



**Ygl Convergence Berhad**

200401010510 (649013-W)



Annual Report 2021

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Yeap Kong Chean**  
*Chief Executive Officer*

**Tan Hoay Leng**  
*Executive Director*

**Dr. Ch'ng Huck Khoon**  
*Independent & Non-Executive Director*

**Dato' Lee Wai Mun, D.I.M.P., J.P.**  
*Non-Independent & Non-Executive Director*

**Wong Khai Meng**  
*Independent & Non-Executive Director*  
*(appointed on 12 May 2020)*

**Muhamed Ali Bin Hajah Mydin**  
*Independent & Non-Executive Director*  
*(appointed on 12 July 2021)*

### AUDIT AND RISK MANAGEMENT COMMITTEE

**Dr. Ch'ng Huck Khoon**  
*Chairman*

**Dato' Lee Wai Mun, D.I.M.P., J.P.**

**Wong Khai Meng**  
*(appointed on 12 May 2020)*

**Muhamed Ali Bin Hajah Mydin**  
*(appointed on 12 July 2021)*

### NOMINATING COMMITTEE

**Wong Khai Meng**  
*Chairman*  
*(appointed on 12 May 2020)*

**Dato' Lee Wai Mun, D.I.M.P., J.P.**

**Dr. Ch'ng Huck Khoon**

**Muhamed Ali Bin Hajah Mydin**  
*(appointed on 12 July 2021)*

### REMUNERATION COMMITTEE

**Dato' Lee Wai Mun, D.I.M.P., J.P.**  
*Chairman (re-designated on 12 May 2020)*

**Dr. Ch'ng Huck Khoon**

**Wong Khai Meng**  
*(appointed on 12 May 2020)*

**Muhamed Ali Bin Hajah Mydin**  
*(appointed on 12 July 2021)*

### COMPANY SECRETARIES

Thum Sook Fun (MIA 24701)  
(SSM PC No. 201908000139)  
Low Seow Wei (MAICSA 7053500)  
(SSM PC No. 202008000437)

### REGISTERED OFFICE

No. 35, Scotland Road,  
10450 Penang.  
Tel: 04-229 0619  
Fax: 04-218 9870

### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Suite 18.05, MWE Plaza,  
No. 8, Lebuh Farquhar,  
10200 George Town, Penang.  
Tel: 04-263 1966  
Fax: 04-262 8544

### AUDITORS

Moore Stephens Associates PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)  
Unit 5.03, 5th Floor,  
Menara Boustead,  
No. 39, Jalan Sultan Ahmad Shah,  
10050 George Town, Penang

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Ground Floor, MWE Plaza,  
No. 8, Lebuh Farquhar,  
10200 George Town, Penang.  
Tel: 04-263 6685  
Fax: 04-263 6645

United Overseas Bank Malaysia Berhad  
No. 9, Jalan Kelawei,  
10250 George Town, Penang.  
Tel: 04-222 8799  
Fax: 04-226 2382

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities  
Berhad  
Stock Name: YGL  
Stock Code: 0086

### WEBSITE

[www.yglworld.com](http://www.yglworld.com)

## PROFILE OF DIRECTORS

### YEAP KONG CHEAN

*Chief Executive Officer  
Aged 59, Male, Malaysian*



Yeap Kong Chean was appointed to the Board on 1 June 2005. He is presently the Chief Executive Officer of the Company and also sits on the Board of subsidiaries of the Company.

He graduated with a Bachelor's degree in Commerce from University of Melbourne in 1984, with a double major in Accounting and Computer Science. He is an Associate member of the Institute of Chartered Accountant in Australia and the Malaysian Institute of Accountants.

He commenced his career in 1985 with Ernst & Young Malaysia, and had spent seven (7) years in serving Ernst & Young Malaysia and Australia. He had consulted both local and foreign companies of various industries and sizes whilst with Ernst & Young. He was appointed as a consultant on advisory role with Ygl Convergence Malaysia Sdn. Bhd. in 1993, assisting Ygl Convergence Malaysia Sdn. Bhd. in business re-engineering and Enterprise Resource Planning (ERP) deployment work. He was instrumental in taking Ygl Convergence Berhad listed in July 2005.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

He attended all the six (6) Board of Directors' meetings held in the financial year ended 31 March 2021.

### TAN HOAY LENG

*Executive Director  
Aged 54, Female, Malaysian*



Tan Hoay Leng was appointed to the Board on 12 May 2009. She presently oversees the finance and human resources of Ygl Group.

She graduated with a Bachelor's degree in Commerce from University of Western Australia in 1990. She is a member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants.

She commenced her career in 1991 with Coopers & Lybrand where she served for three (3) years. Madam Tan Hoay Leng was subsequently involved in public practice, providing consultation services to customers in various industries. She has vast experience in public accounting, taxation, outsourcing and human resource management.

She has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

She attended all the six (6) Board of Directors' meetings held in the financial year ended 31 March 2021.

## PROFILE OF DIRECTORS (cont'd)

### **DR. CH'NG HUCK KHOON**

*Independent &  
Non-Executive Director  
Aged 52, Male, Malaysian*



Dr. Ch'ng Huck Khoon was appointed to the Board on 28 February 2012. He is the Chairman of the Audit and Risk Management Committee of the Company. He is also a member of the Nominating Committee and Remuneration Committee of the Company.

He pursued his PhD studies in Finance at the Universiti Sains Malaysia (USM) and he also holds a Master of Business Administration (Finance) from University of Stirling, United Kingdom. He is an Associate Member of the Institute of Chartered Secretaries and Administrators (ICSA).

He was an Assistant Professor at the Universiti Tunku Abdul Rahman (UTAR).

Currently, he is an Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee, Risk Management Committee, a member of Audit Committee of Citra Nusa Holdings Berhad (formerly known as CNI Holdings Berhad) ("CNH"). He is also an Independent Non-Executive Director and Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of AT Systematization Berhad ("ATS"). CNH and ATS are companies listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

He attended all the six (6) Board of Directors' meetings held in the financial year ended 31 March 2021.

### **DATO' LEE WAI MUN, D.I.M.P., J.P.**

*Non-Independent &  
Non-Executive Director  
Aged 48, Male, Malaysian*



Dato' Lee Wai Mun, D.I.M.P., J.P. was appointed to the Board on 20 April 2018. He is also a member of the Audit and Risk Management Committee and Nominating Committee and on 12 May 2020 he was re-designated as the Chairman of the Remuneration Committee of the Company.

He graduated with an Advanced Diploma, Business Administration from ATC College in year 1992. He has been active in pursuing CEO courses on Investment Strategy for Emerging Markets and Innovative Products "清华大学战略性新兴产业投资董事长高级研修班" from School of Continuing Education, Tsinghua University, one of the oldest technical universities in China.

Dato' Lee has been acting as the Chief Executive Officer of Edubest Group of Companies since November 2005. He is also a Director and Chief Executive Officer of Ygl iBay International Group of Companies. He has twenty-nine years (29) of experience as a businessman with diverse expertise in mining, construction, property development and trading.

He is instrumental in the marketing of Malaysian iron ores to China based steel manufacturers. Dato' Lee is an active member of the Pahang Iron ore Association and the Malaysian Chamber of Mines.

Dato' Lee was awarded the title of Dato' by Sultan of Pahang in year 2013. In year 2017, he was appointed as Jaksa Pendamai (J.P.) by the Sultan of Kelantan.

Dato' Lee was appointed as a Executive Director of Eastland Equity Berhad on 9 August 2021.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

He attended all the six (6) Board of Directors' meetings held in the financial year ended 31 March 2021.

## PROFILE OF DIRECTORS (cont'd)



### **WONG KHAI MENG**

*Independent &*

*Non-Executive Director*

*Aged 43, Male, Malaysian*

Wong Khai Meng, was appointed to the Board on 12 May 2020. He is also a member of the Audit and Risk Management Committee, Remuneration Committee and the Chairman of Nominating Committee of the Company.

He is a member of the Malaysian Institute of Accountants (MIA) and a Certified Financial Planner with Financial Planning Association of Malaysia.

He graduated from Manchester University in the United Kingdom in 2000 and started his career in auditing. He held the position of Chief Operating Officer of CC International Berhad, a private professional business services company, from 2010 to 2015, managing group operations from human resources, management information system, finance, customer service and business development. He was promoted to the position of Chief Executive Officer in January 2016 and has held the position until now.

He has extensive experience and expertise in assurance work of various industries and, in an advisory capacity, has helped set-up and grown many companies in Malaysia and Asia. He has experience in partnering and collaboration with various technology startups, blockchain and fintech companies.

He had acted as an Independent Non-Executive Director of a technology listed company during 2009 to 2011.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

He attended all the six (6) Board of Directors' meetings held in the financial year ended 31 March 2021.



### **MUHAMED ALI BIN HAJAH MYDIN**

*Independent &*

*Non-Executive Director*

*Aged 50, Male, Malaysian*

Muhamed Ali Bin Hajah Mydin, was appointed to the Board on 12 July 2021. He is also a member of the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee of the Company.

He graduated with a Bachelor Degree in Electronic Engineering majored in Industrial Automation (Micro Electronic) from Hanyang University, Seoul, Korea. He also holds a Master Degree in Information Technologies majored in Mobile and Internet Security from University Sains Malaysia. He is currently pursuing PhD studies in Manufacturing Engineering at University Malaysia Perlis (UNIMAP).

He joined Penang Skills Development Centre ("PSDC") as Chief Executive Officer since 2014 until now, steering workforce transformation programmes not only in Penang but also nationwide. He had successfully established PSDC as a Centre of Excellence in Industry 4.0 in the area of Precision Machining and Manufacturing processes. From 2005 until 2014 he had held top management positions in a system integrator company focusing on telecommunication solutions and a company specialising in assembly of computing devices and providing ICT solutions.

He has clocked 26 years of working experience in various disciplines covering deployment of ICT systems, hardware and software integration, advisory roles, panel of policy development and driver of Industry 4.0 transformation.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

He has not attended any Board of Directors' meetings held in the financial year ended 31 March 2021 as his appointment to the Board was on 12 July 2021.



## PROFILE OF DIRECTORS (cont'd)

### i. Family Relationships with Director and/or Major Shareholders

Directors	Relationship
Yeap Kong Chean	Spouse of Madam Tan Hoay Leng, Executive Director of the Company. He is also the brother of Yeap Kong Tai (deceased), a major shareholder of the Company.
Tan Hoay Leng	Spouse of Mr. Yeap Kong Chean, Director and major shareholder of the Company.

Save as disclosed above, none of the other Directors has family relationship with any other Director or major shareholders of the Company.

### ii. Directors' Shareholdings

Details of the Directors' shareholdings in the Company can be found in the Analysis of Shareholdings section of this Annual Report.

## PROFILE OF KEY SENIOR MANAGEMENT

### **LEE MING CHIEH**

*Chief Operation Officer*

*Aged 49, Male, Malaysian*

Lee Ming Chieh joined the Company as Chief Operation Officer on 3 February 2020. He graduated from Iowa State University, USA in Computer Engineering in 1994 and earned Master in Business Administration (General) from Manchester Business School, University of Manchester, United Kingdom in 2013.

He started his career with Motorola (Malaysia) Berhad in 1994 as Automation Engineer responsible for wafer map transfer program and simulation of machine automation. From 1999 to 2004, he gained extensive overseas working experience in consultant positions for Nokia China, Nokia Taiwan and Lucent Technology Australia for 2G and 3G mobile network rollout including capacity enhancement for Sydney 2000 Olympic event.

He had been involved in the telecommunication industry for the past 27 years. He held various positions in Digi Telecommunications Malaysia (Digi Group) started from Project Manager until Deputy Program Director from year 2005 to 2013.

In 2013 he left Digi Group and set up company with his partners to provide specialized professional services in the niche areas of network engineering support services, solar power engineering support services and research and development of network management solutions.

He equipped himself with Sustainable Energy Development Authority of Malaysia (SEDA) as a certified competent person for design of solar photovoltaic system in 2014 and ventured into the renewable energy industry.

When he joined the Company in 2020, he immediately established various sales channels and refined the sales process. With his previous roles in management, he revamped the Company's strategy roadmap and developed balance scorecard to enhance internal value creation. In parallel, he introduced renewable energy business as new revenue stream to the Group in line with the Group's direction of sustainable manufacturing through ERP solutions.

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

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### **YONG CHENG YEW**

*Innovation Manager*

*Aged 43, Male, Malaysian*

Yong Cheng Yew joined the Company as Senior Developer Manager on 20 June 2011. He graduated from University of Queensland with a Bachelor's Degree in Computer Science/Information Technology in year 2002.



## PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

He started his career with Mightysoft System Sdn Bhd in 2002 where he spent 3 years as Programmer. He spent another 3 years in Platronix Sdn Bhd as Enterprise Resource Planning ("ERP") consultant. His responsibilities included handling customer implementation and technical issues. He was also responsible for analysis of customers' requirements, creating system documents, design, software development and implementing solutions to meet system specifications.

When he joined the Company in 2011 as Senior Developer Manager, he started developing Ygl ERP system, managing resource allocation and management to ensure delivery of quality software on time. He assumed the role of Senior R&D Manager in 2015 and led his team in the development of ePortal and ERP solutions with Industry 4.0 capability.

He was promoted to Innovation Manager in December 2019 to oversee the development of cloud based solutions and applications to enhance Ygl product offerings.

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

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### **YEAP KAH PHAIK**

*Project Manager*

*Aged 56, Female, Malaysian*

Yeap Kah Phaik joined the Company as Project Manager on 15 January 2015. She graduated from University of New England with a Bachelor of Finance degree in 1989.

She started her career as an auditor in accounting firms. She had been working in Flextronics Sdn Bhd as Manager in charge of Business Process Improvement, System Support and Conversion for fifteen (15) years. The projects she was involved in included implementing enterprise solution in SAP, BAAN, OutlookSoft etc. She also acquired a number of years of experience in Multi-National Company ("MNC") as system administrator and project implementor.

