-	-	114,418	-	133,635
Reclassification from right of use assets	-	-	-	-	-	-	9,449	-	9,449
Transfer to inventories	-	-	-	-	-	-	(17,560)	-	(17,560)
Write offs	-	-	-	-	-	-	(11,128)	-	(11,128)
Impairment loss for the year	11,329	-	21,181	-	-	92,193	116,400	-	241,103
At 31 March 2023	13,075	-	38,652	-	-	92,193	211,579	-	355,499
Carrying amount									
At 31 March 2023	1,012,609	6,401	448,491	-	10,610,833	-	224,277	27,805,683	40,108,294
At 31 March 2022	647,131	8,801	1,340,463	-	11,839,995	117,879	572,432	30,180,377	44,707,078

11. Plant and equipment (cont'd)

Company	Computers equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
Cost					
At 1 April 2021	43,969	261,633	38,288	4,468,183	4,812,073
Additions	9,898	1,100	-	-	10,998
Write offs	(12,950)	-	-	-	(12,950)
At 31 March 2022	40,917	262,733	38,288	4,468,183	4,810,121
Additions	62,412	-	11,300	-	73,712
Write offs	(9,509)	-	(4,452)	-	(13,961)
At 31 March 2023	93,820	262,733	45,136	4,468,183	4,869,872
Accumulated depreciation					
At 1 April 2021	25,827	181,130	14,896	2,690,528	2,912,381
Charge for the year	8,660	52,418	7,658	893,637	962,373
Write offs	(12,436)	-	-	-	(12,436)
At 31 March 2022	22,051	233,548	22,554	3,584,165	3,862,318
Charge for the year	11,219	27,059	8,266	622,333	668,877
Write offs	(5,883)	-	(4,281)	-	(10,164)
At 31 March 2023	27,387	260,607	26,539	4,206,498	4,521,031
Carrying amount					
At 31 March 2023	66,433	2,126	18,597	261,685	348,841
At 31 March 2022	18,866	29,185	15,734	884,018	947,803

NOTES TO THE FINANCIAL STATEMENTS

11. Plant and equipment (cont'd)

Cash payments made to purchase plant and equipment are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Total additions	658,641	2,668,122	73,712	10,998
Repayments to/(Additions through) other payables	550,534	(1,000,000)	-	-
Total cash payments	1,209,175	1,668,122	73,712	10,998

11.1 Impairment review for plant and equipment and right of use assets

In the current reporting period

As the trading segment and the data centre and cloud services segment had been persistently making losses, the Group performed an impairment test on the plant and equipment and right of use assets of the subsidiaries in the trading segment and the data centre and cloud services segment. The respective carrying amount (before impairment) are as follows:

Subsidiary	**Segment**	**Plant and equipment RM**	**Right of use assets RM**
Digital Paper Solutions Sdn Bhd ("DPS")	Trading	406,814	766,840
GE Green Sdn Bhd ("GEG")	Trading	102,107	272,988
Progenet Innovations Sdn Bhd ("PGI")	Data centre and cloud services	21,152,820	417,749
Key Alliance Sdn Bhd ("KASB")	Data centre and cloud services	18,027,433	345,607

The impairment review led to the recognition of impairment loss of plant and equipment and right of use assets in the trading segment as follows:

Subsidiary	**Plant and equipment RM**	**Right of use assets RM**
DPS	138,996	262,004
GEG	102,107	-
	241,103	262,004

The impairment losses have been recognised in profit or loss under "Other operating expenses" line item in the Group's statement of comprehensive income for the year ended 31 March 2023.

No impairment is required for the plant and equipment and right of use assets of PGI and KASB as the recoverable amounts of these assets are higher than their respective carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

11. Plant and equipment (cont'd)

11.1 Impairment review for plant and equipment and right of use assets (cont'd)

In the previous reporting period

The Group performed an impairment test on the plant and equipment and right of use assets of a subsidiary, DPS, with a carrying amount (before impairment) of RM802,216 and RM1,526,948 respectively as these subsidiary had been persistently making losses. The impairment review led to recognition of impairment loss of RM133,635 and RM254,365 respectively.

The impairment losses have been recognised in profit or loss under "Other operating expenses" line item in the Group's statement of comprehensive income for the year ended 31 March 2022.

11.2 Key assumptions used in the value in use calculations

The recoverable amount of the plant and equipment and right of use assets of DPS is determined from value in use calculations using cash flows projections from financial budgets prepared by management covering a 4-year (2022: 4 year) business plan and the following are the key assumptions:

- The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the business of DPS at the rate of 11.19% (2022: 9.81%); and

- The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on management's assessment of future trends of the business and its historical data.

The recoverable amount of the plant and equipment of GEG is determined to be RM Nil as GEG is not expected to generate any positive operating cash flows.

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the plant and equipment and right of use assets to materially exceed their respective recoverable amounts.

11.3 Key assumptions used in the fair value calculations

The recoverable amount of the plant and equipment and right of use assets of PGI and KASB is determined based on valuation of its estimated net selling price carried out by a firm of independent professional valuers using the cost approach of valuation. The depreciated replacement cost method in applying the cost approach considers the new cost of replacement of the plant and equipment and the accrued depreciation. New costs of replacement is calculated by assuming the costs of reconstruction of similar utilities and functions of the plant and equipment are estimated based on current market price of constructing the assets carried out as a turnkey contract and adjusted to reflect the impact on the value of physical, functional, technological, and economic obsolescence on value.

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the plant and equipment and right of use assets to materially exceed their respective recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

12. Right of use assets

Group	Office buildings RM	Equipment rental units RM	Motor vehicles RM	Total RM
Cost				
At 1 April 2021	5,885,762	5,371,571	298,000	11,555,333
Reclassification to plant and equipment	-	(137,480)	-	(137,480)
Transfer to inventories	-	(1,086,152)	-	(1,086,152)
Additions	4,789,772	-	-	4,789,772
Write offs	-	(64,032)	-	(64,032)
Lease modifications	(3,487,833)	-	-	(3,487,833)
Derecognition upon lease completion	-	(1,653,266)	-	(1,653,266)
At 31 March 2022	7,187,701	2,430,641	298,000	9,916,342
Reclassification to plant and equipment	-	(148,582)	-	(148,582)
Transfer to inventories	-	(99,478)	-	(99,478)
Additions	3,471	-	-	3,471
Write offs	-	(270,554)	-	(270,554)
Lease modifications	28,925	91,417	-	120,342
Derecognition upon lease completion	(3,471)	(668,525)	-	(671,996)
At 31 March 2023	7,216,626	1,334,919	298,000	8,849,545
Accumulated depreciation				
At 1 April 2021	2,558,132	3,262,717	19,867	5,840,716
Reclassification to plant and equipment	-	(76,033)	-	(76,033)
Transfer to inventories	-	(965,195)	-	(965,195)
Charge for the year	1,401,187	631,531	59,600	2,092,318
Write offs	-	(39,263)	-	(39,263)
Lease modifications	(2,127,731)	-	-	(2,127,731)
Derecognition upon lease completion	-	(1,653,266)	-	(1,653,266)
At 31 March 2022	1,831,588	1,160,491	79,467	3,071,546
Reclassification to plant and equipment	-	(107,710)	-	(107,710)
Transfer to inventories	-	(98,616)	-	(98,616)
Charge for the year	1,347,030	389,309	59,600	1,795,939
Write offs	-	(183,906)	-	(183,906)
Derecognition upon lease completion	(3,037)	(658,465)	-	(661,502)
At 31 March 2023	3,175,581	501,103	139,067	3,815,751

NOTES TO THE FINANCIAL STATEMENTS

12. Right of use assets (cont'd)

Group	Office buildings RM	Equipment rental units RM	Motor vehicles RM	Total RM
Accumulated impairment losses				
At 1 April 2021	-	-	-	-
Impairment loss for the year	42,778	211,587	-	254,365
At 31 March 2022	42,778	211,587	-	254,365
Reclassification from right of use assets	-	(9,449)	-	(9,449)
Transfer to inventories	-	(132)	-	(132)
Impairment loss for the year	66,278	195,726	-	262,004
Write offs	-	(19,367)	-	(19,367)
Derecognition upon lease completion	(434)	(10,060)	-	(10,494)
At 31 March 2023	108,622	368,305	-	476,927
Carrying amount				
At 31 March 2023	3,932,423	465,511	158,933	4,556,867
At 31 March 2022	5,313,335	1,058,563	218,533	6,590,431

Company	Motor vehicles RM	Office buildings RM	Total RM
Cost			
At 1 April 2021	298,000	3,441,472	3,739,472
Additions	-	4,789,771	4,789,771
Lease modifications	-	(3,441,472)	(3,441,472)
At 31 March 2022/2023	298,000	4,789,771	5,087,771
Accumulated depreciation			
At 1 April 2021	19,867	1,720,732	1,740,599
Charge for the year	59,600	824,160	883,760
Lease modifications	-	(2,079,217)	(2,079,217)
At 31 March 2022	79,467	465,675	545,142
Charge for the year	59,600	798,300	857,900
At 31 March 2023	139,067	1,263,975	1,403,042
Carrying amount			
At 31 March 2023	158,933	3,525,796	3,684,729
At 31 March 2022	218,533	4,324,096	4,542,629

The information relating to the impairment review for right of use asets is disclosed in Notes 11.1, 11.2 and 11.3.

NOTES TO THE FINANCIAL STATEMENTS

13. Investment properties

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Freehold buildings, at fair value				
At beginning/end of year	18,200,000	18,200,000	9,000,000	9,000,000

At the reporting date, the title deeds of the freehold buildings have yet to be transferred to the Group by the developer.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	785,940	625,120	435,240	435,240
Liquidated and ascertained damages income	110,000	40,000	-	-
Direct operating expenses				
- income generating investment properties	(256,137)	(261,405)	(172,887)	(171,843)

Details of valuation techniques and inputs are disclosed in Note 35.3.

14. Intangible assets

Group	Software RM	Website development expenditure RM	Software development expenditure RM	Total RM
Cost				
At 1 April 2021	40,000	-	-	40,000
Additions	-	93,778	129,500	223,278
At 31 March 2022	40,000	93,778	129,500	263,278
Additions	-	-	50,408	50,408
Write offs	-	-	(52,000)	(52,000)
Reclassification to plant and equipment	(40,000)	-	-	(40,000)
At 31 March 2023	-	93,778	127,908	221,686

NOTES TO THE FINANCIAL STATEMENTS

14. Intangible assets (cont'd)

	Software RM	Website development expenditure RM	Software development expenditure RM	Total RM
Accumulated amortisation				
At 1 April 2021	22,000	-	-	22,000
Charge for the year	8,000	-	-	8,000
At 31 March 2022	30,000	-	-	30,000
Reclassification to plant and equipment	(30,000)	-	-	(30,000)
At 31 March 2023	-	-	-	-
Carrying amount				
At 31 March 2023	-	93,778	127,908	221,686
At 31 March 2022	10,000	93,778	129,500	233,278

15. Investment in subsidiaries

	Company 2023 RM	2022 RM
Unquoted shares at cost		
At beginning of year	30,874,754	30,874,744
Acquisition of additional shares in a subsidiary	-	10
At end of year	30,874,754	30,874,754
Accumulated impairment losses		
At beginning of year	24,474,736	20,510,146
Impairment loss during the year	-	3,964,590
At end of year	24,474,736	24,474,736
Carrying amount	6,400,018	6,400,018

NOTES TO THE FINANCIAL STATEMENTS

15. Investment in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective and voting interest 2023 %	2022 %	Principal activities
Key Alliance Sdn Bhd ("KASB")	Malaysia	100	100	Provision of co-location in relation to data centre, contractor for building constructions and distributing, importing, exporting and handling of various medical devices
Progenet Innovations Sdn Bhd ("PGI")	Malaysia	100	100	Provide cloud data center services to business entities and individuals
Digital Paper Solutions Sdn Bhd ("DPS")	Malaysia	51	51	Trading and rental of office equipment
Design Dept Sdn Bhd	Malaysia	100	100	Engaged in the business of general builders, contractors, renovations, project management and its related field
GE Green Sdn Bhd	Malaysia	100	100	Trading of kitchen wares and related products
Pacifica KAG Sdn Bhd	Malaysia	100	100	Dormant
Agrocloud Sdn Bhd ("Agro")	Malaysia	90	90	Providing solutions and services related to mobile app for building management systems and information technology system security
Corporate One Training Academy Sdn Bhd	Malaysia	100	100	Provision of business and operational support systems and services, software development and business process outsourcing
MobileVideo International Limited *	Cayman Islands	60	60	Dormant
Subsidiary of PGI				
Progenet Sdn Bhd	Malaysia	100	100	Engaged in the business of computer networking and system consultants including the supply of equipment and cabling
Subsidiary of KASB				
Ebizmedic Sdn Bhd ("EBIZ")	Malaysia	51	51	One stop business to business medical products and services supplier platform over the internet

The financial statements of the subsidiary indicated by * are not audited by Russell Bedford LC PLT.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment in subsidiaries (cont'd)

15.1 Acquisition and subscription of shares in subsidiaries

In the previous reporting period:

(i) The Company acquired 15% equity interest from one of the non controlling interests in Agro for a total cash consideration of RM10. The equity interest of the Company in Agro increased from 75% to 90%.

(ii) KASB further subscribed for an additional 101,949 ordinary shares in EBIZ for a cash consideration of RM101,949. The equity interest of KASB after the subscription of additional shares remained unchanged.

15.2 Impairment of investment in subsidiaries

<u>In the current reporting period</u>

PGI has been making losses since the previous reporting period, which is considered as a triggering event for impairment review on the carrying amount of the investment in PGI amounting to RM5,400,000. Based on the impairment review carried out, the directors are of the view that no impairment loss is required.

The recoverable amount of the investment in PGI is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a four year period and the following are the key assumptions:

(i) The discount rate used for the discounted cash flow model is based on the country's industry weighted average cost of capital specific to the industry at the rate of 9.52%; and

(ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

<u>In the previous reporting period</u>

DPS has been making losses for the past few reporting periods which is considered as a triggering event for impairment review on the carrying amount of the investment in DPS amounting to RM3,964,590. As a result of the impairment review, an impairment loss of RM3,964,590 was recognised to write down the carrying amount of investment in DPS to its recoverable amount of RM Nil. The amount of impairment loss has been recognised under "Other operating expenses" line item in the Company's statement of comprehensive income for the year ended 31 March 2022.

The recoverable amount of the investment in DPS is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a five year period and the following are the key assumptions:

(i) The discount rate used for the discounted cash flow model is based on the country's industry weighted average cost of capital specific to the industry at the rate of 10.92%; and

(ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment in subsidiaries (cont'd)

15.3 Interest in subsidiary with material non controlling interests ("NCI")

The Group has the following subsidiary with NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI		Net loss allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
DPS	Malaysia	49	49	(565,479)	(706,600)	(3,543,294)	(2,977,815)

Summarised financial information about subsidiary with material NCI

(i) Summarised statement of financial position

	2023 RM	2022 RM
Non current assets	788,496	1,941,164
Current assets	6,041,206	6,792,729
Total assets	6,829,702	8,733,893
Non current liabilities	274,841	878,022
Current liabilities	13,786,073	13,933,045
Total liabilities	14,060,914	14,811,067
Net liabilities	(7,231,212)	(6,077,174)
Non-controlling interests share of net liabilities	(3,543,294)	(2,977,815)

(ii) Summarised statement of comprehensive income

	2023 RM	2022 RM
Revenue	4,021,845	5,502,773
Loss before tax	(1,154,038)	(1,442,041)
Net loss	(1,154,038)	(1,442,041)
Total comprehensive loss	(1,154,038)	(1,442,041)

(iii) Other summarised information

	2023 RM	2022 RM
Cash flows from operating activities	671,398	1,610,134
Cash flows used in investing activities	(6,878)	(575)
Cash flows used in financing activities	(703,092)	(1,465,707)
Net (decrease)/increase in cash and cash equivalents	(38,572)	143,852

NOTES TO THE FINANCIAL STATEMENTS

16. Investment in associates

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost				
At beginning of year	10,000,300	300	10,000,300	300
Addition	-	10,000,000	-	10,000,000
At end of year	10,000,300	10,000,300	10,000,300	10,000,300
Accumulated impairment loss				
At beginning/end of year	-	-	(300)	(300)
	10,000,300	10,000,300	10,000,000	10,000,000
Share in post acquisition (loss)/profit of associate	(37,601)	1,210,161	-	-
Carrying amount	9,962,699	11,210,461	10,000,000	10,000,000

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective and voting interests 2023 %	Group's effective and voting interests 2022 %	Principal activities
DVM AllSportz Asia Sdn Bhd	Malaysia	30	30	Streaming of audio and video on sports news
Tree Med Sdn Bhd ("Tree Med")	Malaysia	30	30	Distributor and comission agent in the sale of medical equipment, reagents and consumables

The financial statements of the associates are not audited by Russell Bedford LC PLT.

In the previous reporting period, the Company acquired 450,000 ordinary shares representing 30% equity interest in Tree Med by a combination of cash consideration of RM4,000,000 and the issuance of 200,000,000 new ordinary shares of the Company for a total accounting consideration of RM10,000,000.