When she joined the Company in 2015, she was able to immediately take on the role of Project Manager for ERP systems. Her MNC and accounting background has supported her well in successfully implemented Ygl E-Manufacturing solution for various customers from manufacturers to charitable organisation to property developer.

She is the sister of Mr. Yeap Kong Chean, Director and major shareholder of the Company. She is also the sister of Mr. Yeap Kong Tai (deceased), a major shareholder of the Company. She is the sister in law of Madam Tan Hoay Leng, Executive Director of the Company.

She holds 1,625,000 ordinary shares representing 0.64% shareholdings in the Company. She does not hold any directorships in any public listed companies. She has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

**PROFILE OF KEY SENIOR MANAGEMENT** (cont'd)**HO SOO WEE***Group Marketing Manager**Aged 53, Male, Malaysian*

Ho Soo Wee joined the Company as Assistant Marketing Executive on 2 February 2006. He graduated with a Bachelor in Computer Studies from Edith Cowan University, Western Australia in year 1991. He further obtained his Master of Business Administration in 1995 from University of Portsmouth, United Kingdom.

His first job was with B.Braun Medical Industries Sdn Bhd from 1991 to 1994 where he began as an Assistant System Engineer and was later promoted to System Engineer and Analyst Programmer. His responsibilities included overseeing and maintenance of system security, network connectivity and integration. He also prepared manual for network structure, hardware/software configuration and recovery plan.

He made a career move to the financial market in 1995 by joining Thong & Kay Hian Securities Sdn Bhd, a prestigious stockbroking firm, as a dealer's representative trading in equities and options. After Thong & Kay Hian Securities Sdn Bhd was acquired by Hwang-DBS Securities Berhad in year 2004, he stayed on until 2006.

He became the Group Marketing Manager on 1 October 2006 and took on the task of setting up Ygi own marketing department by planning and implementing marketing strategies in alignment with the Company's brand objectives. He gained good experience working with public relation companies to launch investor relation events and establish rapport with members of the media and customers.

With his background and experience, he has contributed to managerial meeting. He is currently the leader for Corporate Social Responsibility activities of the Company. Through which he empowers people to expand their limits, increase their commitment and focus on achieving a united organisational goal.

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

## PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

### **ONG CHEE KEONG**

*R & D Manager*

*Aged 34, Male, Malaysian*

Ong Chee Keong joined the Company as Senior Programmer on 15 April 2015. He graduated from University of Derby, United Kingdom with a Bachelor Degree in Computer Science and Information Technology in 2012.

During his studies, he was already involved as site engineer in website design and development project at Our-Science.Com and as network assistant for networking project at Western Digital from 2009 to 2010. Prior to joining Ygl from 2010 to 2014, he was in the IT team who successfully implemented the hospital information system (HIS) integrating the various departments at Island Hospital.

He joined the Company in 2015 as senior programmer for ERP solutions. He became Lead Programmer on 1 July 2017 and was made Head of Manufacturing Team on 1 September 2018 overseeing the development of manufacturing modules by his team. His knowledge of ERP system and technical skills led him to take on the role of Assistant Technical Manager to support the programming teams in resolving technical issues on 1 January 2020. His promotion to R&D Manager was unanimous on 1 November 2020 and he is currently responsible for research, planning and implementing new programs as well as coaching his team.

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2021.

## CHIEF EXECUTIVE OFFICER'S STATEMENT, MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors and the Management team of Ygl Convergence Berhad ("Ygl"), I would like to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 March 2021.

It has been more than a year since the pandemic assailed the world including Malaysia and we are still not able to see the light at the end of tunnel with the current number of active cases. Nature is sending humanity a very strong message about how we have been treating our planet we all called home. The environment, social and governance ("ESG") emphasis cannot be timelier than now.

Ygl's Enterprise Resource Planning ("ERP") solution provides the "tools" to small and medium sized manufacturers ("SMEs") to digitalise their business operations to improve productivity and optimise the usage of their resources. We would like to play our little environmental role through our solutions to help SMEs reduce wastages during their production process.

The mainstay of post-pandemic market scenario will be digital economy involving e-commerce, cloud computing, artificial intelligence ("AI"), robotic and Internet of Things. The government recently launched the national policy on the Fourth Industrial Revolution ("National 4IR Policy") in July 2021 to spearhead the readiness of Malaysian industry to harness technology and digitalisation to equip local SMEs with flexibility and agility to better withstand the "new normal" market environment. There are various initiatives by the government to assist in funding SMEs' business transformation and digitalisation programmes under 'Pelan Jana Semula Ekonomi Negara' (PENJANA) and extended under 'Pakej Perlindungan Rakyat dan Pemulihan Ekonomi' (PEMULIH) and other co-funding programme with Malaysia Digital Economy Corporation (MDEC), SME Digitalisation Matching Grant, SME Technology Transformation Fund and Smart Automation Grant for SMEs to adopt business transformation and digitalisation.

The race to digital transformation is not only within Malaysia but we are also competing with our neighbouring countries which digitalisation adoption rate is faster than ours. This will eventually threaten our competitiveness in the global market.

### OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

#### Impact of the COVID-19 Pandemic

The financial year ended 31 March 2021 ("FYE2021") was a challenging year for us since we were under different phases of movement control order ("MCO") for more than a year. Our sales teams were not able to go on-site to engage customers while customers were apprehensive to allow visitors within their premises. On-site visits are important in our sales process as we need mutual interactions to obtain understanding of the specifications required by our customers to make our sales presentation and demonstration. Certain new deals were delayed and existing projects were slowed down during the restricted periods.

We are grateful that the Group's private placement exercise in March 2020 has helped to sustain our cash flow and liquidity during the financial year. During the financial year, we had collections from on-going projects while we necessarily maintained our direct workforce. The government's handling of the pandemic is crucial to the revival of the market.

## **CHIEF EXECUTIVE OFFICER'S STATEMENT, MANAGEMENT DISCUSSION & ANALYSIS (cont'd)**

### **FINANCIAL PERFORMANCE REVIEW**

Ygl Group changed its financial year end from 31 December 2019 to 31 March 2020 as such it was not consistent to compare this year 12 months' period against last year's 15 months' period. Ygl recorded revenue of RM5.473 million for FYE2021 while gross profit was RM1.411 million at 25.8%. Revenue for the 15 months' financial period ended 31 March 2020 ("15 months period ended 2020") was RM4.445 million with gross profit of RM0.303 million at 6.8%.

Net profit attributable to ordinary equity holders of the parent was RM0.192 million and this was mainly due to the write-back of investment in an associated company and share of results amounting to RM1.723 million during FYE2021. Net loss attributable to ordinary equity holders of the parent was RM7.352 million due to provisions made for impairment for the 15 months period ended 2020.

MCO across the country affected the business of many industries and cash flow was inevitably tightened and this impacted the results for FYE2021 where new deals were delayed.

Net earnings per share for the FYE2021 was 0.08 sen as compared to net loss per share of 3.15 sen for the 15 months period ended 2020.

### **RESEARCH AND DEVELOPMENT ("R&D")**

For the FYE2021, Ygl Group invested RM1.010 million in the R&D of Ygl's proprietary products. The R&D expenditure was RM1.816 million incurred for the 15 months period ended 2020. Delivering quality Ygl proprietary products and services to enable our customers to boost efficiency is quintessential to support Ygl's sustainable goal and keep in tandem with advancement in technology and market evolution.

### **STRATEGIES AND INITIATIVES**

We moved our focal point back to our home-ground Malaysia and we simplified our corporate structure with the disposal of an overseas subsidiary, namely Ygl Convergence (China) Limited on 16 March 2021 and closure of an overseas subsidiary, namely Ygl Information Technology (Suzhou) Co. Ltd on 11 August 2020.

This year our subsidiary namely Ai Solar Sdn. Bhd. has generated new revenue stream for the Group where a number of businesses and private housing started to switch to renewable energy. We are in line with our Group's direction when our customers are able to reduce their production wastages and reduce their carbon emission through digitalisation of their processes using solar energy.

We became the consulting partner of Huawei Cloud Partner Network this year for the deployment of cloud computing and AI involving our products. We looked forward to expanding our cloud-based solutions.

Our investment in research and development for the past decade has materialised into product which automate all the processes within an enterprise. The functionalities of the enterprise product are particularly useful to businesses which pursue survival under the "new norm" where working off-site and remote management of transactions and customers' interactions are conducted online. Ygl solution is perfect fit for these enterprises seeking to digitalise their business.

## **CHIEF EXECUTIVE OFFICER'S STATEMENT, MANAGEMENT DISCUSSION & ANALYSIS** (cont'd)

### **FUTURE AND PROSPECTS OF YGL GROUP**

We are cautiously optimistic of the future as our solution is mature and very useful in elevating efficiency and maximising the utilisation of world resources such as raw materials and human resources. But we have not seen the tapering of the pandemic with daily new cases hovering in the thousands. We cannot foresee how the world economy is going to fare in the foreseeable future and whether the world demand is going to stay resilient.

We shall continue to benchmark Ygl's software solution against world-classed software yet adaptable for local business requirements.

### **APPRECIATION**

I wish to take this opportunity to extend my appreciation to:

- our valued customers for sharing our business philosophy;
- our business partners for working with us in providing the most effective business solutions;
- my fellow Board members for their wisdom and guidance;
- the management team and employees for their contribution and dedication to our corporate vision; and
- our shareholders for their continued support.

The Board would like to welcome our new Independent and Non-Executive Director, En. Muhamed Ali Bin Hajah Mydin to the Board of Ygl. We look forward to his contribution to the Company.

**Yeap Kong Chean**  
Chief Executive Officer

Date: 6 August 2021



## SUSTAINABILITY STATEMENT

At Ygl, we acknowledge the importance of conducting our business operations in a responsible and sustainable manner to deliver long-term positive values to all stakeholders and community. We are committed to formulating and implementing our business strategies to attain sustainability goals based on the principle that “we want to meet our present needs without compromising the ability of future generations to meet theirs”.

This Sustainability Statement (“Statement”) provides the stakeholders with an understanding of Ygl’s goals, commitments, progress and performance covering a range of activities in four main areas:-

- Marketplace – providing quality product and services
- Workplace – setting fair, inclusive and safe workplace
- Community – contributing to community
- Environment – managing environmental impact

## Our commitment to sustainability

### Core values

Our sustainability principles are built on the Group’s core values of commitment to our responsibilities, integrity and professionalism, ethical business operations, caring and contributing to mankind and society. It is the aim of the Group to inculcate these values in our employees through our work and purposeful corporate social responsibility (“CSR”) activities.

### Governance

Board of Directors (“Board”)		
<ul style="list-style-type: none"> <li>• 2 Executive Directors</li> <li>• 3 Independent Non-Executive Directors</li> <li>• 1 Non-Independent Non-Executive Director</li> </ul>		
Nominating Committee	Audit and Risk Management Committee	Remuneration Committee
<ul style="list-style-type: none"> <li>• Composition of Board</li> <li>• Board diversity and structure</li> <li>• Effectiveness of Board</li> <li>• Capabilities and experience of Board</li> </ul>	<ul style="list-style-type: none"> <li>• Delegate daily operations based on good social and ethical practice to key management</li> <li>• Financial reporting and disclosure</li> <li>• Internal control system</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Review compensation of Directors, management and key executives</li> <li>• Remuneration framework</li> <li>• Attract and retain talent</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### New Paradigm

In addition to our sustainability vision is to develop Enterprise Resource Planning (“ERP”) solutions benchmarked against world class software, product innovation accustomed to local business needs and upskilling of local workforce in the adoption of Industry Revolution 4.0 (“IR4.0”) technology such as smart manufacturing and smart warehouse.

Ygl is aware of the vast improvement to be made to embed environmental, social and governance practices into our operations.

<b>Environment</b>	How can Ygl assume its role as a steward of nature	<ul style="list-style-type: none"> <li>• consumption of energy</li> <li>• used computer hardware</li> <li>• protection of data security</li> </ul>
<b>Social</b>	How can Ygl manage its relationships with employees, customers, suppliers, investors and community	<ul style="list-style-type: none"> <li>• protection of data security</li> <li>• employee health and safety</li> <li>• equality and inclusiveness</li> <li>• employee engagement</li> <li>• community service</li> <li>• quality products and services</li> </ul>
<b>Governance</b>	How can the leadership in Ygl maintain transparency and accountability	<ul style="list-style-type: none"> <li>• values and code of conduct</li> <li>• responsible and ethical practices</li> <li>• business growth and profits</li> <li>• timely announcements</li> <li>• compliance with relevant laws and regulations</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### Our Footprint in FYE2021

Theme	Strategy	Initiatives
Community support	Support undergraduate practicum programs	Offered internship program to undergraduates studying computer science
	Foster humility and love for mankind	Continued "Circle of Love" to reach out to charities and people in need
	Raise awareness about vegetarianism	Provided vegetarian lunches with charity homes on "Green Monday"
Product responsibility and innovation	Deliver software products to increase productivity and reduce wastages	<ul style="list-style-type: none"> <li>Localise systems to meet customers' requirements</li> <li>Built specific functions to alert users and track usage</li> </ul>
	Enable digital transformation and innovation	Assist customers in business transformation through digitalization
Workplace quality	Ensure fair, inclusive and safe workplace	<ul style="list-style-type: none"> <li>Work from home arrangement to follow regulations</li> <li>Communication channel at whistleblower@yglworld.com</li> </ul>
Environment protection	<ul style="list-style-type: none"> <li>Recycle old computers</li> <li>Advocate reduce carbon emission</li> </ul>	<ul style="list-style-type: none"> <li>Donated re-conditioned computers to Penang General Hospital during lockdown</li> <li>Implement solar energy system for customers</li> </ul>

## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

### PANDEMIC (COVID-19) RESPONSE

Since the lockdown started on 18 March 2020 until to date, the health and safety of all employees has become our main consideration. We have taken the necessary measures in accordance with the government strict standard of procedures. We have put in place a work from home policy during the Movement Control Order period where the employees can work from home and are not allowed to go to the office. The Management is able to monitor their work performance with the help of various applications (APPS) consistently high and well maintained.