NOTES TO THE FINANCIAL STATEMENTS

16. Investment in associates (cont'd)

The summarised financial information of the major associate is as follows:

	Tree Med 2023 RM	Tree Med 2022 RM
Assets and liabilities		
Non current assets	6,981,750	3,842,608
Current assets	25,604,761	33,522,144
Total assets	32,586,511	37,364,752
Non current liabilities	5,222,236	3,114,560
Current liabilities	20,451,001	23,177,709
Total liabilities	25,673,237	26,292,269
Net assets	6,913,274	11,072,483
Results		
Revenue	75,393,018	81,418,858
Net (loss)/profit/Total comprehensive (loss)/income for the year	(4,159,209)	4,034,869

Reconciliation of the summarised financial information presented to the carrying amount of the interest in associate is as follows:

	Group	
	2023 RM	2022 RM
Group's share of net assets	2,073,983	3,321,745
Goodwill on acquisition	7,888,716	7,888,716
Carrying amount	9,962,699	11,210,461

17. Other financial assets

Group	Unquoted ordinary shares RM	Unqouted redeemable preference shares RM	Qouted shares RM	Qouted irredeemable convertible preference shares RM	Quoted warrants RM	Unquoted mutual funds RM	Total RM
At fair value							
At 1 April 2021	600,665	63,862	31,445,756	2,892,449	5,495,813	194,754	40,693,299
Additions	87,500	-	25,693,737	-	-	3,179	25,784,416
Changes in fair value	-	-	(34,257,063)	(2,103,600)	(4,595,250)	-	(40,955,913)
At 31 March 2022	688,165	63,862	22,882,430	788,849	900,563	197,933	25,521,802
Additions	-	-	-	-	-	3,794	3,794
Changes in fair value	-	-	(1,925,438)	-	(248,250)	-	(2,173,688)
At 31 March 2023	688,165	63,862	20,956,992	788,849	652,313	201,727	23,351,908
Accumulated impairment losses							
At 1 April 2021/31 March 2022/31 March 2023	249,998	-	-	-	-	-	249,998
Carrying amount							
At 31 March 2023	438,167	63,862	20,956,992	788,849	652,313	201,727	23,101,910
At 31 March 2022	438,167	63,862	22,882,430	788,849	900,563	197,933	25,271,804

NOTES TO THE FINANCIAL STATEMENTS

17. Other financial assets (cont'd)

Company	Unquoted ordinary shares RM	Unqouted redeemable preference shares RM	Qouted shares RM	Qouted irredeemable convertible preference shares RM	Quoted warrants RM	Unquoted mutual funds RM	Total RM
At fair value							
At 1 April 2021	600,665	63,862	31,445,756	2,892,449	5,495,813	6,606	40,505,151
Additions	87,500	-	25,693,737	-	-	118	25,781,355
Changes in fair value	-	-	(34,257,063)	(2,103,600)	(4,595,250)	-	(40,955,913)
At 31 March 2022	688,165	63,862	22,882,430	788,849	900,563	6,724	25,330,593
Additions	-	-	-	-	-	179	179
Changes in fair value	-	-	(1,925,438)	-	(248,250)	-	(2,173,688)
At 31 March 2023	688,165	63,862	20,956,992	788,849	652,313	6,903	23,157,084
Accumulated impairment losses							
At 1 April 2021/31 March 2022/31 March 2023	249,998	-	-	-	-	-	249,998
Carrying amount							
At 31 March 2023	438,167	63,862	20,956,992	788,849	652,313	6,903	22,907,086
At 31 March 2022	438,167	63,862	22,882,430	788,849	900,563	6,724	25,080,595

NOTES TO THE FINANCIAL STATEMENTS

18. Goodwill

	Group	
	2023	**2022**
Cost	**RM**	**RM**
At beginning/end of year	10,597,004	10,597,004
Accumulated impairment losses		
At beginning of year	10,597,004	9,198,279
Impairment loss for the year	-	1,398,725
At end of year	10,597,004	10,597,004
Carrying amount	-	-

18.1 Impairment testing for goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's division in their respective operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

<u>In the previous reporting period</u>

a) ICT division

The directors performed an impairment test on the goodwill of the Group's ICT division. Accordingly, the Group recognised an impairment loss of RM1,398,725 on the goodwill allocated to this division as the division is not expected to generate substantial future cash flows. The impairment loss has been recognised in profit or loss under "Other operating expenses" line item in the Group's statement of comprehensive income.

19. Deferred tax assets/(liabilities)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At beginning of year	(423,793)	266,383	(496,793)	(496,793)
Recognised in profit or loss (Note 9)				
- current year	(39,400)	(78,045)	-	-
- under provision in prior years	(33,600)	(612,131)	-	-
	(73,000)	(690,176)	-	-
At end of year	(496,793)	(423,793)	(496,793)	(496,793)

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred tax assets/(liabilities) (cont'd)

	Group		Company	
	2023	2022	2023	2022
Gross:	RM	RM	RM	RM
Deferred tax assets	3,649,200	1,976,600	3,700	7,700
Deferred tax liabilities	(4,145,993)	(2,400,393)	(500,493)	(504,493)
	(496,793)	(423,793)	(496,793)	(496,793)
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(73,000)	-	-
Deferred tax liabilities	(496,793)	(496,793)	(496,793)	(496,793)

Deferred tax liabilities are in respect of the following:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Tax effects:				
Fair value of investment properties	(496,793)	(496,793)	(496,793)	(496,793)
Differences between tax capital allowances and accounting depreciation	(3,649,200)	(1,903,600)	(3,700)	(7,700)
	(4,145,993)	(2,400,393)	(500,493)	(504,493)

Deferred tax assets of the Group are in respect of the following:

	Gross		Tax effect	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unutilised tax losses to be utilised up to year ending				
- 31 March 2028	11,126,800	11,851,413	2,669,900	2,843,900
- 31 March 2029	2,003,500	1,783,854	480,000	428,300
- 31 March 2030	2,684,300	2,696,251	644,200	647,100
- 31 March 2031	7,501,200	4,687,651	1,800,200	1,124,900
- 31 March 2032	2,799,600	2,338,986	671,900	561,300
- 31 March 2033	6,564,500	-	1,575,400	-
Unabsorbed capital allowances	19,759,100	9,675,900	4,741,500	2,322,200
Differences between accounting depreciation and tax capital allowance	694,900	393,000	158,100	94,500
Differences between accounting depreciation and finance lease payments	190,600	159,700	55,500	38,200
Other deductible temporary differences	494,000	1,500	118,000	300
	53,818,500	33,588,255	12,914,700	8,060,700
Less: Deferred tax assets recognised	(15,207,000)	(8,236,700)	(3,649,200)	(1,976,600)
Deferred tax assets not recognised	38,611,500	25,351,555	9,265,500	6,084,100

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred tax assets/(liabilities) (cont'd)

Deferred tax assets of the Company are in respect of the following:

	Gross		Tax effect	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses to be utilised up to year ending				
- 31 March 2028	342,000	342,000	82,100	82,100
- 31 March 2029	633,000	633,000	151,900	151,900
- 31 March 2030	778,000	778,000	186,700	186,700
- 31 March 2031	983,000	983,000	235,900	235,900
- 31 March 2032	1,139,000	115,000	273,400	27,600
- 31 March 2033	1,097,000	-	263,300	-
Unabsorbed capital allowances	70,000	55,000	16,800	13,300
Differences between accounting depreciation and finance lease payments	215,000	95,000	51,500	22,700
	5,257,000	3,001,000	1,261,600	720,200
Less: Deferred tax assets recognised	(15,000)	(32,000)	(3,700)	(7,700)
Deferred tax assets not recognised	5,242,000	2,969,000	1,257,900	712,500

Portion of the deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

20. Inventories

	Group	
	2023 RM	2022 RM
Trading merchandise, at costs	2,021,465	4,104,126
Amount of inventories recognised as expenses	16,939,367	21,845,144

21. Trade receivables

	Group	
	2023 RM	2022 RM
Third parties	14,564,825	17,025,484
Retention sum due from a third party	1,855,088	-
Amount due from corporate shareholder of a subsidiary	3,728,050	3,732,647
Amount due from an associate	2,409,046	3,312,830
	22,557,009	24,070,961
Less: Allowance for expected credit losses	(2,757,176)	(1,619,557)
	19,799,833	22,451,404

The Group's normal trade credit terms range from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

21. Trade receivables (cont'd)

The movements in the allowance for expected credit losses of trade receivables during the reporting period are as follows:

	Group 2023 RM	Group 2022 RM
At beginning of year	1,619,557	2,671,902
Additions	2,090,130	406,607
Write offs	(641,218)	-
Reversals	(311,293)	(1,458,952)
At end of year	2,757,176	1,619,557

The following table provides information on the trade receivables' credit risk exposure.

2023 Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Impairment assessed through provision matrix						
Gross carrying amount	4,515,595	3,141,107	1,923,514	570,150	8,315,150	18,465,516
Less: Allowance for expected credit losses	(15,887)	(22,761)	(9,593)	(3,730)	(2,285,230)	(2,337,201)
	4,499,708	3,118,346	1,913,921	566,420	6,029,920	16,128,315
Impairment assessed individually						
Gross carrying amount	302	292	331	257	4,090,311	4,091,493
Less: Allowance for expected credit losses	-	-	-	-	(419,975)	(419,975)
	302	292	331	257	3,670,336	3,671,518
	4,500,010	3,118,638	1,914,252	566,677	9,700,256	19,799,833

2022 Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Impairment assessed through provision matrix						
Gross carrying amount	3,456,866	5,425,786	1,293,455	1,548,411	7,301,850	19,026,368
Less: Allowance for expected credit losses	(134,687)	(35,691)	(46,430)	(31,904)	(254,619)	(503,331)
	3,322,179	5,390,095	1,247,025	1,516,507	7,047,231	18,523,037
Impairment assessed individually						
Gross carrying amount	10,109	20,734	14,989	242	4,998,519	5,044,593
Less: Allowance for expected credit losses	(10,109)	(20,493)	(14,620)	(242)	(1,070,762)	(1,116,226)
	-	241	369	-	3,927,757	3,928,367
	3,322,179	5,390,336	1,247,394	1,516,507	10,974,988	22,451,404

NOTES TO THE FINANCIAL STATEMENTS

22. Other receivables, deposits and prepayments

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest bearing advances due from a subsidiary at 8% (2021: 8%) per annum	-	-	5,241,176	4,697,876
Less: Allowance for expected credit losses	-	-	(5,101,781)	(4,503,156)
	-	-	139,395	194,720
Interest free advances due from subsidiaries	-	-	80,552,976	82,001,153
Less: Allowance for expected credit losses	-	-	(14,734,915)	(13,447,540)
	-	-	65,818,061	68,553,613
Interest free advances due from an associate	131,159	219,057	9,923	9,923
Less: Allowance for expected credit losses	(131,159)	(219,057)	(9,923)	(9,923)
	-	-	-	-
Other receivables	325,677	387,494	5,485	11,812
Less: Allowance for expected credit losses	(136,546)	(136,546)	-	-
	189,131	250,948	5,485	11,812
Deposits	683,196	785,288	404,700	491,504
Trust monies placed with a licensed securities broker	53,367	51,359	53,367	51,359
Prepayments for trade purchases	490,873	6,000,000	-	-
Other prepayments	1,497,416	2,592,583	7,065	455,390
Performance bond	6,000,000	6,000,000	-	-
Less: Allowance for expected credit losses	(6,000,000)	-	-	-
	-	6,000,000	-	-
Advance billings	459,724	3,021,777	-	-
	3,373,707	18,701,955	66,428,073	69,758,398
Less: non-current portion				
Interest free advances due from subsidiaries	-	-	(6,489,600)	(7,715,838)
Advanced billings	(54,043)	(1,912,810)	-	-
	(54,043)	(1,912,810)	(6,489,600)	(7,715,838)
	3,319,664	16,789,145	59,938,473	62,042,560

NOTES TO THE FINANCIAL STATEMENTS

22. Other receivables, deposits and prepayments (cont'd)

At the reporting date, amount due from subsidiaries of RM6,489,600 (2022: RM7,715,838) has been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date in accordance with FRSIC Consensus 31 - Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by The Malaysian Institute of Accountants.

The amounts due from subsidiaries and an associate represent unsecured advances receivable on demand.

The movements in the allowance for expected credit losses of other receivables during the reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of year	355,603	503,367	17,960,619	15,313,545
Additions	6,000,000	14,236	1,886,000	2,647,074
Write offs	(87,898)	-	-	-
Reversal	-	(162,000)	-	-
At end of year	6,267,705	355,603	19,846,619	17,960,619

23. Contract costs

Contract costs incurred for renovation works that has yet to be completed are capitalised as cost to fulfil contracts. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

	Group	
	2023	2022
	RM	RM
Contract costs amortised to profit or loss	26,824,198	16,154,257

24. Fixed deposits with licensed banks

Fixed deposits of the Group and the Company amounting to RM2,696,953 (2022: RM2,683,851) and RM2,696,953 (2022: RM2,643,783) respectively have been pledged with licensed banks to secure the banking facilities of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

25. Share capital

	Group and Company			
	2023 No. of ordinary shares	**2022 No. of ordinary shares**	**2023 RM**	**2022 RM**
Issued and fully paid:				
At beginning of year	3,065,171,440	2,354,309,534	188,508,602	175,611,967
Issue of shares pursuant to private placements	613,000,000	510,861,906	4,887,376	6,896,635
Issue of shares pursuant to acquisition of an associate	-	200,000,000	-	6,000,000
At end of year	3,678,171,440	3,065,171,440	193,395,978	188,508,602

In the current reporting period, the Company increased its issued and paid up capital by way of private placement of 613,000,000 new ordinary shares at an issue price of RM0.0087 per share, net of shares issuing expenses of RM445,724, for cash. The shares were issued for working capital purposes.

In the previous reporting period, the Company increased its issued and paid up capital via the following:

(a) Issuance of 510,861,906 new ordinary shares at an issue price of RM0.0135 per share for cash through private placement. The shares were issued for working capital purposes; and

(b) Issuance of 200,000,000 new ordinary shares for RM10,000,000 to satisfy part of the purchase consideration of an associate, Tree Med Sdn Bhd. The fair value (market price) of these shares as at the date of issuance is RM0.03 per share and consequently, an amount of RM6,000,000 has been recognised as share capital for accounting purposes.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

25.1 Warrants C

The Company had on 20 November 2020 issued 982,103,848 warrants in conjunction with its renounceable rights issue exercise. The warrants are constituted by a deed poll dated 7 October 2020 (“Deed Poll”).

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 20 November 2020 and the expiry date is on 19 November 2023. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.05 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

NOTES TO THE FINANCIAL STATEMENTS

25. Share capital (cont'd)

25.1 Warrants C (cont'd)

The salient features of the warrants are as follows: (cont'd)

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movement in the Company's warrants during the reporting period are as follows:

	Entitlement for ordinary shares			
	Balance at 1.4.2022	**Issuance**	**Exercised**	**Balance at 31.3.2023**
Number of unexercised warrants	982,103,848	-	-	982,103,848

	Entitlement for ordinary shares			
	Balance at 1.4.2021	**Issuance**	**Exercised**	**Balance at 31.3.2022**
Number of unexercised warrants	982,103,848	-	-	982,103,848

26. Reserves

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Distributable:				
Accumulated losses	(100,977,466)	(80,394,688)	(83,545,446)	(76,897,018)
Non distributable:				
Warrant reserve	19,642,077	19,642,077	19,642,077	19,642,077
	(81,335,389)	(60,752,611)	(63,903,369)	(57,254,941)

The warrant reserve represents the reserve arising from the rights issue with free detachable warrants which is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

NOTES TO THE FINANCIAL STATEMENTS

27. Lease liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Hire purchase	184,022	495,458	137,747	184,069
Other lease liabilities	5,071,432	6,892,565	3,740,481	4,418,607
	5,255,454	7,388,023	3,878,228	4,602,676
Less: Portion due within one year	(1,885,665)	(2,226,521)	(783,279)	(724,448)
Non current portion	3,369,789	5,161,502	3,094,949	3,878,228
The non current portion of the lease liabilities is payable as follows:				
Later than 1 year and not later than 2 years	1,061,402	1,855,264	846,670	783,110
Later than 2 years and not later than 5 years	2,308,387	2,894,084	2,248,279	2,682,964
Later than 5 years	-	412,154	-	412,154
	3,369,789	5,161,502	3,094,949	3,878,228

The weighted average effective interest rates are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Hire purchase	6.51	7.28	6.00	6.00
Other lease liabilities	8.23	8.26	8.05	8.05

Total cash outflows for leases are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease payments	2,820,241	3,296,178	1,069,707	1,067,112

28. Trade payables

	Group	
	2023 RM	2022 RM
Amount due to a corporate shareholder of a subsidiary	5,694,560	5,440,202
Accrued purchases	426,158	1,339,196
Retention sum	1,782,765	1,782,765
Third parties	9,252,365	9,666,188
	17,155,848	18,228,351

The normal credit terms granted to the Group range from 30 to 120 days (2022: 30 to 120 days). Other credit terms are granted on a case to case basis.

NOTES TO THE FINANCIAL STATEMENTS

29. Other payables and accruals

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Amount due to subsidiaries – interest free advances	-	-	837,911	958,551
Amount due to corporate shareholders of a subsidiaries				
- advances bearing effective interest rate of 8% (2022: 8%) per annum	728,192	728,192	-	-
- software development fee payable	-	50,000	-	-
Accruals	493,971	546,074	115,523	98,715
Other payables	2,220,401	2,764,418	33,839	765,430
Balance payable for purchase of plant and equipment	449,466	1,000,000	-	-
Refundable deposits received	412,571	410,248	108,810	108,810
	4,304,601	5,498,932	1,096,083	1,931,506

The amounts due to subsidiaries and corporate shareholders of a subsidiaries are unsecured and repayable on demand.

30. Borrowings

	Group	
	2023	**2022**
	RM	**RM**
Bank overdraft	1,993,101	1,982,858

The effective interest rates is as follows:

	Group	
	2023	**2022**
	%	**%**
Bank overdraft	3.02	2.47

The borrowings of the Group are secured by way of:

(i) Corporate guarantee by the Company and a subsidiary; and
(ii) Fixed deposits of RM2,696,953 (2022: RM2,683,851) of the Group and RM2,696,953 (2022: RM2,643,783) of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31. Significant related party disclosures

31.1 Related party transactions

Significant transactions with related parties are as follows:

Name of company	Type of transactions	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
With subsidiaries:					
Key Alliance Sdn Bhd	Purchases - medical products	-	-	8,070	10,514
Design Dept Sdn Bhd	Management fee income	-	-	144,000	144,000
	Rental income	-	-	72,156	59,516
Progenet Innovations Sdn Bhd	Management fee income	-	-	180,000	180,000
	Rental income	-	-	62,400	59,075
	Subscription fee expenses	-	-	4,600	-
Digital Paper Solutions Sdn Bhd	Interest income	-	-	401,675	365,341
	Printing and stationery expenses	-	-	10,355	-
GE Green Sdn Bhd	Rental income	-	-	77,616	53,351
With corporate shareholders of subsidiaries:					
Digital Paper Sdn Bhd	Sales	11,301	69,420	-	-
	Purchases	-	12,526	-	-
	Rental of equipment expense	73,053	213,270	-	-
	Interest expense	50,351	58,213	-	-
Fortifoods Sdn Bhd	Graphic designer fee expense	-	78,000	-	-
	Management fee expense	-	130,000	-	-
	Software development expenditure	-	50,000	-	-
With an associate:					
Tree Med Sdn Bhd	Sales – medical products	-	15,477,917	-	-
	Sales return - medical products	678,028	-	-	-
	Purchases – medical products	-	1,931,300	-	-
	Outsourcing expense	-	75,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