### COMMUNITY

Ygl believes in contributing back to society and actively participates in CSR activities. During the year, our “Circle of Love” coin box and coffee through which our employees show their loving thoughts daily contributed to a donation to support and giving back to the community. We encourage internal activities for the employees to ensure that our working place is a happy one and employees’ motivation is consistently strong and well sustained. The Management is committed to this endeavor and we look forward to improve and share further on our sustainability efforts in the years to come.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

### YGL GIVES BACK THROUGH CSR PROGRAMME

According to the announcement of the Ministry of Education on 1 July 2020, the fifth and sixth grades of elementary schools nationwide will resume classes on 15 July 2020. Students in grades one to four will resume classes on 22 July 2020. In order to make the resumption of classes' smoother, staff from Ygl lent a helping hand to SJKC Hun Bin school as part of the Company's CSR initiative.

In a half-day gotong-royong effort, volunteers from Buddhist Tzu Chi Merits Society Malaysia and Ygl's staff worked together to clean the school.

The program involved general cleaning of the school classrooms, sports room, canteen and the compound.

"A clean environment is a healthy environment. We hope the staff not only had a good time, but are also motivated to help maintain the cleanliness of this school." Mr. Yeap Kong Chean ("Mr. Yeap"), CEO of Ygl said.

Ygl's annual CSR calendar of events aims to promote healthy living and ecological preservation, while paying special attention to the community it operates in.



*2 August 2020, Ygl supports Corporate Social Responsibility.  
Ygl's employees were joined by Tzu Chi Merits Society Malaysia in a beach cleanup operation at Frandy Beach, Batu Ferringhi. The activity was open to families and individuals of all ages.*



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

“A cleanup event is an amazing opportunity for everyone to contribute to a greater cause. It does not require any special skills, just come with willingness and some spare time. Nevertheless, this work is a big help to the environment. At the same time, you also get to educate people living locally and encourage them by example with the common goal to help to save the Earth.

Cleaning the beach also improves the coastal and ocean ecosystem by making sure that none of the trash kills marine life or is toxic enough to disrupt the marine life cycle.

Plastic not only pollutes the environment but also endangers marine, bird and coral life. In cleaning beaches, anyone can make a difference and the Frandy Beach cleanup has encouraged us to organize more beach cleanup events and to combat the global ocean plastic pollution problem,” concludes the Ygl’s founder Mr. Yeap.

## Contribute to Mankind and Society



1 March 2021

*Ygl contributed 2 sets of computers and 1 laser printer to Penang General Hospital.*

Ygl has committed itself towards helping Malaysians tide through the pandemic by helping those in need and by ensuring that society at large will be able to contribute to the economy, especially the digital economy. This is in line with Ygl’s vision to create a technologically integrated society in line with Malaysia 5.0.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

### MARKET PLACE

Ygl collaborated with Penang Skilled Development Centre ("PSDC") to integrate Ygl Beyond ERP software to SMC FM-200 German machine at PSDC.



### Industry 4.0 Pilot Project at PSDC

Ygl e-Kanban dashboard is able to calculate the real-time Operational Equipment Effectiveness (OEE) as shown on the dashboard.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

### Online Webinar

Ygi had conducted our first webinar topic **“Navigate Your Smart Warehouse Industry 4.0”** on 22 April 2020.

There was a total of 96 registered participants including players from various industries, training providers and government officers in the session.

The speakers were Mr. Yeap, CEO of Ygi, Ms. Yeap Kah Phaik, Project Manager of Ygi, Mr. Isaac Yong, Innovation Manager of Ygi, Mr. Lan Weng Keong, Director of Soft Rock Technologies Sdn. Bhd., and Puan Kasturi Devi Appanna, Assistant Manager from Malaysia Productivity Corporation (“MPC”).



Ygi conducted the second webinar topic on **“Navigate Your Smart Warehouse Industry 4.0”** on 11 May 2020.

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT** (cont'd)

**Topic:** CTP 同学会/VISTAGE 私董会专家分享

**Time:** May 22, 2020 02:00 PM Kuala Lumpur

**专家分享会流程：**

1350：上网登录 Zoom Meeting

1400:. Ygl 企业视频介绍

1430:. Ygl 总裁 KC Yeap 分享：  
疫情加速数码转型与  
Ygl 实例经验。

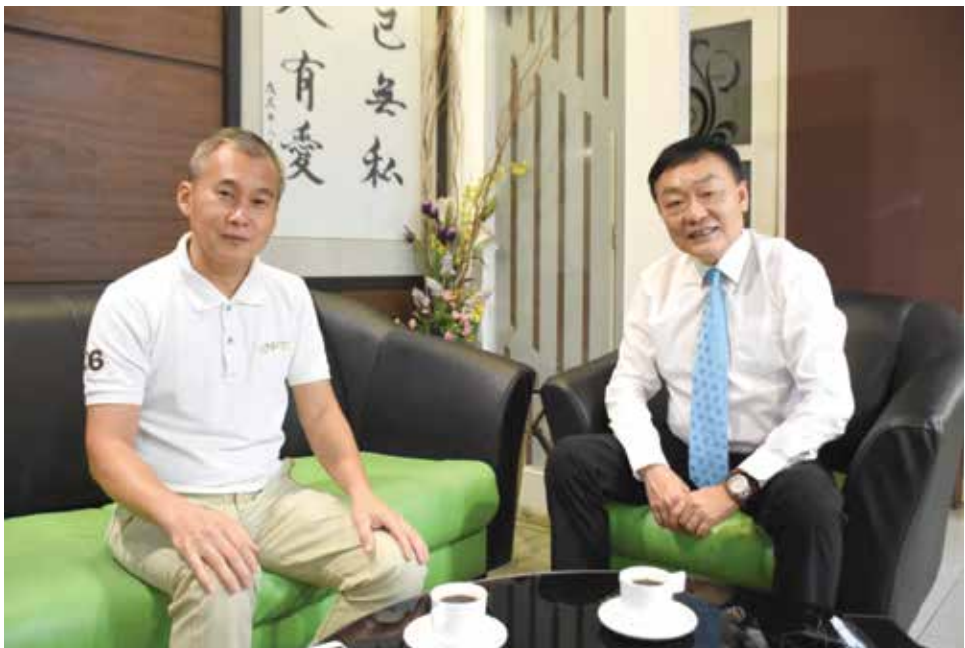
1530:. 问与答

1545:. 回馈与总结

1600：散会

*On 22 May 2020, Mr. Yeap was invited to share the importance of 'Digital Transformation Post COVID-19'.*

## **Interviewing Poo Trading Import & Export Sdn Bhd's Managing Director, Mr. Choong Poh Poo**



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

### Ygl Leading Food Manufacturing ERP Systems Help Poo Trading Company By

- Streamlining Business Operations
- Accelerating Product Development
- Controlling Inventory Levels
- Scaling Up Production
- Ensuring Quality Standards
- Complying With Industry Regulations
- Improving Real Time, Accurate Reporting
- Growing Your Business

Ygl Beyond ERP software system is designed to address the unique needs of food manufacturers, including recipe and ingredient management, lot and batch traceability, compliance documentation, inventory aging, logistics, production and seasonal demand planning. Moreover, Beyond ERP system is designed to integrate with Mobile Platform for business dashboard and transaction approval.

### Ygl is Technology Partner of Huawei Asia Pacific



*Ygl Group CEO, Mr. Yeap, COO George Lim, and Ygl iBay CEO Mr. Eng met up with Huawei CTO Paul Scanlan at Huawei Malaysia office.*

Malaysia Digital Economy Corporation (MDEC) and Huawei Technologies (Malaysia) Sdn. Bhd. (Huawei) recently signed a Memorandum of Understanding (MoU) to spearhead the initiative to establish Malaysia's position as the heart of Digital ASEAN. This collaboration will kick start with a whitepaper development conducted by both parties to identify and develop key elements in realizing Malaysia's aspiration to be the region's digital hub.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)



*Mr. Paul presented Huawei profile and technology to Ygl.*

### **MPC: e-Shared Prosperity Organisation (eSPO)**

The Ministry of International Trade and Industry (“MITI”) launched the online e-Shared Prosperity Organisation (“eSPO”) Acknowledgement Certificate to recognise organisations that have successfully implemented Productivity-Linked Wage System (“PLWS”) which is based on gain-sharing approach. Ygl has been acknowledged by both MITI and the Ministry of Human Resources (“MOHR”) as shared prosperity organisations.

eSPO is an online system that issues an electronic acknowledgement certificate to the organisation that successfully implements PLWS. PLWS is a flexible wage system in which incentives are distributed in accordance to the performance or productivity of employees and employers respectively. The elements in PLWS and eSPO Acknowledgement Certificates reinforces the pillars, as aspired in Shared Prosperity Vision 2030 (SPV2030), towards strengthening the labour market, increasing compensation of employees, and ensuring equal wealth distribution across race, classes, and districts. It is an effective gain-sharing method to create a dynamic shared prosperity towards organisation competitiveness. eSPO is recognised by MITI, MOHR and MPC.

Objective of eSPO:

- o Acknowledge organisations which practice mutual wealth creation and wealth sharing between employers and employees.
- o Recognise organisations who implement the PLWS.
- o Increase the outreach through active participation.

## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)



## WORKPLACE

### Adoption of Digital Workplace

The COVID-19 pandemic suddenly derailed many businesses' carefully laid plans. Amid a scramble to maintain business continuity and shift to remote work, long-term digital strategy took on immediate urgency as the pace of change accelerated across all industries. While technology can provide tools to enable success, businesses rely on experienced, qualified employees to wield those tools. This is the reason of creating the digital workplace of tomorrow requires a workforce with the skills necessary to support ongoing digital transformation.

Ygl is undergoing digital transformation by moving its sales to Customer Relationship Management ("CRM") tools. It helps Ygl businesses track and manage our opportunity and record planning of our account manager and interactions between businesses. Time Tracking System for all the project team to ensure budget and cost is meet accordingly including billing to customer. R&D process install at the Knowledge Based software and Ygl Ticketing System help desk ticketing system (support ticket system) to collects and tracks all customer support interactions from various channels including new request of enhancement.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

### Marketing evolution

Ygl has moved traditional marketing to digital marketing. This is because consumers are increasingly present on online channels. By employing digital marketing initiatives, Ygl can create a more cohesive, customer-centric customer journey that meets our target audience. It also opens up the door to ongoing engagement even after a purchase, which can help marketing teams to more effectively foster brand loyalty and to improve customer retention.

In short, a digital marketing asset is any tool that is used online. The following are a few of the more common examples:-

- Social Media Profiles
- Website
- Images and Video Content
- Blog Posts and eBooks
- Reviews and Customer Testimonials
- Branded Logos, Images, or Icons

### 3<sup>rd</sup> November 2020 - 1013 campaign

Vegetarian Safe Environment & 1013 Initiatives – Dr Lee Ching Hoe

The population is set to rise to over 9 billion by 2050, we are consuming the planet's natural resources faster than the Earth can replenish them. By 2050, we will need the equivalent of three planets resources to meet our current needs.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)



*Ygi supports the program and encourages staff to take vegetarian food every Monday.*

## ENVIRONMENT

The rapid development of information technology requires that companies make adjustments to keep their ERP system upgraded to the latest technological advancement in manufacturing processes. Most companies make every effort to improve productivity, innovation, efficiency, speed, and service, in an effort to stay ahead and survive in the market. In addition to productivity and efficiency, companies also need to understand and know what customers require. Supply Chain Management is an approach to achieving a more efficient integration of related organisations within a supply chain: suppliers, manufacturers, distributors, retailers, and customers. The adoption of supply chain management enables a company to integrate material and service procurement activities, to convert into semi-finished goods and end products, and to deliver to customers.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report which provides insights into the manner in which the ARMC discharged its functions for the Group for the financial year ended 31 March 2021 (“FYE2021”).

### INTRODUCTION

The ARMC was established by the Board of the Company on 1 June 2005 to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries, monitoring the management of risk and system of internal control, external and internal audit process, compliance with legal and regulatory matters and such other matters that may be specifically delegated to the ARMC by the Board.

### MEMBERS

The present composition of the ARMC comprises of four (4) members of the Board, majority of whom are Independent Non-Executive Directors, as follows:-

- |                 |   |   |
|-----------------|---|---|
| <b>Chairman</b> | - | Dr. Ch’ng Huck Khoon<br>(Independent Non-Executive Director)  |
| <b>Members</b>  | - | <ul style="list-style-type: none"> <li>i) Wong Khai Meng<br/>(Independent Non-Executive Director)<br/><i>(Appointed on 12 May 2020)</i></li> <li>ii) Dato’ Lee Wai Mun, <i>D.I.M.P., J.P.</i><br/>(Non-Independent Non-Executive Director)</li> <li>iii) Muhamed Ali Bin Hajah Mydin<br/>(Independent Non-Executive Director)<br/><i>(Appointed on 12 July 2021)</i></li> </ul> |

The above composition of ARMC fulfilled the requirements of Rule 15.09 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

Mr. Wong Khai Meng is a member of the Malaysian Institute of Accountants (“MIA”). As such, the composition of ARMC meets the requirements of Rule 15.09(1)(c) of the Listing Requirements, which stipulates that at least one member of the ARMC must be a member of MIA.

The Nominating Committee (“NC”) had on 11 June 2021 reviewed the terms of office of the ARMC and assessed their performance for FYE2021. The NC was satisfied that the ARMC and its members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC in supporting the Board to ensure that Ygl Group upholds appropriate corporate governance standards.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### AUTHORITY AND DUTIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is governed by its Terms of Reference, which is available on the Company's website at [www.yglworld.com](http://www.yglworld.com).

### MEETINGS

The ARMC has held six (6) ARMC meetings during the FYE2021 with full attendance. The details of attendance of the ARMC members are as follows:-

Directors	Attended	%
Dr. Ch'ng Huck Khoon	6/6	100
Dato' Lee Wai Mun, <i>D.I.M.P., I.P.</i>	6/6	100
Wong Khai Meng	6/6	100
Muhamed Ali Bin Hajah Mydin	N/A	N/A

The ARMC met quarterly and as when required. The dates of the quarterly meetings were preset prior to FYE2021. The meetings were of adequate length to allow the ARMC to accomplish its agenda with sufficient time to discuss emerging issues.

For all meetings, the notice and agenda together with the papers and relevant reports were distributed to members prior to each meeting to enable members to prepare for the meeting. The Company Secretaries are also the Secretaries of the ARMC. Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting.

The Chairman of ARMC verbally briefed the Board on the proceedings of the ARMC meetings at the Board meetings held subsequently to the ARMC meetings.

The Chief Executive Officer and Executive Director were invited to attend the ARMC meetings. The external auditors were also invited to attend ARMC meetings to present their plan, audit findings and to assist the ARMC in its review of the year-end financial statements. The representatives of the internal auditors were invited to the ARMC meetings to table the Internal Audit ("IA") reports covered under the approved IA plan for FYE2021.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The ARMC carried out the following activities during the FYE2021:-

#### 1. Financial Reporting

- Reviewed the quarterly unaudited consolidated financial results which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Appendix 9B of the Listing Requirement at its meeting held on 21 May 2020, 18 June 2020, 6 July 2020, 24 August 2020, 27 November 2020, and 22 February 2021 before recommending the same to the Board for consideration and approval.
- Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 March 2020 and provide a true and fair view of the financial position of the Group, prior to submission to the Board of Directors for consideration and approval.
- Reviewed and deliberated on the audit issues raised by the external auditors and the action plans required to address those issues.

#### 2. External Audit

- Reviewed and discussed with the external auditors of their audit planning memorandum, audit approach and reporting requirements for FYE2021 prior to the commencement of audit work.
- Reviewed and discussed the observations, recommendations and the Management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls.
- Met with the external auditors without the presence of the Management on 18 June 2020 and 22 February 2021 to discuss issues of concern to the external auditors arising from the annual statutory audit.
- Evaluated the external auditors' performance for the financial year under review, covering areas such as calibre, quality processes, audit team experience, audit scope, audit governance and independence, and external auditors' audit fees. The Group's external auditors also confirmed their independence. The ARMC, having been satisfied with the independence, stability, and performance of the external auditors, made recommendations to the Board for approval on the external auditors' re-appointment.

#### 3. Internal Audit

- Reviewed and approved the internal audit ("IA") plan for the FYE2021 to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas.
- Reviewed the IA reports prepared by the internal auditors on the strengths and weaknesses of the internal controls in the Group and the Company and followed up on the improvements recommended by the internal auditors. During the ARMC meeting, discussed significant reported matters with the Management together with the internal auditors to reaffirm a common understanding of the issues and Management's commitment to improve.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### 3. Internal Audit (cont'd)

- Met with the internal auditors without the presence of the Management on 27 November 2020 to ensure there were no restriction on internal auditors' scope of work and to discuss any other matters that internal auditors wish to escalate to the ARMC.

### 4. Risk Review

- Reviewed and recommended to the Board for approval, the steps to improve the Group's and the Company's internal control systems derived from the findings of the internal and external auditors.

### 5. Related Party Transactions

- Reviewed the related party transactions of a recurring nature, if any which was reported quarterly and to ensure that the related party transactions were carried out on normal commercial terms and not prejudicial to the interests of the Group or its minority shareholders.

### 6. Internal Control and Corporate Governance Matters

- Reviewed the adequacy and effectiveness of risk management and internal control system instituted within the Group.
- Reviewed and confirmed the minutes of the ARMC meetings.
- Reviewed the ARMC report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

## INTERNAL AUDIT FUNCTION

The Group has outsourced it's IA function to Messrs. Tan & Loh. The IA function is independent of the auditable areas in the organisation and reports to the ARMC. The responsibilities include reviewing the adequacy of the internal controls system and evaluating the various financial and operational risks faced by the organisation.

During the FYE2021, due to the consequence of Movement Control Order placed by the government, the internal auditors had combined two (2) cycles of internal audit into one (1) IA review relating to the implementation of internal controls by the Group and the Company and provide reasonable assurance that the operations of the business were carried out under adequate internal controls and compliance with Group's policies and operational procedures. The internal control weaknesses identified were reported to the ARMC and the Management was required to undertake adequate measures to address the operational weaknesses.



## **AUDIT AND RISK MANAGEMENT COMMITTEE REPORT** (cont'd)

### **INTERNAL AUDIT FUNCTION** (cont'd)

The activities carried out by the IA team for FYE2021 included the following:-

1. Risk management review;
2. Reviewed the adequacy of accounting and financial controls;
3. Reviewed the application of operational procedures;
4. Reviewed compliance with established company policies;
5. Ascertained the extent of compliance with operational procedures; and
6. Recommended improvements to the existing internal control procedures.

The total cost incurred by the Group for the IA function in respect of the FYE2021 amounted to approximately RM10,812.

This Statement is made in accordance with the resolution of the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Ygl Convergence Berhad (the “Company”) is pleased to present this Corporate Governance Overview Statement (the “Statement”) to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company under the stewardship of the Board during the financial year ended 31 March 2021 (“FYE2021”) to be in line with the Company’s Constitution, Malaysian Code on Corporate Governance 2017 (“MCCG”), where possible, and the applicable laws to be a dynamic framework within which the Company would conduct its business.

This Statement is to be read in conjunction with the CG Report for the FYE2021. The CG Report details the application of each Practice as set out in the MCCG, which is published on the Company’s website at [www.yglworld.com](http://www.yglworld.com).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

The Board is always aware of its responsibilities to the Company in charting future corporate direction, creating long-term value, achieving sustainable growth, discharging its social responsibilities, safeguarding the interests of its shareholders and stakeholders in addition to optimising the Group’s resources.

Besides determining the strategic objectives and policies of the Company to deliver long-term value and sustainable success, the Board leads the Group and plays a vital overseeing and monitoring role over the activities and performance of the Management in promoting long-term growth and achieving short-term corporate objectives.

The position of the Chairman has been vacant as the Board is still looking for a high caliber character to assume the oversight role. The Board deals with the Chief Executive Officer (“CEO”) whose focus is on day-to-day operation of the business. Corporate decisions are made collectively by the Board.

The Board should model the way of high CG practices by focusing on strategy, governance and compliance. During the FYE2021, the Independent and Non-Independent Non-Executive Directors (“NEDs”) had always been informed of the progress and status of the Company. The NEDs could have their own sessions to discuss with the Company Secretaries, internal and external auditors or any relevant persons and to form their opinion to present to the Board on the whole. Their input on any matters was taken seriously by the Board who would commission any actions to address any issues raised.

There is clear division of responsibilities between the Executive Directors and NEDs of the Board. The Executive Directors are responsible for the implementation of the Board’s decisions and policies, overseeing of day-to-day management and coordination of business and strategic decisions. The NEDs play a significant role in bringing objectivity and scrutiny to the Board’s deliberations and decision making.

The Executive Directors, Mr. Yeap Kong Chean and Madam Tan Hoay Leng, whom primarily are responsible for the implementation of the Board’s policies and decision and keep the Board informed of the overall operations of the Group. The presence of the NEDs, are of sufficient caliber and experience to bring objectivity, balance and independent judgments to the Board’s decision.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Board Responsibilities (cont'd)

In addition to statutory and fiduciary duties, the Board leads in decision making and retains ultimate control in determining of the Group's strategies and policies over business directions and development.

The principal focus of the Board includes the following:

- steering business directions;
- reviewing and adopting strategic plans for the Group;
- overseeing the Group's business operations and financial performance;
- approval of annual and quarterly results, budgets and long-term business plans;
- identifying major risks and the implementation of appropriate risk management and mitigation measures;
- reviewing the adequacy and integrity of the Group's internal control system;
- reviewing action plans implemented by the Management to achieve targets; and
- ensuring compliance with applicable laws, rules and regulations.

There were six (6) Board of Directors Meeting held during FYE2021 with full attendance.

#### Directors' Training

The Directors are mindful that they should receive appropriate continuous training to further enhance their skills and knowledge.

The training programmes, conferences and forums attended by the existing Directors during the financial year under review to broaden their perspectives and to keep abreast with the changes on the guidelines issued by the relevant authorities as well as the latest developments in the market place, were as follows:-

#### Yeap Kong Chean

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
National Tax Conference 2020	Seminar	20 hours
2021 Budget Seminar	Seminar	7 hours

#### Tan Hoay Leng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
National Tax Conference 2020	Seminar	20 hours
Technical Update on IFRS (MFRS) 2020	Seminar	8 hours
2021 HR Seminar	Seminar	16 hours

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Board Responsibilities (cont'd)

##### Directors' Training (cont'd)

##### Dr. Ch'ng Huck Khoon

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Coronavirus – Challenges & Opportunities	Briefing	3 hours
Volatility Based Quantitative Analysis and Machine Learning Models	Webinar	3 hours
Evolution of Algorithmic Trading: Automation of Trading System via Local Brokerages	Webinar	3 hours

##### Dato' Lee Wai Mun, D.I.M.P., J.P.

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Executive Master in Project Management	Online class	144 hours

##### Wong Khai Meng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
MIA Public Practice Programme 2020	Webinar	12 hours
SMP Forum 2020	Webinar	8 hours

#### Board Charter

The Board has adopted a charter to provide the terms of reference for its members in relation to their roles and responsibilities, division of responsibilities among the Board as a whole, the individual Executive and Independent and Non-Independent NEDs. The Board Charter is subject to review periodically so as to ensure alignment of the Board's strategic commitment with the relevant principles of CG. The Board Charter is available on the Company's website at [www.yglworld.com](http://www.yglworld.com).

#### Code of Conduct and Ethics

The Code of Conduct and Ethics for Directors defines the mindset and behaviour which are desirable of Directors to ensure that good standard of behaviour throughout the Company and prevention of misconduct and unethical conduct.

The details of the Code of Conduct and Ethics are available for reference on the Company's website at [www.yglworld.com](http://www.yglworld.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Board Responsibilities (cont'd)

##### Whistleblower Policy

The Whistleblower Policy provides guidelines on procedures and protection for its Directors and employees in the event of reporting any wrongdoing within the Group as well as protect the interests of the Group.

The details of the Whistleblower Policy are available for reference on the Company's website at [www.yglworld.com](http://www.yglworld.com).

##### Anti-Bribery and Corruption Policy

The Company has put in place the Anti-Bribery and Corruption Policy in compliance with the requirement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which stipulates the guidelines and procedures for all Directors and employees to prevent bribery and corrupt acts as well as safeguard the integrity of the Group.

The details of the Anti-Bribery and Corruption Policy are available for reference on the Company's website at [www.yglworld.com](http://www.yglworld.com).

##### The Company Secretaries

The Board is supported by two (2) suitably qualified and experienced Company Secretaries in discharging its duties and responsibilities.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-

- Statutory duties as required under the Companies Act 2016 ("CA 2016"), ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), Capital Market and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committees' meetings, respectively;
- Facilitating and attending the General Meeting(s);
- Ensuring that Board Meetings and Board Committees' meetings respectively are properly convened and the proceedings are properly recorded;
- Ensuring timely communication of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations of applicable jurisdictions;
- Facilitating the provision of information as may be requested by the Directors from time to time in a timely manner and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committees' notation;
- Assisting the Company on the lodgements of documents with relevant statutory and regulatory bodies;
- Assisting the Board with the preparation of announcements for release to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission Malaysia; and
- Rendering advice and support to the Board and Management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Board Responsibilities (cont'd)

##### The Company Secretaries (cont'd)

The Board is updated and kept informed by the Company Secretaries of requirements such as restriction in dealing with the securities of the Company during closed periods and updates on the latest developments in legislations and regulatory framework affecting the Group. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in furtherance of their duties.

##### Access to information, advice and meeting materials

The Board is provided with notice of meetings that set out the agenda, which include relevant Board papers prior to board meetings to give them sufficient information and time to deliberate on issues to be raised at meetings.

The proceedings at all Board meetings are duly minuted. The Minutes of these proceedings are kept at the registered office of the Company.

All Directors have direct access to the advice and services of the Company Secretaries and Senior Management in carrying out their duties. The Directors may obtain independent professional advice in the event such services are required.

The Board has unrestricted access to any information from all staff pertaining to the Group's affairs. In addition, the Board may obtain external professional advice for independent opinions as and when the circumstances required, at the Company's expense.

At the meetings, the Board reviewed the Group's financial performance, business operations, report of the committees and relevant matters.

In the event any Director is unable to physically attend the board meetings, the Company's Constitution allows for such meeting to be conducted via video conference, telephone or any other form of electronic communication.

#### II. Board Composition

Currently, the Board consists of six (6) Directors, comprising two (2) Executive Directors, three (3) Independent NEDs and one (1) Non-Independent NED. A brief profile of each Director is set out in this Annual Report.

Even though collectively the composition equipped the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience, it was not a truly diverse Board in terms of age, ethnicity, thoughts and perspective.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### II. Board Composition

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and to nurture diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

In identifying suitable candidates for appointment to the Board, the Nominating Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As the Company operates in the highly evolving information technology sector, the thoughts and perspective of a younger generation may provide the Company with a boost of new concepts and approach. The woman representation on the Board is 20% with one woman Executive Director.

Based on the review of the Board composition in 2021, the Board is of the view that the current Board size is appropriate and facilitate effective decision-making, taking into consideration of the scope and nature of the Group's operation.

In discharging its fiduciary duties, the Board has delegated specific responsibilities to the following three (3) Board Committees, which operate within the approved Terms of Reference ("TOR"). Notwithstanding the above, all Board Committees do not have executive powers but only the power to make recommendations to the Board. The ultimate responsibility for the final decision lies with the entire Board. These committees are:

- Nominating Committee ("NC");
- Remuneration Committee ("RC");
- Audit and Risk Management Committee ("ARMC").