31. Significant related party disclosures (cont'd)

31.2 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

		Group	
Financial asset	**Type of transactions**	**2023 RM**	**2022 RM**
With an associate:			
DVM AllSportz Asia Sdn Bhd	Advances	131,159	219,057
	Less: Allowance for ECL	(131,159)	(219,057)
		-	-
Financial liabilities			
With corporate shareholders of subsidiaries:	Interest bearing advances		
Digital Paper Sdn Bhd	Software development fee	728,192	728,192
Fortifoods Sdn Bhd	payable	-	50,000

		Company	
Financial assets	**Type of transactions**	**2023 RM**	**2022 RM**
With subsidiaries:			
Design Dept Sdn Bhd	Advances	2,728,890	2,798,429
	Less: Allowance for ECL	(229,917)	(229,917)
		2,498,973	2,568,512
Digital Paper Solutions Sdn Bhd	Advances	5,241,176	4,839,501
	Less: Allowance for ECL	(5,101,781)	(4,644,781)
		139,395	194,720
GE Green Sdn Bhd	Advances	15,110,469	14,907,707
	Less: Allowance for ECL	(8,620,869)	(7,191,869)
		6,489,600	7,715,838
Key Alliance Sdn Bhd	Advances	41,561,717	43,943,717
	Less: Allowance for ECL	(5,818,777)	(5,818,777)
		35,742,940	38,124,940
MobileVideo International Limited	Advances	60,654	60,654
	Less: Allowance for ECL	(60,654)	(60,654)
		-	-
Pacifica KAG Sdn Bhd	Advances	4,698	4,698
	Less: Allowance for ECL	(4,698)	(4,698)
		-	-

NOTES TO THE FINANCIAL STATEMENTS

31. Significant related party disclosures (cont'd)

31.2 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

		Company	
Financial assets	**Type of transactions**	**2023 RM**	**2022 RM**
With subsidiaries: (cont'd)			
Progenet Innovations Sdn Bhd	Advances	20,329,456	19,868,567
Agrocloud Sdn Bhd	Advances	757,092	275,756
With an associate:			
DVM AllSportz Asia Sdn Bhd	Advances	9,923	9,923
	Less: Allowance for ECL	(9,923)	(9,923)
		-	-
Financial liabilities			
With subsidiaries:			
Corporate One Training Academy Sdn Bhd	Advances	765,558	790,552
Digital Paper Solutions Sdn Bhd	Advances	72,353	61,999
Progenet Sdn Bhd	Advances	-	106,000

31.3 Compensation of key management personnel

The key management personnel comprises mainly directors of the Company whose remuneration is disclosed in Note 6.

32. Segmental information

For management purposes, the Group is organised into business units based on the nature of business and has four reportable operating segments as follows:

Business segment

Data centre and cloud services	- Provision of cloud, data centre and co-location services and other IT support services
Trading	- Trading and rental of office equipment, trading of kitchen appliances, medical products and other related services
Construction	- Contractor for building constructions and provision of renovation works
Others	- Investment and property holding and other businesses that do not fall into above segments

All the above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resources allocation and performance assessment.

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental information (cont'd)

32.1 Business segment

2023	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Total RM	Elimination RM	Consolidated RM
Segment Revenue							
Revenue from external customers	8,711,501	17,018,547	24,492,113	-	50,222,161	-	50,222,161
Inter-segment revenue	504,892	231,048	-	324,000	1,059,940	(1,059,940)	-
	9,216,393	17,249,595	24,492,113	324,000	51,282,101	(1,059,940)	50,222,161
Results							
Loss from operations before interest	(3,309,914)	(3,666,475)	(6,706,138)	(7,531,699)	(21,214,226)	1,791,598	(19,422,628)
Interest income	1,561	-	4,383	640,659	646,603	(401,675)	244,928
Loss from operations	(3,308,353)	(3,666,475)	(6,701,755)	(6,891,040)	(20,567,623)	1,389,923	(19,177,700)
Finance costs	(91,125)	(664,364)	(23,343)	(332,180)	(1,111,012)	493,943	(617,069)
Share in loss of associates	-	-	-	(1,247,762)	(1,247,762)	-	(1,247,762)
Loss before tax	(3,399,478)	(4,330,839)	(6,725,098)	(8,470,982)	(22,926,397)	1,883,866	(21,042,531)
Income tax expense	658	-	(172,800)	2,890	(169,252)	-	(169,252)
Net loss for the year	(3,398,820)	(4,330,839)	(6,897,898)	(8,468,092)	(23,095,649)	1,883,866	(21,211,783)
Non controlling interests	-	565,479	-	63,526	629,005	-	629,005
Net loss attributable to equity owners of the Company	(3,398,820)	(3,765,360)	(6,897,898)	(8,404,566)	(22,466,644)	1,883,866	(20,582,778)

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental information (cont'd)

32.1 Business segment (cont'd)

2023	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Total RM	Elimination RM	Consolidated RM
Segment assets	45,688,980	21,093,900	20,775,341	124,135,175	211,693,396	(73,156,505)	138,536,891
Associates	-	-	-	9,962,699	9,962,699	-	9,962,699
	45,688,980	21,093,900	20,775,341	134,097,874	221,656,095	(73,156,505)	148,499,590
Segment liabilities	26,533,726	56,123,096	38,983,160	6,362,954	128,002,936	(87,743,083)	40,259,853
Other information							
Capital expenditure on:							
- plant and equipment	521,601	369	24,679	111,992	658,641	-	658,641
- right of use assets	-	3,471	-	-	3,471	-	3,471
- intangible assets	-	-		50,408	50,408	-	50,408
Depreciation on:							
- plant and equipment	3,692,633	459,739	23,115	779,774	4,955,261	-	4,955,261
- right of use assets	585,347	594,706	57,457	885,993	2,123,503	(327,564)	1,795,939
Bad debts written off	-	12,510	-	-	12,510	-	12,510
Deposit written off	-	-	-	87,444	87,444	-	87,444
Fair value loss on other financial assets	-	-	-	2,173,688	2,173,688	-	2,173,688
Impairment of:							
- plant and equipment	-	241,103	-	-	241,103	-	241,103
- right of use asset	-	262,004	-	-	262,004	-	262,004
Intangible assets written off	-	-	-	52,000	52,000	-	52,000
Inventories written off/written down	-	1,501,035	-	-	1,501,035	-	1,501,035
Plant and equipment written off	-	79,438	-	3,879	83,317	-	83,317
Right of use assets written off	-	67,281	-	-	67,281	-	67,281
Unrealised gain on foreign exchange	-	(2,549)	-	-	(2,549)	-	(2,549)
Gain on lease modification	-	(15,695)	-	-	(15,695)	-	(15,695)
Allowance for expected credit losses - net	(50,199)	(204,738)	8,033,774	1,861,006	9,639,843	(1,861,006)	7,778,837

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental information (cont'd)

32.1 Business segment (cont'd)

2022	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Total RM	Elimination RM	Consolidated RM
Segment Revenue							
Revenue from external customers	9,190,812	24,239,882	14,077,602	-	47,508,296	-	47,508,296
Inter-segment revenue	1,435,228	255,933	133,912	324,000	2,149,073	(2,149,073)	-
	10,626,040	24,495,815	14,211,514	324,000	49,657,369	(2,149,073)	47,508,296
Results							
(Loss)/Profit from operations before interest	(2,086,947)	(988,700)	212,206	(52,024,471)	(54,887,912)	6,513,106	(48,374,806)
Interest income	57,268	-	3,817	508,929	570,014	(420,040)	149,974
(Loss)/Profit from operations	(2,029,679)	(988,700)	216,023	(51,515,542)	(54,317,898)	6,093,066	(48,224,832)
Finance costs	(616,097)	(822,743)	(17,659)	(279,855)	(1,736,354)	507,613	(1,228,741)
Share in profit of associates	-	-	-	1,210,461	1,210,461	-	1,210,461
(Loss)/Profit before tax	(2,645,776)	(1,811,443)	198,364	(50,584,936)	(54,843,791)	6,600,679	(48,243,112)
Income tax expense	(242,034)	(242,000)	(206,191)	-	(690,225)	-	(690,225)
Net loss for the year	(2,887,810)	(2,053,443)	(7,827)	(50,584,936)	(55,534,016)	6,600,679	(48,933,337)
Non controlling interests	-	706,000	-	115,116	821,116	-	821,116
Net loss attributable to equity owners of the Company	(2,887,810)	(1,347,443)	(7,827)	(50,469,820)	(54,712,900)	6,600,679	(48,112,221)

32. Segmental information (cont'd)

32.1 Business segment (cont'd)

2022	Data centre and cloud services RM	Trading RM	Construction RM	Others RM	Total RM	Elimination RM	Consolidated RM
Segment assets	53,483,910	31,369,885	23,681,167	128,906,903	237,441,865	(76,407,666)	161,034,199
Associates	-	-	-	11,210,461	11,210,461	-	11,210,461
	53,483,910	31,369,885	23,681,167	140,117,364	248,652,326	(76,407,666)	172,244,660
Segment liabilities	60,472,982	53,828,479	14,048,743	8,703,619	137,053,823	(89,373,307)	47,680,516
Other information							
Capital expenditure on:							
- plant and equipment	2,033,818	134,964	23,103	476,237	2,668,122	-	2,668,122
- right of use assets	298,155	370,857	344,768	4,789,772	5,803,552	(1,013,780)	4,789,772
- intangible assets	-	-	-	223,278	223,278	-	223,278
Depreciation on:							
- plant and equipment	2,246,483	365,860	20,738	1,006,299	3,639,380	-	3,639,380
- right of use assets	584,103	846,689	48,473	911,564	2,390,829	(298,511)	2,092,318
Amortisation of intangible assets	-	-	-	8,000	8,000	-	8,000
Bad debts written off	147,961	785,193	-	-	933,154	-	933,154
Deposit written off	-	-	-	680,824	680,824	-	680,824
Fair value loss on other financial assets	-	-	-	40,955,913	40,955,913	-	40,955,913
Impairment of:							
- goodwill	-	-	-	5,363,315	5,363,315	(3,964,590)	1,398,725
- plant and equipment	-	133,635	-	-	133,635	-	133,635
- right of use assets	-	254,365	-	-	254,365	-	254,365
Inventories written off/written down	-	238,309	-	-	238,309	-	238,309
Plant and equipment written off	-	29,074	10	514	29,598	-	29,598
Unrealised loss on foreign exchange	-	1,275	-	-	1,275	-	1,275
Gain on derecognition of lease liabilities	(7,228)	(2,632)	(5,560)	(133,256)	(148,676)	15,364	(133,312)
Allowance for expected credit losses - net	(47,651)	(1,119,942)	-	(6,000)	(1,173,593)	(26,516)	(1,200,109)

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental information (cont'd)

32.2 Customers segment information

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	Segment	2023 RM	2022 RM
Customer A	Trading	-	15,477,917
Customer B	Trading	12,263,003	-
Customer C	Construction	6,963,929	-

33. Financial instruments and financial risks management

33.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
Fair value through profit or loss				
- other financial assets	23,101,910	25,271,804	22,907,086	25,080,595
Amortised cost				
- trade and other receivables	20,725,527	29,538,999	66,421,008	69,303,008
- fixed deposits with licensed banks	2,748,475	2,901,135	2,696,953	2,643,783
- cash and bank balances	19,111,611	16,780,931	13,477,438	9,863,725
	65,687,523	74,492,869	105,502,485	106,891,111
Financial liabilities				
Amortised cost				
- trade and other payables				
- non interest bearing	20,732,257	22,999,091	1,096,083	1,931,506
- interest bearing (fixed rate)	728,192	728,192	-	-
- lease liabilities (fixed rate)	5,255,454	7,388,023	3,878,228	4,602,676
- bank overdraft	1,993,101	1,982,858	-	-
	28,709,004	33,098,164	4,974,311	6,534,182

33.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and cash and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amount due from two (2022: two) subsidiaries	-	-	56,072,396	57,993,507
Bank balances with a financial institution	13,687,003	-	-	-

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

i) Trade receivables and contract assets

For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. Where appropriate, the Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these debtors is presented based on their past due status in terms of the provision matrix as disclosed in Note 21. In determining the ECL of other trade receivables and contract asset items, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables (other than those identified below) are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Credit risk management (cont'd)

ii) Other receivables (cont'd)

The following other receivables are not considered to have low credit risk as there has been significant increase in the risk of default on the receivables since initial recognition:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Amount due from subsidiaries	-	-	44,870,908	48,604,010

The loss allowance of the above receivables is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances (including fixed deposits)

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

None of the receivables that have been written off is subject to enforcement activities.

The Company provides secured financial guarantees to licensed banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. The maximum exposure to credit risk amounts to RM1,993,101 (2022: RM1,982,858) representing the outstanding credit facilities of the subsidiaries as at reporting date.

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group and the Company finances its operations by a combination of equity and bank borrowings.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

		Contractual cash flows (including interest payments)				
Group	**Carrying amount**	**Total**	**On demand or within 1 year**	**Within 1 to 2 years**	**Within 2 to 5 years**	**More than 5 years**
2023	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Non interest bearing debts	20,732,257	20,732,257	20,732,257	-	-	-
Interest bearing debts	7,976,747	8,769,652	4,946,728	1,296,525	2,526,399	-
	28,709,004	29,501,909	25,678,985	1,296,525	2,526,399	-
2022						
Non interest bearing debts	22,999,091	22,999,091	22,999,091	-	-	-
Interest bearing debts	10,099,073	11,437,386	5,482,334	2,213,498	3,323,870	417,684
	33,098,164	34,436,477	28,481,425	2,213,498	3,323,870	417,684

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Liquidity risk management (cont'd)

Group	Carrying amount	Contractual cash flows (including interest payments) Total	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	More than 5 years
2023	RM	RM	RM	RM	RM	RM
Non interest bearing debts	1,096,083	1,096,083	1,096,083	-	-	-
Interest bearing debts	3,878,228	4,573,507	1,055,554	1,055,554	2,462,399	-
	4,974,311	5,669,590	2,151,637	1,055,554	2,462,399	-
Corporate guarantee	-	1,993,101	1,993,101	-	-	-
2022						
Non interest bearing debts	1,931,506	1,931,506	1,931,506	-	-	-
Interest bearing debts	4,602,676	5,629,061	1,055,554	1,055,554	3,100,269	417,684
	6,534,182	7,560,567	2,987,060	1,055,554	3,100,269	417,684
Corporate guarantee	-	1,982,858	1,982,858	-	-	-

The fair value of the corporate guarantees provided to the subsidiaries are not expeceted to be material as the total borrowings of the subsidiaries are collateralised against certain fixed deposits of the Group. Further, the probability of the subsidiaries defaulting on the credit facilities is remote. Accordingly, the corporate guarantees have not been recognised.

As at the reporting date, the counterparties to the corporate guarantees do not have the right to demand payment as there is no default on borrowings obtained by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Interest rate risk management

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

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below have been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A change of 50 basis points in interest rate with all other variables being held constant would have decrease or increase the Group's profitability before tax by RM10,000 (2022: RM9,900).

Foreign exchange risk management

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net financial assets and financial liabilities of the Group's components that are not denominated in the functional currency are as follows:

	Net Financial Liabilities Held in Non-Functional Currencies		
Functional currency of the Group's components	**Chinese Renminbi RM**	**Euro RM**	**United States Dollar RM**
2023			
Ringgit Malaysia	(17,871)	(3,245)	(1,373)
2022			
Ringgit Malaysia	(17,871)	(3,245)	(25,091)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments and financial risks management (cont'd)

33.2 Financial risk management objectives and policies (cont'd)

Foreign exchange risk management (cont'd)

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currency of the Group's components. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the reporting period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group's components, profitability before tax will decrease by:

	Group	
	2023	**2022**
	RM	**RM**
Chinese Renminbi	(2,000)	(2,000)
United States Dollar	-	(3,000)

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

The Company is not exposed to any foreign exchange risk.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in equity instruments. For quoted equity instruments, these instruments are listed on the Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity instruments on a portfolio basis. Material instruments within the portfolio are managed on an individual basis and all buy and sell decisions are made by the executive directors.

The effect of a 10% strengthening in the specified stock prices at the end of the reporting period with all other variables held constant would increase the profitability before tax of the Group and the Company as follows:

	Group and Company	
	2023	**2022**
	RM	**RM**
Equity investments listed on:		
Bursa Malaysia Securities Berhad	2,240,000	2,457,000

A 10% weakening in specified stock would have equal but opposite effect on the profitability of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

34. Capital structure and capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while providing an adequate return to its shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital. There were no changes in the Group's approach to capital management during the reporting period.

The debt-to-adjusted capital ratios are as follows:

	Group		**Company**	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Total debts	7,248,555	9,370,881	3,872,228	4,602,676
Less: Cash and bank balances and fixed deposits	(21,860,086)	(19,682,066)	(16,144,391)	(12,507,508)
Net cash	(14,611,531)	(10,311,185)	(12,272,163)	(7,904,832)
Total equity	108,239,737	124,564,144	129,492,609	131,253,661
Debt-to-adjusted capital ratio (times)	N/A	N/A	N/A	N/A

35. Fair value of assets and liabilities

35.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the Group's lease liabilities approximate their carrying amounts as these instruments were entered/initially recognised with interest rates which are reasonable approximation of the market interest rates on or near reporting date.