The NC currently comprises majority of Independent NEDs as follows:-

#### Chairman

Mr. Wong Khai Meng (Independent NED)  
(Appointed as Chairman of NC on 12 May 2020)

#### Committee Members

Dr. Ch'ng Huck Khoon (Independent NED)  
Dato' Lee Wai Mun *D.I.M.P., J.P.* (Non-Independent NED)  
En. Muhamed Ali Bin Hajah Mydin (Independent NED)  
(Appointed on 12 July 2021)

The NC has adopted a formal set of TOR approved by the Board. The TOR of the NC can be found on the Company's website at [www.yglworld.com](http://www.yglworld.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### II. Board Composition (cont'd)

A summary of key activities undertaken by the NC during FYE2021 are as follows:-

- Assessed and recommended for the re-election of the retiring Directors at the Annual General Meeting ("AGM");
- Reviewed the independence of the Independent Directors of the Company;
- Reviewed the effectiveness of the Board as a whole having regard to the mix of skills, character, experience, integrity, competence and time commitment rendered;
- Reviewed the term of office and performance of ARMC; and
- Reviewed and recommended to the Board, the appointment of Mr. Wong Khai Meng as an Independent NED of the Company.

In accordance with the Clause 76 of the Company's Constitution, an election of Directors shall take place each year. At each AGM, one-third (1/3) of the Board of Directors for the time being or the number nearest to one-third (1/3) shall retire from office by rotation, so that all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. Clause 78 of the Company's Constitution provides that any Director appointed during the year to fill a casual vacancy shall hold office until the next AGM and shall be eligible for re-election.

The retiring Directors at the forthcoming AGM pursuant to Clause 76(3) of the Constitution are Mr. Yeap Kong Chean and Dato' Lee Wai Mun. Both of them have consented to continue in office and accordingly will be offering themselves for re-election at the forthcoming AGM. After assessing the contributions of Mr. Yeap Kong Chean and Dato' Lee Wai Mun in terms of guidance and time devoted to the Board affairs and in virtue of their skills and experience respectively, the NC has recommended the re-election of Mr. Yeap Kong Chean and Dato' Lee Wai Mun at the forthcoming AGM.

En. Muhamed Ali Bin Hajah Mydin whose appointment effective on 12 July 2021 shall hold office until 17<sup>th</sup> AGM, has consented to continue in office and accordingly will be offering himself for re-election at the forthcoming AGM.

The Board is responsible for the appointment of new Directors, the NC is delegated with the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. NC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.

In recommending suitable candidates for directorships and Board Committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### II. Board Composition (cont'd)

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits. Mr. Wong Khai Meng and En. Muhamed Ali Bin Hajah Mydin were the proposed candidates nominated by the CEO which have been submitted to the NC for review. The NC reviewed Mr. Wong Khai Meng's and En. Muhamed Ali Bin Hajah Mydin's profile, curriculum vitae, academic qualifications and considered their skills, experiences and competencies for the appointment as an Independent NED of the Company. The Board after taking into consideration of the NC's recommendations, endorsed and approved the appointment of Mr. Wong Khai Meng and En. Muhamed Ali Bin Hajah Mydin as Independent NEDs of the Company with effect from 12 May 2020 and 12 July 2021 respectively.

The process of assessing the Directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual Director. The criteria used, amongst others, for the annual assessment of individual Director includes the assessment of their roles, duties, responsibilities, competency, expertise and contribution. Whereas, the criteria for the assessment of the performance of the Board and Board Committees covers composition, processes, accountability, responsibilities as well as the fulfilment of duties. Results from the annual assessment on the effectiveness of the Board indicated that the Board has effectively carried out their duties and responsibilities.

The TOR of the NC is published on the Company's website at [www.yglworld.com](http://www.yglworld.com).

#### III. Remuneration

Human capital is the mainstay of an organisation where remuneration package plays a crucial part in attracting, retaining and motivating individuals to drive and sustain the business. The Board has in place a Remuneration Policy which is applicable to all employees including the Executive Directors and Independent NEDs. The philosophy and principles underpinning the Remuneration Policy are designed to maintain competitiveness for short-term business objectives and drive individual growth in line with the long-term goals of the Group.

The RC is in charge of the implementation of policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board pursuant to the recommendations of the MCCG.

The RC comprises of the following members and majority of whom are Independent NEDs:

##### Chairman

Dato' Lee Wai Mun *D.I.M.P., J.P.* (Non-Independent NED)

*(Re-designated as Chairman of RC on 12 May 2020)*

##### Committee Members

Dr. Ch'ng Huck Khoon (Independent NED)

Mr. Wong Khai Meng (Independent NED) *(Appointed on 12 May 2020)*

En. Muhamed Ali Bin Hajah Mydin (Independent NED) *(Appointed on 12 July 2021)*

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### III. Remuneration (cont'd)

For the FYE2021, the RC had carried out the annual review of the overall remuneration for Executive Directors and key senior management personnel. In addition, the RC had also deliberated on the Directors' fees for FYE2021 which is subject to the shareholders' approval at the forthcoming AGM. Further to the deliberations, the RC had reported to the Board its recommendation and findings.

The summary of the Directors' remuneration in the Company and its subsidiaries for the FYE2021 are as follows:-

Directors	Company			Group			
	Salary RM	Bonus RM	Fee RM	Salary RM	Bonus RM	Fee RM	EPF RM
<b>Executive</b>							
Yeap Kong Chean	-	-	-	192,000	4,000	-	23,040
Tan Hoay Leng	-	-	20,000	84,000	1,750	-	10,080
<b>Non-Executive</b>							
Ch'ng Huck Khoon	-	-	20,000	-	-	-	-
Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	-	-	20,000	-	-	-	-
Wong Khai Meng	-	-	20,000	-	-	-	-
<b>Total</b>	-	-	80,000	276,000	5,750	-	33,120

We have five (5) Senior Management whose remuneration falls within the following bands as below:

Range of Remuneration	Name of Senior Management
Below RM50,000	-
RM50,001 – RM100,000	Ho Soo Wee
RM100,001 – RM150,000	Yeap Kah Phaik Ong Chee Keong
RM150,001 – RM200,000	Yong Cheng Yew
RM200,001 – RM250,000	Lee Ming Chieh

The remuneration value above is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, benefits-in-kind and other emoluments.

Pursuant to Section 230 of CA 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by a general meeting.

In determining the estimated total amount of remuneration for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board committees as well as the time spent by the said NEDs involved in these meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### III. Remuneration (cont'd)

The relevant resolutions in relation to the Directors' fees and benefit payable to the Directors are to be presented to the shareholders for approval at the forthcoming 17<sup>th</sup> AGM of the Company.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit and Risk Management Committee and External Auditors

The ARMC comprises four (4) NEDs, of whom three (3) are Independent Directors.

This is in compliance with Rule 15.09(1)(b) of the Listing Requirements, which stipulates that "all the audit committee members must be non-executive directors, with a majority of them being independent directors".

The Company complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

The ARMC is chaired by an Independent and NED, Dr. Ch'ng Huck Khoon, who is not the Chairman of the Board.

Practice 8.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. The TOR of the ARMC has been updated accordingly in order for the ARMC to formalise such policy. However, none of the ARMC members were former key audit partners of the Company.

One (1) of the ARMC members are the members of the Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Rule 15.09(1)(c)(i) of the Listing Requirements which requires at least one (1) of the Audit Committee members to be a member of the MIA.

The NC reviews the composition of ARMC annually and recommends to the Board for its approval. All members of the ARMC are financially literate or possess relevant business experience.

#### Suitability, objectivity and independence of the external auditors

The ARMC annually evaluates the suitability, objectivity and independence of the external auditors based on the guidelines of the external auditors performance and independence checklist. The ARMC holds two (2) private dialogues with the external auditors in FYE2021 without the presence of the Management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Audit and Risk Management Committee and External Auditors (cont'd)

##### Suitability, objectivity and independence of the external auditors (cont'd)

The external auditors have continued to report to the members of the ARMC on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The ARMC has obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC reviews and recommends the re-appointment of the external auditors. The re-appointment of the external auditors is subject to the approval of the shareholders at the AGM. The external auditors shall report to the ARMC on all matters relating to the financial audit of the Group. They are also invited to attend the ARMC Meetings as and when necessary.

#### II. Risk Management and Internal Control Framework

The ARMC of the Company is entrusted with the responsibility of assessing and monitoring the robustness of the risk management controls and measures taken.

The ARMC is also responsible for evaluating the adequacy and effectiveness of internal controls put in place in the Company. Evaluation is based on the yearly presentation of internal audit findings and internal audit function questionnaire.

The standards and practices adopted by internal auditors are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 March 2021, the total number of personnel in internal audit firm was 25. The name and qualification of the person responsible for internal audit of the Group are as follows:-

1. Tan Yen Wooi, Managing Partner in Messrs. Tan & Loh. Obtained a Master of Science in Professional Accountancy from University of London in 2017. He is a member of the Malaysia Institute of Accountants, Malaysia Institute of Taxation and Institute of Internal Auditors Malaysia.
2. Sugantharan, person-in-charge. Graduated with a Bachelor of Accounting from Anglia Ruskin University, United Kingdom in 2016.

None of the internal audit personnel have any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.

The ARMC had on 11 June 2021 conducted a review and assessment on the adequacy and independence of the Company's internal audit function for FYE2021 in compliance with Rule 15.12 (1)(f) of the Listing Requirements.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### I. Communication with Stakeholders

The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavours to ensure that annual reports, quarterly results, press release and announcements are released on timely basis as a means of disseminating information of the Group's business activities and financial performance.

The Company ensures that it maintains a transparent communication channel with the shareholders and stakeholders of the Company. Disclosures are timely, relevant and accurately published in Ygl's website.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group.

There was no other investor relation function held in FYE2021 except for the 16<sup>th</sup> AGM held on 24 August 2020. At the 16<sup>th</sup> AGM, all the Directors and external auditors were present to answer any relevant questions that were posed by the shareholders.

#### II. Conduct of General Meetings

In compliance with Practice 12.1 of the MCCG, shareholders will receive annual report and notice of AGM, which are to be issued at least twenty-eight (28) days before the date of AGM.

In line with good CG practice, the notice of the 16<sup>th</sup> AGM was issued more than twenty-eight (28) days prior to before the AGM date to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 16<sup>th</sup> AGM. The notice of 16<sup>th</sup> AGM provides further explanation beyond the minimum content stipulated in the Listing Requirements for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

The notice of 16<sup>th</sup> AGM was also published in the nationally circulated daily newspaper within the mandatory period and the Company's announcements via Bursa Securities' as well as the Company's website.

All voting was conducted by way of poll and an independent scrutineer was appointed to validate the votes casted and results of each resolution put to vote are announced at the Meeting. An announcement detailing the results, including the total number of votes cast for and against each resolution and the respective percentages was announced via Bursa Securities' website after the conclusion of the general meeting.

AGM serves as a principal forum for the Company to communicate with the shareholders. During the meeting, shareholders and proxy holders were given ample time to raise their questions. The external auditors and corporate advisers were also present to provide clarification when necessary.

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (cont'd)

### **STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF MCCG**

Save for the exception set out above, the Board is of the opinion that the Company has generally adhered to the practice set out in MCCG during the FYE2021. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with a resolution of the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Board of Directors (“the Board”) is committed to the Malaysian Code on Corporate Governance 2017 (“MCCG”) which requires the Board to maintain and ensure that a sound system of internal control exists and operates effectively within the Group of companies and is pleased to provide this Statement on Risk Management and Internal Control (“Statement”) outlining the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2021 pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

The Statement was prepared in accordance with the “Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers” issued by Bursa Malaysia Securities Berhad.

### BOARD RESPONSIBILITY

The Board acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective and appropriate system of internal control and risk management practices to enhance good corporate governance.

In this respect, the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group’s systems of risk management and internal control.

The system of risk management and internal control covers inter alia, governance, risk management, financial organisation, operational and compliance control. However, the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve business objectives. Accordingly, these systems can only provide reasonable, but not absolute assurance against material misstatement by Management and financial information and, records or against financial losses or fraud.

The Board is of the view that the system of internal controls in place for the financial year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets. The Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Group’s system of internal control applies to Ygl Convergence Berhad and its subsidiaries. The associate has been excluded because the Group does not have full management and control over it. However, the Group’s interest is served through representation on the board of the associate.

### RISKS MANAGEMENT FRAMEWORK

The Board considers risk assessment and control to be fundamental to the Group in achieving its corporate objectives within reasonable risk profile. It has established an ongoing process to identify, evaluate and manage the significant risks to which the Group is exposed by establishing a risk management framework for the Group. The Board recognises the importance of continuous review and improvement to its risk management process to keep abreast with the industry requirements and adapt to changes in its business environment.

The Whistleblower Policy and Anti-Bribery and Corruption Policy are published on the Company’s website [www.yglworld.com](http://www.yglworld.com).

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### INTERNAL CONTROL

The Group has a well-defined organisational structure with clear lines of accountability and documented delegation of authority that sets out the decisions that need to be taken and the appropriate authority levels for major capital expenditure projects, acquisitions and disposals of businesses and other significant transactions that require the Board's approval as follows:-

- Dissemination of comprehensive financial reports to the Board and Audit and Risk Management Committee ("ARMC") on a quarterly basis for review to formulate action plans to address any areas of concern;
- Involvement of the Executive Directors in the weekly operational meetings attended by respective senior management to highlight significant matters arising on a timely basis;
- Maintain a demanding recruitment standards and employee competency programmes to ensure competent personnel are employed for the operating units to function efficiently;
- Adopting the Capability Maturity Model Integration (CMMI) quality assurance processes to appraise the development of software development and implementation;
- Constant monitoring of work performance by an effective reporting system; and
- Maintain strong internal information and data integrity in compliance with the Personal Data Protection Act, 2010.

### AUDIT AND RISK MANAGEMENT COMMITTEE & INTERNAL AUDIT

The internal audit function has been outsourced to an independent professional firm, namely, Messrs. Tan & Loh to carry out the internal audit work on a regular basis throughout the year.

The findings and recommendations by the internal auditors are reported directly to the ARMC. This is to provide the ARMC with assurance in respect of continuity, adequacy and integrity of the system of internal controls within the Group.