NOTES TO THE FINANCIAL STATEMENTS

35. Fair value of assets and liabilities (cont'd)

35.2 Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

35.3 Financial instruments and non financial assets carried at fair value

The following table provides an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group Fair value measurement at the end of the reporting period using			
	Level 1	**Level 2**	**Level 3**	**Total**
2023	**RM**	**RM**	**RM**	**RM**
Recurring fair value measurement				
Financial assets:				
<u>Other financial assets</u>				
Unquoted equity investments	-	-	502,029	502,029
Quoted equity investments	22,398,154	-	-	22,398,154
Unquoted mutual funds	-	-	201,727	201,727
Non financial assets:				
<u>Investment properties</u>				
Freehold buildings	-	18,200,000	-	18,200,000
2022				
Recurring fair value measurement				
Financial assets:				
<u>Other financial assets</u>				
Unquoted equity investments	-	-	502,029	502,029
Quoted equity investments	24,571,842	-	-	24,571,842
Unquoted mutual funds	-	-	197,933	197,933
Non financial assets:				
<u>Investment properties</u>				
Freehold buildings	-	18,200,000	-	18,200,000

NOTES TO THE FINANCIAL STATEMENTS

35. Fair value of assets and liabilities (cont'd)

35.3 Financial instruments and non financial assets carried at fair value (cont'd)

	Company Fair value measurement at the end of the reporting period using			
	Level 1	**Level 2**	**Level 3**	**Total**
2023	**RM**	**RM**	**RM**	**RM**
Recurring fair value measurement				
Financial assets:				
Other financial assets				
Unquoted equity investments	-	-	502,029	502,029
Quoted equity investments	22,398,154	-	-	22,398,154
Unquoted mutual funds	-	-	6,903	6,903
Non financial assets:				
Investment properties				
Freehold buildings	-	9,000,000	-	9,000,000
2022				
Recurring fair value measurement				
Financial assets:				
Other financial assets				
Unquoted equity investments	-	-	502,029	502,029
Quoted equity investments	24,571,842	-	-	24,571,842
Unquoted mutual funds	-	-	6,724	6,724
Non financial assets:				
Investment properties				
Freehold buildings	-	9,000,000	-	9,000,000

There were no transfers between these levels of fair value in the current and previous reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

35. Fair value of assets and liabilities (cont'd)

35.3 Financial instruments and non financial assets carried at fair value (cont'd)

Valuation techniques used to derive Level 2 fair values

Investment properties

The fair value of investment property of the Company and of a subsidiary under Level 2 was stated by the directors based on professional valuations carried out by Mr Nagalingam T., a registered valuer with Azmi & Co (Shah Alam) Sdn Bhd, in May 2022 using the comparison approach of valuation.

An update of the valuation was carried out by the same valuer in April 2023. The fair value of the investment properties remained unchanged.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, the property being valued is compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size, improvements and amenities) of the property transactions used for comparison.

Valuation techniques used to derive Level 3 fair values

a) Unquoted equity investments

The fair value of the unquoted equity investments is determined by reference to the audited net assets of the investees.

b) Unquoted mutual funds

The fair value of the unquoted mutual funds is determined by reference to the net assets per unit of the funds.

LIST OF PROPERTIES

Location	Description/ Existing Use	Area	Tenure	Approximate Age of Property (years)	Fair Value as at 31.03.2023 (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	19	9,000,000	2004 (A) 31.3.2023 (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	4	4,600,000	2014 (A) 31.3.2023 (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	4	4,600,000	2014 (A) 31.3.2023 (V)

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2023

Issued and Paid Up Share Capital	3,678,171,440
Class of Shares	Ordinary shares
Voting Rights	One (1) vote per ordinary share
Numbers of Shareholders	14,167

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares**	**% of Issued Share Capital**
Less than 100	467	3.30	21,941	0.00
100 – 1,000	1,036	7.31	484,852	0.01
1,001 – 10,000	2,551	18.00	15,623,757	0.43
10,001 – 100,000	6,256	44.16	310,149,194	8.43
100,001 to less than 5% of issued shares	3,856	27.22	3,151,891,696	85.69
5% and above of issued shares	1	0.01	200,000,000	5.44
Total	**14,167**	**100.00**	**3,678,171,440**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2023
(as per the Register of Substantial Shareholders)

	Direct No. of Shares	**%**	**Indirect No. of Shares**	**%**
Roy Ho Yew Kee	225,900,000	6.14	-	-

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2023
(as per the Register of Directors' Shareholding)

	Direct No. of Shares	**%**	**Indirect No. of Shares**	**%**
Roy Ho Yew Kee	225,900,000	6.14	-	-
Ong Gim Hai	11,800,000	0.32	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Lee Kien Fatt	-	-	-	-
Yee Yit Yang	-	-	-	-
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-
Dr Azizah Binti Sulaiman	-	-	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2023

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2023)

	Names	No. of Shares	% of Shares
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Exempt an for Lazarus Securities Pty Ltd*	200,000,000	5.44
2.	Khairul Anuar Bin Danial	122,220,000	3.32
3.	Choong Kean Leang	111,500,000	3.03
4.	Woon Jing Wei	88,116,400	2.40
5.	Mersec Nominees (Asing) Sdn Bhd *General Reserve of Digital Assets Limited*	87,536,800	2.38
6.	Raja Mazyah Binti Raja Aminuddin	77,780,000	2.11
7.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kho Chong Yau*	42,520,000	1.16
8.	Tan Kong Han	37,920,000	1.03
9.	Tan Yoke Theng	37,400,000	1.02
10.	M & A Nominee (Tempatan) Sdn Bhd *Exempt an for Sanston Financial Group Limited (Account Client)*	35,300,000	0.96
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Soon Chai*	34,950,000	0.95
12.	Tee Chee Seng	27,250,000	0.74
13.	Lim Boon Liat	25,000,000	0.68
14.	Gan Choon Hock	24,000,000	0.65
15.	Sim Mui Khee	24,000,000	0.65
16.	HSBC Nominees (Asing) Sdn Bhd *Exempt an for BNP Paribas*	20,100,000	0.55
17.	Ng Choon Kiat	20,000,000	0.54
18.	Lim Poh Fong	15,252,650	0.41
19.	M & A Nominee (Tempatan) Sdn Bhd *Sanston Financial Group Limited for Digital Paper Sdn Bhd*	15,043,713	0.41
20.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Michael Heng Chun Hong*	14,648,600	0.40
21.	TA Securities Holdings Berhad	13,876,400	0.38
22.	Cheah Rock Kee	13,080,000	0.36
23.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities account for Bekramjit Singh A/L Jaginder Singh*	13,000,000	0.35
24.	Boh Chit Pang	12,849,100	0.35
25.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Haffiz Bin Hussin*	12,303,800	0.33
26.	Maybank Nominees (Tempatan) Sdn Bhd *Woo Swee Hoe*	12,165,900	0.33
27.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chee Chuan*	12,000,000	0.33
28.	Chung Kin Chuan	11,500,000	0.31
29.	Cheng Shyue Sheng	11,050,000	0.30
30.	Ng Yoke Lan	10,300,000	0.28
	TOTAL	**1,182,663,363**	**32.15**

ANALYSIS OF WARRANT C – 2020/2023 HOLDINGS AS AT 30 JUNE 2023

Number of Warrants issued	982,103,848
No. of Warrants Unexercised	982,103,848
Exercise Price	RM0.05
Number of Warrant Holders	3,091

DISTRIBUTION OF WARRANT C HOLDINGS

Size of Warrant Holdings	**No. of Holders**	**% of Holders**	**No. of Warrant Held**	**% of Issued Warrant Held**
Less than 100	16	0.52	721	0.00
100 – 1,000	54	1.75	29,700	0.01
1,001 – 10,000	333	10.77	2,372,150	0.24
10,001 – 100,000	1,487	48.11	80,653,402	8.21
100,001 to less than 5% of warrants issued	1,200	38.82	837,547,875	85.28
5% and above of warrants issued	1	0.03	61,500,000	6.26
Total	**3,091**	**100.00**	**982,103.848**	**100.00**

DIRECTORS' WARRANT HOLDINGS AS AT 30 JUNE 2023
(as per the Register of Directors' Warrant Holding)

	Direct No of. Warrants Held	**%**	**Indirect No. of Warrants Held**	**%**
Roy Ho Yew Kee	-	-	-	-
Ong Gim Hai	-	-	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Lee Kien Fatt	-	-	-	-
Yee Yit Yang	-	-	-	-
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-
Dr Azizah Binti Sulaiman	-	-	-	-

ANALYSIS OF WARRANT C – 2020/2023 HOLDINGS AS AT 30 JUNE 2023

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS WARRANT C HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2023)

	Names	No. of Warrants Held	% of Warrants Held
1.	Choong Kean Ieang	61,500,000	6.26
2.	Tan Kong Han	34,760,000	3.54
3.	Lim Boon Liat	25,000,000	2.55
4.	Sim Mui Khee	24,000,000	2.44
5.	Farrah Anne Robert	16,500,000	1.68
6.	Lee Tuck @ Lee Fook Tat	15,000,000	1.53
7.	Law Mee Heng	14,500,000	1.48
8.	Maybank Nominees (Tempatan) Sdn Bhd *Woo Swee Hoe*	7,525,400	0.77
9.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Kok Poon*	7,00,000	0.71
10.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Bekramjit Singh A/L Jaginder Singh*	6,500,000	0.66
11.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chee Chuan*	6,500,000	0.66
12.	Lee Yen Lang	6,000,000	0.61
13.	Ng Wooi Ying	6,000,000	0.61
14.	Lim Yu Tiam	5,800,000	0.59
15.	Ong Kit Wee	5,330,000	0.54
16.	Ho Chun Siong	5,000,000	0.51
17.	Ng Pui See	5,000,000	0.51
18.	Su Ming Yaw	5,000,000	0.51
19.	Tang Chin Keong	5,000,000	0.51
20.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liaw Kang Jer*	4,986,900	0.51
21.	Tee Chee Seng	4,925,000	0.50
22.	Wang Chau Keat	4,660,000	0.47
23.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ching Hong Tat*	4,500,000	0.46
24.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sinar Maju Enterprise Sdn Bhd*	4,400,000	0.44
25.	Yong Chee Sang	4,050,000	0.41
26.	Adam Yong Kar Poh	4,037,400	0.41
27.	Ling Lee Ding	4,000,000	0.41
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Beh Lee Fong*	3,620,000	0.37
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Kok Beng*	3,600,000	0.37
30.	Lim Wei Shen	3,500,000	0.36
	TOTAL	**308,194,700**	**31.38**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth (20th) Annual General Meeting of Key Alliance Group Berhad ("KAG" or "the Company") will be held on a virtual basis and entirely via remote participation and voting from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/KAG-AGM on Wednesday, 13 September 2023 at 10.30 a.m., or any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' and Auditors' Reports thereon. — **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees and other benefits payable of up to RM500,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 13 September 2023 until the conclusion of the next Annual General Meeting of the Company. — Ordinary Resolution 1

3. To re-elect the following directors who retires pursuant to Clause 90 of the Company's Constitution:

   (a) YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad — Ordinary Resolution 2
   (b) Mr Yee Yit Yang — Ordinary Resolution 3

4. To re-elect Dr Azizah Binti Sulaiman who retires pursuant to Clause 98 of the Company's Constitution. — Ordinary Resolution 4

5. To re-appoint Messrs Russell Bedford LC PLT as External Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 5

SPECIAL BUSINESSES :
To consider and, if thought fit, to pass the following Resolution:

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — Ordinary Resolution 6

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT pursuant to Section 85 of the Act to be read together with Clause 9 of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares."