During the financial year under review, due to the consequence of Movement Control Order placed by the government, the internal auditors had combined two cycles of internal audit into one (1) internal audit review which cover the internal audit plan approved by the ARMC. The internal auditors deliberated the internal audit findings and proposals for actions in consultation with the ARMC, and the Management took appropriate actions to address and monitor the areas of weaknesses.

The ARMC, on behalf of the Board, reviews the internal control issues identified and recommendations in the reports prepared by the internal auditor on regular basis. None of these weaknesses identified had resulted in any material loss that would require disclosure in the Company's Annual Report.

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL** (cont'd)

### **CONCLUSION**

The Board has received assurance from the Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board is of the opinion that the monitoring, review and reporting arrangements provide reasonable assurance that the internal control measures in place is effective. Pursuant to Rule 15.23 of the Listing Requirements, the external auditors has reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This Statement is made in accordance with a resolution of the Board.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

In accordance with the Companies Act 2016, the Board of the Directors ("the Board") is required to prepare financial statements for each financial year which 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 results and cash flows for the financial year then ended.

The Board is responsible to ensure that the Group and the Company keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement in the financial statements, the financial position and the income statement of the Group and of the Company. The Board is also responsible to ensure that the financial statements comply with the Companies Act 2016, relevant accounting standards and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 March 2021, the Board has:-

- applied the appropriate and relevant accounting policies on a consistent basis, subject to any material departures which will be disclosed and explained in the financial statements;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on the assumption that the Group and the Company will operate as a going concern.

The Board has general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

The Board has provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered to be appropriate for the purpose of enabling them to give their audit report on the financial statements.

This Statement is made in accordance with a resolution of the Board.



## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS

In March 2020, a total of 23,228,000 new ordinary shares were issued pursuant to the Private Placement exercise at an issue price of RM0.137 in accordance with the general mandate for issue of shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Private Placement") and total proceeds of RM3,182,236 had been raised from the Private Placement of the Company.

As at 12 July 2021, the status of the utilisation of the proceeds arising from the Private Placement was as follows:-

<u>Details</u>	<u>RM'000</u>
1) Listing and Placement Expenses	82
2) Business Expansion	1,000
3) R&D Expenditure	549
4) Working capital	732
5) Balance of the proceeds which has yet to be utilised	819
	<hr/>
Total proceeds arising from Private Placement	3,182
	<hr/>

### AUDIT FEES

For the financial year ended 31 March 2021, the audit fees incurred by the Company and on a Group basis amounted to RM38,000 and RM123,688 respectively.

### NON-AUDIT FEES

The non-audit fees payable to the external auditors by the Company and by the Group for the financial year ended 31 March 2021 amounted to RM4,000.

### MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Other than those disclosed in Note 24 to the audited financial statements in this Annual Report, there were no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors, chief executive who is not a director and its major shareholders either still subsisting as at 31 March 2021 or entered into since the end of the previous financial period ended 31 March 2020.

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### EMPLOYEES' SHARES OPTION SCHEME ("ESOS")

The ESOS of up to 30% of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS has been extended until 5 November 2027.

The total number of options granted to the eligible Directors and employees of the Group and outstanding options under ESOS as at 31 March 2021 are set out in the table below:-

Description	Number of Options
Granted in the previous year/At 1 April 2020	1,193,000
Granted during the financial year	-
Exercised during the financial year	-
Lapsed during the financial year	(15,000)
Outstanding options exercisable as at 31 March 2021	1,178,000

The total number of options granted to the Directors and Senior Management, and outstanding options under ESOS as at 31 March 2021 are set out in the table below:-

Description	Number of Options	
	Directors	Senior Management
Granted in the previous year/as at 1 April 2020	215,000	400,000
Granted during the financial year	-	-
Exercised during the financial year	-	-
Lapsed during the financial year	(15,000)	-
Outstanding options exercisable as at 31 March 2021	200,000	400,000

Percentage of options granted to Directors and Senior Management under the ESOS as at 31 March 2021 are as follows:-

	Percentage of Options granted to Directors and Senior Management
Aggregate maximum allocation applicable to Directors and Senior Management	50%
Actual percentage granted	14.72%

The options granted to Independent Non-Executive Directors pursuant to ESOS in respect of financial year ended 31 March 2021 are nil. This was following the resignation of Mr. Chua Kiat Eng who resigned on 14 April 2020.

Name of Director	No. of Options Granted	No. of Options Exercised
1. Chua Kiat Eng ( <i>Resigned on 14 April 2020</i> )	-	-

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

#### PRINCIPAL ACTIVITIES

The Company is principally involved in the provision of management services, investment holding and sale of computer hardware.

The principal activities and other information of its subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

#### RESULTS

	Group RM	Company RM
Profit after tax for the financial year	206,532	1,073,445
Attributable to:		
Owners of the Company	191,990	1,073,445
Non-controlling interests	14,542	-
	206,532	1,073,445

#### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors 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.

#### ISSUANCE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

**DIRECTORS' REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

**EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The Company's ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 27 May 2017. The ESOS came into effect on 6 November 2017 and will be in force for a duration of 5 years, expiring on 5 November 2022. On 31 March 2021, the Directors have extended the ESOS for a further period of 5 years from 6 November 2022 to 5 November 2027 in accordance with terms of the By-Laws.

The details of options over unissued ordinary shares granted to eligible employees and Directors of the Group during the financial year are as follows:

Grant date	Exercise price RM	Number of options over ordinary shares				At 31.3.2021
		At 1.4.2020	Granted and accepted	Exercised	Lapsed	
6 November 2017	0.1612	1,193,000	-	-	(15,000)	1,178,000

The salient features of the ESOS are disclosed in Note 14(b) to the financial statements.

Details of the options granted to Directors are disclosed in the section on Directors' interests in this report.

**DIRECTORS OF THE COMPANY**

The Directors in office since the beginning of the financial year up to the date of this report are as follows:

Yeap Kong Chean\*  
 Tan Hoay Leng\*  
 Dr. Ch'ng Huck Khoon  
 Dato' Lee Wai Mun, *D.I.M.P., J.P.*  
 Wong Khai Meng  
 Muhamed Ali Bin Hajah Mydin (appointed on 12.7.2021)

\* Also a Director of certain subsidiaries

**DIRECTORS OF SUBSIDIARIES OF THE COMPANY**

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report are as follows:

Tan Wei Keat  
 Ho Siew Bee  
 Y.T.M. Dato' Muhammed Bin Haji Abdullah  
 Lee Ming Chieh  
 Dato' Abdul Aziz Bin Ismail, *D.I.M.P., J.P.*

## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares		
	At 1.4.2020	Bought Sold	At 31.3.2021
<b>The Company</b>			
<b>Direct Interest:</b>			
Yeap Kong Chean	40,666,668	-	40,666,668
Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	9,678,600	(1,000,000)	8,678,600
<b>Indirect Interest:</b>			
Tan Hoay Leng #	40,666,668	-	40,666,668

# Deemed interested through her spouse.

	Number of options over ordinary shares		
	At 1.4.2020	Exercised Lapsed	At 31.3.2021
<b>The Company</b>			
<b>Direct Interest:</b>			
Yeap Kong Chean	120,000	-	120,000
Tan Hoay Leng	80,000	-	80,000

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

### DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Fee	80,000	-
Salary and bonus	-	281,750
Contributions to defined contribution plan	-	33,120
Benefits-in-kind	-	-
<b>Total fees and other benefits</b>	<b>80,000</b>	<b>314,870</b>

## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

### DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed 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, other than the related party transactions disclosed in the financial statements.

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

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
  - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.



## **DIRECTORS' REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

### **OTHER STATUTORY INFORMATION** (cont'd)

- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) 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 other than those disclosed in the financial statements; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Company and its subsidiaries for the current financial year are disclosed in Note 20 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

### **SIGNIFICANT EVENT**

Details of significant event during the financial year are disclosed in Note 29 to the financial statements.

### **SUBSEQUENT EVENT**

Details of subsequent event are disclosed in Note 30 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors:

**YEAP KONG CHEAN**

**TAN HOAY LENG**

Penang

Date: 25 August 2021

## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements as set out on pages 64 to 139 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors:

**YEAP KONG CHEAN**

**TAN HOAY LENG**

Penang

Date: 25 August 2021

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## STATUTORY DECLARATION

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

I, TAN HOAY LENG, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 64 to 139 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Tan Hoay Leng  
at Georgetown in the State of Penang  
on 25 August 2021

**TAN HOAY LENG**

MIA No. 12348

NRIC No. 670515-07-5398

Before me,

**Wong Yuee Harn (P189)**

Commissioner for oaths

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YGL CONVERGENCE BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Ygl Convergence Berhad, which comprise the statements of financial position as at 31 March 2021 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

#### Key Audit Matters

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

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF YGL CONVERGENCE BERHAD (cont'd)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

##### Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
<p><b>Impairment review of intangible assets</b>  <i>(Note 9 to the financial statements)</i></p> <p>As at 31 March 2021, the carrying amount of software development costs amounted to RM2,893,455, representing approximately 96% of the total intangible assets and 19% of the Group's total assets.</p> <p>We identified the valuation of software development costs as a key audit matter as the impairment assessment of the intangible assets involves significant judgement by the Group in estimating the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, pre-tax discount rates and gross profit margin, as well as considering the impact of Covid-19 pandemic.</p>	<p>Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:</p> <ul style="list-style-type: none"> <li>• Reviewing the cash flow projections covering a period of 5 years;</li> <li>• Reviewing and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as profit margin, future revenue and discount rate applied, as well as taking into consideration the impact of Covid-19 pandemic;</li> <li>• Testing the mathematical accuracy of the cash flow projections;</li> <li>• Performing sensitivity analysis on the key assumptions used in the cash flow projections; and</li> <li>• Assessing the adequacy of disclosures in the financial statements.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YGL CONVERGENCE BERHAD (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

#### Key Audit Matters (cont'd)

##### Key Audit Matters (cont'd)

##### Our audit procedures performed and responses thereon (cont'd)

#### Impairment review of the Company's investment in subsidiaries

*(Note 7 to the financial statements)*

As at 31 March 2021, the net carrying amount of the Company's investment in subsidiaries amounted to RM11,864,803, out of which, RM10.804 million was capital contribution, being advances to certain active subsidiaries that are not expected to be repaid in the foreseeable future, which in substance represents as additional investment costs.

A history of recent losses and significant accumulated losses recorded by certain subsidiaries have resulted in the existence of indications that the carrying amounts may be impaired. Accordingly, the Company estimated the recoverable amount of the investment in subsidiaries based on value-in-use ("VIU") calculations, using cash flow projections derived from the most recent financial forecast approved by Directors covering a five-year period.

We identified the impairment review of investment in subsidiaries as a key audit matter as the carrying amount of the investment in subsidiaries is significant to the Company's financial statements. In addition, there are significant judgements involved in management's impairment assessment of the said investments, in particular the recoverable amounts calculation and assumptions supporting the underlying cash flow projections of the VIU calculation, including forecast growth rates, pre-tax discount rates and gross profit margin, as well as considering the impact of Covid-19 pandemic.

We have performed the following audit procedures to evaluate management's assumptions used in the VIU calculation:

- Understanding the management's process for identifying the existence of impairment indicators on the cost of investments;
- Reviewing the cash flow projections covering a period of 5 years;
- Reviewing and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as profit margin, future revenue and discount rate applied after taking into consideration the impact of Covid-19 pandemic;
- Testing the mathematical accuracy of the cash flow projections;
- Performing sensitivity analysis on the key assumptions used in the cash flow projections to evaluate the magnitude of their impacts on the calculation of the recoverable amounts of the cost of investments; and
- Assessing the adequacy of disclosures in the financial statements.

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF YGL CONVERGENCE BERHAD (cont'd)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

##### Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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

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

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

##### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YGL CONVERGENCE BERHAD (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF YGL CONVERGENCE BERHAD (cont'd)

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)**

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

#### **Other Matters**

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

**MOORE STEPHENS ASSOCIATES PLT**  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

Penang

Date: 25 August 2021

**THAM SHIEN HONG**  
03266/04/2023 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		GROUP		COMPANY	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	4,027,546	4,095,056	2,819,062	3,040,165
Right-of-use asset	5	-	58,715	-	-
Investment property	6	283,204	283,681	-	-
Investment in subsidiaries	7	-	-	11,864,803	160,803
Investment in an associate	8	1,723,978	-	1,475,000	-
Intangible assets	9	3,011,636	3,616,507	-	-
		9,046,364	8,053,959	16,158,865	3,200,968
Current assets					
Trade and other receivables	10	2,601,731	1,785,261	14,505	66,755
Amount due from subsidiaries	11	-	-	316,277	10,617,499
Current tax assets		15,770	7,528	-	-
Cash and cash equivalents	12	3,423,610	4,959,225	2,406,498	3,966,021
		6,041,111	6,752,014	2,737,280	14,650,275
TOTAL ASSETS		15,087,475	14,805,973	18,896,145	17,851,243
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	30,400,368	30,400,368	30,400,368	30,400,368
Other reserves	14	882,441	793,084	152,172	154,110
Accumulated losses		(18,263,324)	(18,457,252)	(11,717,396)	(12,792,779)
		13,019,485	12,736,200	18,835,144	17,761,699
Non-controlling interests		(229,795)	(281,331)	-	-
Total equity		12,789,690	12,454,869	18,835,144	17,761,699
Non-current liabilities					
Deferred tax liabilities	15	-	32	-	32
Current liabilities					
Trade and other payables	16	1,423,332	1,392,308	57,978	76,322
Contract liabilities	17	862,223	875,295	-	-
Lease liabilities	18	-	60,560	-	-
Current tax liabilities		12,230	22,909	3,023	13,190
		2,297,785	2,351,072	61,001	89,512
Total liabilities		2,297,785	2,351,104	61,001	89,544
TOTAL EQUITY AND LIABILITIES		15,087,475	14,805,973	18,896,145	17,851,243

*The accompanying notes form an integral part of these financial statements.*

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	GROUP		COMPANY	
		1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Revenue	19	5,472,986	4,444,786	281,762	85,769
Cost of sales		(4,062,036)	(4,141,988)	(236,887)	(41,893)
Gross profit		1,410,950	302,798	44,875	43,876
Other income		1,931,210	345,878	1,543,844	470,326
General and administrative expenses		(3,249,293)	(7,835,180)	(436,515)	(4,861,908)
Profit/(Loss) from operations		92,867	(7,186,504)	1,152,204	(4,347,706)
Finance costs		(610)	(12,933)	-	-
Share of results of an associate	8	248,978	(115,939)	-	-
Profit/(Loss) before tax	20	341,235	(7,315,376)	1,152,204	(4,347,706)
Tax expense	21	(134,703)	(124,579)	(78,759)	(84,219)
<b>Profit/(Loss) for the financial year/period</b>		<b>206,532</b>	<b>(7,439,955)</b>	<b>1,073,445</b>	<b>(4,431,925)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		92,845	437,036	-	-
Realisation of foreign currency translation differences upon deconsolidation of foreign subsidiaries		(6,363)	(166,921)	-	-
Total other comprehensive income for the financial year/period		86,482	270,115	-	-
<b>Total comprehensive income/(loss) for the financial year/period</b>		<b>293,014</b>	<b>(7,169,840)</b>	<b>1,073,445</b>	<b>(4,431,925)</b>

*The accompanying notes form an integral part of these financial statements.*

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

	Note	GROUP		COMPANY	
		1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Profit/(Loss) for the financial year/period attributable to:</b>					
Owners of the Company		191,990	(7,352,011)	1,073,445	(4,431,925)
Non-controlling interests		14,542	(87,944)	-	-
		<u>206,532</u>	<u>(7,439,955)</u>	<u>1,073,445</u>	<u>(4,431,925)</u>
<b>Total comprehensive income/(loss) for the financial year/period attributable to:</b>					
Owners of the Company		283,285	(7,176,690)	1,073,445	(4,431,925)
Non-controlling interests		9,729	6,850	-	-
		<u>293,014</u>	<u>(7,169,840)</u>	<u>1,073,445</u>	<u>(4,431,925)</u>
<b>Earnings/(Loss) per share</b>					
Basic (sen)	22	<u>0.08</u>	<u>(3.15)</u>		
Diluted (sen)	22	<u>0.08</u>	<u>(3.15)</u>		

*The accompanying notes form an integral part of these financial statements.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Note	Attributable to owners of the Company					Non-controlling interests RM	Total equity RM
	Share capital RM	Exchange translation reserve RM	ESOS reserve RM	Accumulated losses RM	Total RM		
<b>1.4.2020 TO 31.3.2021</b>							
Balance at beginning	30,400,368	638,974	154,110	(18,457,252)	12,736,200	(281,331)	12,454,869
Foreign currency translation differences for foreign operations	-	97,658	-	-	97,658	(4,813)	92,845
Realisation upon deconsolidation of foreign subsidiaries	-	(6,363)	-	-	(6,363)	-	(6,363)
Total other comprehensive income	-	91,295	-	-	91,295	(4,813)	86,482
Profit for the financial year	-	-	-	191,990	191,990	14,542	206,532
<b>Total comprehensive income for the financial year</b>	-	91,295	-	191,990	283,285	9,729	293,014
<b>Transactions with owners of the Company:</b>							
Deconsolidation of subsidiaries	-	-	-	-	-	41,807	41,807
Share-based payment transaction: - Lapsed due to resignation	-	-	(1,938)	1,938	-	-	-
Total transactions with owners	-	-	(1,938)	1,938	-	41,807	41,807
Balance at end	30,400,368	730,269	152,172	(18,263,324)	13,019,485	(229,795)	12,789,690

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

Note	Attributable to owners of the Company					Non-controlling interests RM	Total equity RM
	Share capital RM	Exchange Translation reserve RM	ESOS reserve RM	Accumulated losses RM	Total RM		
1.1.2019 TO 31.3.2020							
Balance at beginning	27,218,132	463,653	192,734	(11,143,865)	16,730,654	79,291	16,809,945
Foreign currency translation differences for foreign operations	-	342,242	-	-	342,242	94,794	437,036
Realisation upon deconsolidation of a foreign subsidiary	-	(166,921)	-	-	(166,921)	-	(166,921)
Total other comprehensive income	-	175,321	-	-	175,321	94,794	270,115
Loss for the financial period	-	-	-	(7,352,011)	(7,352,011)	(87,944)	(7,439,955)
<b>Total comprehensive loss for the financial period</b>	-	175,321	-	(7,352,011)	(7,176,690)	6,850	(7,169,840)
<b>Transactions with owners of the Company:</b>							
Issuance of shares pursuant to Private Placement	13	3,182,236	-	-	3,182,236	-	3,182,236
Dividends to non-controlling interests		-	-	-	-	(20,000)	(20,000)
Non-controlling interests arising from:							
- Incorporation of a subsidiary	7(a)	-	-	-	-	200	200
- Acquisition of a subsidiary	7(a)	-	-	-	-	(16,655)	(16,655)
Deconsolidation of a subsidiary	7(b)	-	-	-	-	(331,017)	(331,017)
Share-based payment transaction:							
- Lapsed due to resignation		-	(38,624)	38,624	-	-	-
Total transactions with owners		3,182,236	(38,624)	38,624	3,182,236	(367,472)	2,814,764
Balance at end		30,400,368	638,974	(18,457,252)	12,736,200	(281,331)	12,454,869

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

		← Non-distributable →			
	Note	Share capital RM	ESOS reserve RM	Accumulated losses RM	Total equity RM
<b>1.4.2020 TO 31.3.2021</b>					
Balance at beginning		30,400,368	154,110	(12,792,779)	17,761,699
Profit for the financial year, representing total comprehensive income for the financial year		-	-	1,073,445	1,073,445
<b>Transaction with owners of the Company:</b>					
Share-based payment transaction: - Lapsed due to resignation		-	(1,938)	1,938	-
Balance at end		30,400,368	152,172	(11,717,396)	18,835,144
<b>1.1.2019 TO 31.3.2020</b>					
Balance at beginning		27,218,132	192,734	(8,399,478)	19,011,388
Loss for the financial period, representing total comprehensive loss for the financial period		-	-	(4,431,925)	(4,431,925)
<b>Transaction with owners of the Company:</b>					
Issuance of shares pursuant to Private Placement	13	3,182,236	-	-	3,182,236
Share-based payment transaction: - Lapsed due to resignation		-	(38,624)	38,624	-
Total transactions with owners		3,182,236	(38,624)	38,624	3,182,236
Balance at end		30,400,368	154,110	(12,792,779)	17,761,699

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



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	341,235	(7,315,376)	1,152,204	(4,347,706)
Adjustments for:				
Amortisation of intangible assets	1,553,395	2,003,695	-	-
Bad debts	350,171	13,257	2,000	-
Depreciation of:				
Investment property	477	596	-	-
Property, plant and equipment	294,224	402,498	221,103	276,378
Right-of-use asset	56,709	210,213	-	-
Dividend income	(59,492)	(85,046)	(59,492)	(109,490)
(Gain)/Loss on deconsolidation of subsidiaries	(64,194)	17,193	(10)	-
Goodwill written off	-	1,038,592	-	-
Impairment loss on:				
Intangible assets	64,211	1,234,146	-	-
Investment in subsidiaries	-	-	-	2,600,209
Investment in an associate	-	1,475,000	-	1,475,000
Trade receivables	78,229	638,482	-	-
Interest expense	-	638	-	-
Interest income	(7,479)	(26,939)	(9,164)	(381,880)
Lease liabilities interest	610	10,629	-	-
Property, plant and equipment written off	14	39,527	-	-
Reversal of impairment loss on:				
Investment in an associate	(1,475,000)	-	(1,475,000)	-
Trade receivables	(76,623)	-	-	-
Share of results of an associate	(248,978)	115,939	-	-
Unrealised loss on foreign exchange	77	-	-	26,994
Waiver of debts	-	(7,263)	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>807,586</b>	<b>(234,219)</b>	<b>(168,359)</b>	<b>(460,495)</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(1,174,654)	(496,695)	52,250	(42,585)
Trade and other payables	279,480	(39,364)	(18,344)	30,273
Contract liabilities	(5,389)	110,641	-	-
<b>Cash used in operations</b>	<b>(92,977)</b>	<b>(659,637)</b>	<b>(134,453)</b>	<b>(472,807)</b>
Dividends received	59,492	85,046	59,492	109,490
Interest received	7,479	26,939	6,585	23,321
Tax paid	(153,656)	(90,465)	(88,958)	(65,743)
<b>Net cash used in operating activities</b>	<b>(179,662)</b>	<b>(638,117)</b>	<b>(157,334)</b>	<b>(405,739)</b>

*The accompanying notes form an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	-	(54,518)	-	(60,800)
Advance to subsidiaries	-	-	(1,404,778)	(2,618,431)
Interest income from subsidiaries	-	-	2,579	358,559
Net cash (outflow)/inflow from disposal of a subsidiary	(134,060)	-	10	-
Purchase of property, plant and equipment	(226,728)	(15,147)	-	-
Software development costs	(1,010,499)	(1,816,490)	-	-
<b>Net cash used in investing activities</b>	<b>(1,371,287)</b>	<b>(1,886,155)</b>	<b>(1,402,189)</b>	<b>(2,320,672)</b>
<b>Cash flows from financing activities</b>				
Dividend paid to non-controlling interest	-	(20,000)	-	-
Interest paid	(610)	(11,267)	-	-
Proceeds from issuance of shares in a subsidiary	-	200	-	-
Proceeds from private placement	-	3,182,236	-	3,182,236
Payment of lease liabilities	(58,491)	(205,710)	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(59,101)</b>	<b>2,945,459</b>	<b>-</b>	<b>3,182,236</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,610,050)</b>	<b>421,187</b>	<b>(1,559,523)</b>	<b>455,825</b>
Foreign currency translation differences	74,435	(43,153)	-	-
Cash and cash equivalents at beginning of the financial year/period	4,959,225	4,581,191	3,966,021	3,510,196
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>3,423,610</b>	<b>4,959,225</b>	<b>2,406,498</b>	<b>3,966,021</b>

*The accompanying notes form an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

Note:

### GROUP

- (i) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	At 1.4.2020 RM	Net cash changes RM	Non-cash changes RM	At 31.3.2021 RM
Lease liabilities	60,560	(58,491)	(2,069)	-
	At 1.1.2019 (previously reported) RM	Effect of adoption of MFRS 16 RM	At 1.1.2019 (restated) RM	Net cash changes RM
Lease liabilities	-	266,270	266,270	(205,710)
	At 31.3.2020 RM			60,560

- (ii) Total operating and financing cash outflows arising from leases as a lessee during the financial year/ period was RM119,070 (2020: RM232,863).

*The accompanying notes form an integral part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

### 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at No. 35, Scotland Road, 10450 Penang.

The Company is principally involved in the provision of management services, investment holding and sale of computer hardware. The principal activities and other information of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 25 August 2021.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

#### **New and Revised MFRSs and Amendments/Improvements to MFRSs**

##### (i) Adoption of Amendments to MFRSs

The Group and the Company have adopted the following Amendments to MFRSs that are mandatory for the current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Initial application of the above standards did not have any significant effect on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### (a) Statement of compliance (cont'd)

##### (ii) Standards issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

##### *Effective for financial periods beginning on or after 1 June 2020*

Amendment to MFRS 16	Covid-19 Related Rent Concessions
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##### *Effective for financial periods beginning on or after 1 January 2021*

Amendments to MFRS 9, MFRS139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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##### *Effective for financial periods beginning on or after 1 April 2021*

Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
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##### *Effective for financial periods beginning on or after 1 January 2022*

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

##### *Effective for financial periods beginning on or after 1 January 2023*

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

##### *Effective date to be announced*

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above standards when they become effective in the respective financial periods. These standards are not expected to have any effect to the financial statements of the Group and of the Company upon initial applications.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

#### (c) Functional and presentation currency

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

#### (d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

#### (i) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows. The Group has also taken into consideration the impact of Covid-19 pandemic in the process of estimating future cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### (d) Significant accounting estimates and judgements (cont'd)

##### (ii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

##### (iii) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised costs. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which required expected lifetime losses to be recognised from initial recognition of the trade receivables.

For non-trade receivables, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

##### (iv) Significant influence over the investee

As disclosed in Note 8 to the financial statements, the Company holds 9.6% equity interest in Ygl iBay International Sdn. Bhd. The Company is able to demonstrate significant influence over the financial and operating policies as it has representation on the board of the investee. On this basis, the Company treats the investee as an associate.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### (a) Basis of consolidation

##### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

##### Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) **Basis of consolidation** (cont'd)

##### Business combination (cont'd)

The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) **Basis of consolidation** (cont'd)

##### Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

##### Non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

##### Associates

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) **Basis of consolidation** (cont'd)

##### Associates (cont'd)

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

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

##### Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

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

#### (b) **Foreign currencies**

##### Translation of foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at that date. Non-monetary items denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations.

##### Translation of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Foreign currencies (cont'd)

##### Translation of foreign operations (cont'd)

Exchange differences are recognised in other comprehensive income and accumulated in the exchange translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the exchange difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange translation reserve in equity.

#### (c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) **Property, plant and equipment** (cont'd)

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on straight-line basis over the estimated useful life of each component of an item of property, plant and equipment at the following annual rates:

Office lot	2%
Motor vehicles	20%
Computer equipment	20% - 50%
Furniture, fittings and office equipment	20% - 33.33%
Renovation	5% - 20%

Freehold land is not depreciated as it has an indefinite useful life.

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

##### (iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (d) Investment property

An investment property is held either to earn rental income or for capital appreciation or for both.