7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

CHONG VOON WAH (SSM PC No. 202008001343) (MAICSA 7055003)
THAI KIAN YAU (SSM PC No. 202008001515) (MIA 36921)
Company Secretaries

Kuala Lumpur
31 July 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 6 September 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the 20th AGM.*

2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*

5. *Any alterations in the Proxy Form must be initialed by the member.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 20th AGM to vote by poll.*

8. *The 20th AGM will be conducted virtually at the broadcast venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 31 March 2023

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1: To Approve the Payment of Directors' Fees and Others Benefits Payable

The Directors' fees and other benefits payable are calculated based on the number of scheduled Board and Committee Meetings to held for the period commencing from 13 September 2023 until the conclusion of the next Annual General Meeting of the Company and assuming that all the 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.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolutions 2 to 4: Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution at the 20th Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

(a) YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad (Clause 90);
(b) Mr Yee Yit Yang (Clause 90); and
(c) Dr Azizah Binti Sulaiman (Clause 98).

(collectively referred to as "Retiring Directors")

The Board of Directors through the Nomination Committee ("NC") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committees meetings) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Further, the NC has considered and affirmed, and the Board has endorsed that Mr Yee Yit Yang and Dr Azizah Binti Sulaiman, who are seeking re-election at the forthcoming 20th Annual General Meeting of the Company comply with the independence criteria as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising their judgment and in carrying out their duties as Independent Non-Executive Directors.

4. Ordinary Resolution 5: Re-appointment of External Auditors

The Board, through the Audit and Risk Management Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs Russell Bedford LC PLT in respect of the financial year ended 31 March 2023. The Board was satisfied with the performance of Messrs Russell Bedford LC PLT and recommended the re-appointment of Messrs Russell Bedford LC PLT as External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 271 of the Companies Act 2016.

5. Ordinary Resolution 6: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, if passed, is the renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("General Mandate"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate 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 future investment project(s) workings capital and/or acquisitions.

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 9 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company:

<u>Section 85(1) of the Companies Act 2016 states:</u>

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Clause 9 of the Company's Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in a general meeting, all new Shares or other Convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered in the manner provided under this Constitution.

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 6, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the general mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Nineteenth (19th) Annual General Meeting held on 9 September 2022 and which the said General Mandate will lapse at the conclusion of the 20th Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Twentieth (20th) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of Twentieth (20th) Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE

Date	Time	Broadcast Venue
Wednesday, 13 September 2023	**10.30 a.m.**	**Lot 4.1, 4th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan**

Virtual Meeting

1. The Twentieth (20th) Annual General Meeting (**"AGM"**) will be conducted by way of a virtual meeting and via online remote voting using the Remote Participation and Voting Facilities (**"RPV Facilities"**) from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

2. Shareholders are **strongly encouraged** to take advantage of the RPV Facilities to participate and vote remotely at the AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors (**"Board"**) and/or management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

Registration

3. The AGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: https://rebrand.ly/KAG-AGM.

4. All the Shareholders are required to register in order to participate to the AGM. The registration will be open from 10.30 a.m. on 31 July 2023 and close at 10.30 a.m. on 12 September 2023.

   Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.

5. After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an email to notify you if your registration is approved or rejected on or after 7 September 2023.

6. Should your registration be rejected, you can contact the Company's Share Registrar or the Company for clarifications.

7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please follow the tutorial guide posted on https://rebrand.ly/KAG-AGM.

General Meeting Records of Depositors

8. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 6 September 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

9. Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.

10. If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

ADMINISTRATIVE GUIDE

Corporate Members

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 12 September 2023 at 10.30 a.m.:

    (i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
    (ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
    (iii) Corporate Representative's or proxy's email address and mobile phone number.

12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Nominee Company Members

13. The beneficiaries of the shares under a Nominee Company's CDS account ("Nominee Company member(s)") are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 12 September 2023 at 10.30 a.m.:

    (i) Form of Proxy under the seal of the Nominee Company;
    (ii) Copy of the proxy's MyKad (front and back)/Passport; and
    (iii) Proxy's email address and mobile phone number.

14. If a Nominee Company member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Proxy

15. If a member is unable to attend the AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

16. If an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV Facilities, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 20 below, to revoke the appointment of his/her proxy no later than 12 September 2023 at 10.30 a.m.

Poll Voting

17. The voting at the AGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and SharePolls Sdn. Bhd. as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ADMINISTRATIVE GUIDE

RPV Facilities

18. Please refer to the following information on RPV Facilities for live streaming and remote voting at the AGM:

Procedures	Action
Before AGM	
1. Register as participant in Virtual AGM	• Using your computer, access the website at https://rebrand.ly/KAG-AGM Click on the **Register** button to register for the AGM session. • 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	• All the Shareholders are required to register prior to the meeting. The registration will be open from 10.30 a.m. on 31 July 2023 and the registration will close at 10.30 a.m. on 12 September 2023. • Clicking on the link will redirect you to the AGM event page. Click on the **Register** button for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name (not applicable for proxy). • Insert your CDS account number and indicate the number of shares you hold. • 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 your registration being rejected. • System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 6 September 2023, the system will send you an email to notify you if your registration is approved or rejected on or after 7 September 2023. • If your registration is rejected, you can contact the Company's Share Registrar or the Company for clarifications or to appeal.
On the day of AGM	
3. Attending Virtual AGM	• Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. • Click **Join Event** in the reminder email to participate the RPV.
4. Participate with live video	• 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. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.

ADMINISTRATIVE GUIDE

5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective 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 stipulated time frame. • Click on the **Submit** button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

No Recording or Photography

19. Strictly **NO recording or photography** of the proceedings of the AGM is allowed.

Enquiry

20. If you have any enquiry prior to the meeting, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday):

For Registration, logging in and system related:
InsHub Sdn. Bhd.

Name : Ms Eris / Ms Jey / Mr Jay
Telephone No. : +603-7688 1013
Email : vgm@mlabs.com

For Proxy and other matters:
ShareWorks Sdn. Bhd.

Name : Mr Kou / En Taufiq
Telephone No. : +603-6201 1120
Email : ir@shareworks.com.my

PROXY FORM

KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (609953-K)
(Incorporated in Malaysia)

CDS Account No. :

No. of Shares held :

I/We, ………..
[Full name in block and NRIC No. / Registration No.]

Tel. No ………………………………………… of ……………………………………………………………………………

……
[Address]

being a member/members of Key Alliance Group Berhad, hereby appoint:-

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

and / or* (*delete as appropriate)

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

or failing him, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Twentieth (20th) Annual General Meeting of the Company to be held on a virtual basis and entirely via remote participation and voting from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/KAG-AGM on Wednesday, 13 September 2023 at 10.30 a.m., or any adjournment thereof, and to vote as indicated below:

No.	Agenda	Resolution	For	Against
1.	To approve the payment of Directors' fees and others benefits payable to the Directors.	**Ordinary Resolution 1**		
2.	To re-elect YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad as Director.	**Ordinary Resolution 2**		
3.	To re-elect Mr Yee Yit Yang as Director.	**Ordinary Resolution 3**		
4.	To re-elect Dr Azizah Binti Sulaiman as Director.	**Ordinary Resolution 4**		
5.	To re-appoint Messrs Russell Bedford LC PLT as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**		
6.	To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	**Ordinary Resolution 6**		

(Please indicate with a "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion)

Signed this …………………………………………

…………………………………………………………
Signature*
Member
(* if shareholder is a corporation, this form should be executed under seal)

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 6 September 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the 20th AGM.*
2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
5. *Any alterations in the Proxy Form must be initialed by the member.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 20th AGM to vote by poll.*
8. *The 20th AGM will be conducted fully virtual at the broadcast venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

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Affix Stamp

THE SHARE REGISTRAR OF
KEY ALLIANCE GROUP BERHAD
COMPANY REGISTRATION NO. 200301007533 (609953-K)

SHAREWORKS SDN. BHD.
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas
50480 Kuala Lumpur, Malaysia

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www.kag.com.my

KEY ALLIANCE GROUP BERHAD
Registration No. 200301007533 (609953-K)

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