The Group uses the cost model to measure its investment property after initial recognition. Accordingly, the investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property, if any, includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The Group's investment property is depreciated on a straight-line basis over its remaining useful life of 50 years.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of such property is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. When an entity uses the cost model, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### (e) Intangible assets

##### Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash-generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the Group's profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) **Intangible assets** (cont'd)Software development costs

Costs associated with developing software programmes that are considered to be capable of generating future economic benefits are capitalised in the statement of financial position, otherwise they are recognised in profit or loss as incurred. Cost represents staff costs and other expenditures incurred directly attributable to the development of the computer software.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

Software development costs recognised as assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Software development costs, which are regarded to have finite useful lives are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years. The carrying amount of these costs is reviewed annually and will be written down when its value had deteriorated or when it ceases to have any economic useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 3(h)(ii).

Club memberships

Club memberships acquired are measured at cost less accumulated amortisation and any accumulated impairment losses.

(f) **Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and on hand, short-term highly liquid investments and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(g) **Financial instruments**

## (i) Initial recognition and measurement

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (g) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### ***Financial assets***

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

##### Amortised cost

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

All financial assets are subject to impairment assessment in accordance with Note 3(h)(i).

##### ***Financial liabilities***

The category of financial liabilities at initial recognition is as follows:

##### Amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

##### (iii) Offsetting of financial instruments

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

##### (iv) Financial guarantee contracts

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (g) Financial instruments (cont'd)

##### (iv) Financial guarantee contracts (cont'd)

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

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

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

##### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount 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, 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.

#### (h) Impairment of assets

##### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses.

Loss allowances of the Group and of the Company are measured on either of the following bases:

- (a) 12-month ECLs - represents the ECLs that result from default events that are possible within the next 12 months after the end of the reporting period (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (b) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Impairment of assets (cont'd)

##### (i) Financial assets (cont'd)

##### Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where applicable.

##### General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At the end of each reporting period, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Impairment of assets (cont'd)

##### (i) Financial assets (cont'd)

##### General approach - other financial instruments and financial guarantee contracts (cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

##### Credit impaired financial assets

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 240 days past due);
- 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 (eg. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

##### Write-off policy

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

##### (ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Impairment of assets (cont'd)

##### (ii) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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.

Except for goodwill, previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed.

#### (i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

##### Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Revenue and other income recognition

##### (i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation ("PO") in the contract with customer and is measured at the consideration specified in the contract of which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns and discounts.

The Group and the Company recognise revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group and the Company transfer control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously received and consumes the benefits provided as the Group and the Company perform.
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced.
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

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

#### Software installation, commissioning, support and maintenance services

##### (a) *Software installation and commissioning*

The Group provides integrated software solutions to its customers which involve customisation, implementation, data conversion, software design or development, testing and go-live processes. These services are considered as a single PO as they are interdependent on one another and transaction price is based on stand-alone selling price. Revenue is recognised over time when the PO is satisfied over the period of the contract by reference to the progress towards complete satisfaction of the agreed PO stipulated in the contract. Payment is generally due within 30 to 90 days from invoice date.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Revenue and other income recognition (cont'd)

##### (i) Revenue from contracts with customers (cont'd)

##### Software installation, commissioning, support and maintenance services (cont'd)

##### *(b) Support and maintenance services*

The Group also offers post-contract support and maintenance services ("S&M") which is an after-sales element included in the contract with customers on the integrated software solutions. Generally, these services include upgrade support and correction of errors (bug fixes or debugging), as well as unspecified upgrades or enhancements towards software previously installed. This S&M contract comprises a single PO and is generally satisfied over the contract period of 12 months. Revenue is recognised over time as the customers simultaneously consumed and received the benefits provided by the Group. Payment is generally due within 30 to 60 days from invoice date.

##### Solar panel installation services

The Group provides engineering, procurement, construction and commissioning ("EPCC") services in solar energy solution to customers in two categories, namely residential and commercial and industrial (roof-top projects). The Group's EPCC services include system designs and installations, project commissioning to project handover that caters to all types of solar photovoltaic projects. Revenue is recognised over time when the PO is satisfied over the period of the contract by reference to the progress towards complete satisfaction of the agreed PO stipulated in the contract. Payment is generally due within 30 to 60 days from invoice date.

##### Other related services

Revenue from provision of other services related to the abovementioned revenues comprise sale of hardware, sale of user license and provision of consultancy services.

Revenue from sale of hardware is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and services taxes and discounts. Such revenue is recognised at point in time when control of goods is transferred to the customers.

The Group enters into contract with customers to provide one-off consultancy services. Such contract comprises a single PO and is satisfied at the point in time when such consultancy services are rendered and completed. Payment is generally due within 30 days from invoice date.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Revenue and other income recognition (cont'd)

##### (i) Revenue from contracts with customers (cont'd)

###### Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. The Group's contract liabilities are the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

###### Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which it would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

###### Management fee

The Company provides management services to certain subsidiaries. Revenue is recognised over time as the subsidiaries simultaneously consumed and received the benefits provided by the Company. Payment is generally due within the same financial year.

##### (ii) Rental income

Rental income is recognised on a straight-line basis over the term of relevant lease.

##### (iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (l) Employee benefits

##### (i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (l) Employee benefits (cont'd)

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiaries also make contributions to their countries' statutory pension scheme. Such contributions are recognised as an expense as incurred.

##### (iii) Shared-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in share option reserve within equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The share option reserve will be transferred to share capital upon exercise, or directly to retained profits upon expiry. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised.

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

The fair value of the employee shares options is measured using Black-Scholes Option Pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weightage average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### (m) Government grant/assistance

Grants/Assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants/assistance relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grant/assistance related to assets are presented in the statements of financial position as deferred revenue and recognised in the profit or loss on a systematic basis over the useful life of the asset.

#### (n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Other borrowing costs i.e. bank and finance charges are recognised as expenses in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (n) **Borrowing costs** (cont'd)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (o) **Income taxes**

##### Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

##### Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (o) **Income taxes** (cont'd)

##### Deferred tax (cont'd)

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

#### (p) **Leases**

##### As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, except for the lease of premise which is depreciated over the lease term of two years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in accordance with Note 3(h)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (p) **Leases** (cont'd)

##### As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

#### (q) **Operating segments**

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

#### (r) **Contingencies**

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

#### (s) **Related parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (s) **Related parties** (cont'd)

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged. (cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

#### (t) **Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT

#### GROUP

#### 2021

##### At cost

	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
Balance at beginning	1,038,825	415,164	1,006,354	792,195	4,587,430	-	7,839,968
Additions	-	-	14,791	10,100	-	201,837	226,728
Written off	-	-	(324,221)	(307,382)	(150,075)	-	(781,678)
Foreign currency translation	-	-	(19,191)	(7,463)	-	-	(26,654)
Balance at end	1,038,825	415,164	677,733	487,450	4,437,355	201,837	7,258,364

##### Accumulated depreciation

	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
Balance at beginning	86,526	327,392	1,002,469	781,260	1,547,265	-	3,744,912
Current charge	5,017	50,155	11,273	6,676	221,103	-	294,224
Written off	-	-	(324,217)	(307,372)	(150,075)	-	(781,664)
Foreign currency translation	-	-	(19,191)	(7,463)	-	-	(26,654)
Balance at end	91,543	377,547	670,334	473,101	1,618,293	-	3,230,818

##### Carrying amount

	947,282	37,617	7,399	14,349	2,819,062	201,837	4,027,546
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#### 2020

##### At cost

	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
Balance at beginning	1,038,825	415,164	1,037,720	830,078	4,637,547	-	7,959,334
Additions	-	-	10,346	4,801	-	-	15,147
Written off	-	-	(422)	(37,384)	(50,029)	-	(87,835)
Foreign currency translation	-	-	(41,290)	(5,300)	(88)	-	(46,678)
Balance at end	1,038,825	415,164	1,006,354	792,195	4,587,430	-	7,839,968

##### Accumulated depreciation

	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
Balance at beginning	80,256	264,698	1,014,799	786,655	1,290,934	-	3,437,342
Current charge	6,270	62,694	29,019	20,633	283,882	-	402,498
Written off	-	-	(231)	(20,561)	(27,516)	-	(48,308)
Foreign currency translation	-	-	(41,118)	(5,467)	(35)	-	(46,620)
Balance at end	86,526	327,392	1,002,469	781,260	1,547,265	-	3,744,912

##### Carrying amount

	952,299	87,772	3,885	10,935	3,040,165	-	4,095,056
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The freehold land and office lot of the Group are pledged to a licensed bank for overdraft facility granted to a subsidiary. However, as at the end of the reporting period, the subsidiary has not utilised the facility.

The Group's motor vehicle with a carrying amount of RM37,617 (2020: RM87,772) is held in trust for the Group by a Director of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### COMPANY

	Computer equipment RM	Furniture and fittings RM	Renovation RM	Total RM
<b>2021</b>				
<b>At cost</b>				
Balance at beginning/end	27,917	82,491	4,422,054	4,532,462
<b>Accumulated depreciation</b>				
Balance at beginning	27,916	82,489	1,381,892	1,492,297
Current charge	-	-	221,103	221,103
Balance at end	27,916	82,489	1,602,995	1,713,400
Carrying amount	1	2	2,819,059	2,819,062
<b>2020</b>				
<b>At cost</b>				
Balance at beginning/end	27,917	82,491	4,422,054	4,532,462
<b>Accumulated depreciation</b>				
Balance at beginning	27,916	82,489	1,105,514	1,215,919
Current charge	-	-	276,378	276,378
Balance at end	27,916	82,489	1,381,892	1,492,297
Carrying amount	1	2	3,040,162	3,040,165



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 5. RIGHT-OF-USE ASSET

	GROUP	
	2021 RM	2020 RM
<b>At cost</b>		
Balance at beginning	278,896	266,270
Expiry of lease	(267,389)	-
Foreign currency translation	(11,507)	12,626
Balance at end	-	278,896
<b>Accumulated depreciation</b>		
Balance at beginning	220,181	-
Current charge	56,709	210,213
Expiry of lease	(267,389)	-
Foreign currency translation	(9,501)	9,968
Balance at end	-	220,181
<b>Carrying amount</b>	-	58,715

Right-of-use asset comprises lease of an office of a subsidiary. The subsidiary entered into a lease contract for the period from 1 August 2018 to 31 July 2020, therefore the right-of-use asset is depreciated over the period of the lease term of two years.

The expenses charged to profit or loss are as follows:

	GROUP	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Depreciation of right-of-use asset	56,709	210,213
Interest expense on lease liabilities	610	10,629
Expenses relating to low value assets	5,216	12,936
Expenses relating to short-term leases	54,753	2,950

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 6. INVESTMENT PROPERTY

	<b>GROUP</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
<b>At cost</b>		
Balance at beginning/end	290,000	290,000
<b>Accumulated depreciation</b>		
Balance at beginning	6,319	5,723
Current charge	477	596
Balance at end	6,796	6,319
<b>Carrying amount</b>	283,204	283,681
<b>Fair value</b>	550,000	550,000

The investment property comprises a shop lot and is held to earn rental income and for capital appreciation.

The following are the operating income and expenses in respect of the investment property:

	<b>GROUP</b>	
	<b>1.4.2020 TO 31.3.2021 RM</b>	<b>1.1.2019 TO 31.3.2020 RM</b>
Rental income	31,500	67,500
Direct operating expenses (income generating)	10,802	7,052
Direct operating expenses (non-income generating)	2,890	-

The fair value of the investment property is categorised at Level 3 of the fair value hierarchy.

The fair value was arrived at based on the Directors' best estimate without the involvement of independent valuers based on the comparison of the Group's investment property with similar properties that were listed for sale within the same locality or other comparable localities and adjusted for differences in key attributes such as property size. The most significant input into this estimate is price per square foot of comparable properties.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2021 RM	2020 RM
<b>Unquoted shares, at cost</b>		
Balance at beginning	9,042,620	8,981,820
Additions	900,000	60,800
Disposal	(1,285,805)	-
Balance at end	8,656,815	9,042,620
<b>Capital contribution to subsidiaries</b>	10,804,000	-
<b>Accumulated impairment loss</b>		
Balance at beginning	8,881,817	6,281,608
Additions	-	2,600,209
Disposal	(1,285,805)	-
Balance at end	(7,596,012)	(8,881,817)
	<u>11,864,803</u>	<u>160,803</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
Ygl Convergence Malaysia Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of computer software and hardware and the provision of professional services.
Ygl Multimedia Resources Sdn. Bhd.	Malaysia	100	100	Developing and selling of software systems.
Ygl Convergence (HK) Limited <sup>1</sup>	Hong Kong	100	100	Trading of computer equipment and software and provision of related services.
Ygl Convergence (China) Limited <sup>1</sup>	Hong Kong	-	60	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
Ygl Convergence (Asia Pacific) Pte. Ltd. <sup>2</sup>	Singapore	60	60	Provision of software and consultancy and computer systems integrated services.
Ygl Technologies Sdn. Bhd.	Malaysia	55	55	Provision of computer, automation solution and electronic commerce services.
Ygl Technologies Pte. Ltd. <sup>2</sup>	Singapore	100	100	Provision of software and related services.
Ygl Intelligent Technology Sdn. Bhd.	Malaysia	100	100	Provision of software consultancy and implementation services.
NS Infotech Sdn. Bhd.	Malaysia	80	80	Dormant.
Ai Solar Sdn. Bhd.	Malaysia	60	60	Provision of solar panel installation services which include engineering, procurement, construction and commissioning services in solar energy solution to customers and the provision of its related services.
<b>Subsidiary of Ygl Convergence (HK) Limited</b>				
Ygl Suzhou Information Technology Co. Ltd <sup>2</sup>	The People's Republic of China ("The PRC")	-	55	Research and development of portal and provision of industry software and related services.

<sup>1</sup> Audited by overseas affiliate of Moore Stephens Associates PLT.

<sup>2</sup> Not audited by Moore Stephens Associates PLT.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

#### (a) Additions of subsidiaries

##### 2021

- (i) The Company subscribed for 900,000 new ordinary shares in Ygl Intelligent Technology Sdn. Bhd. ("Ygl IT") as satisfaction of RM900,000 owing from Ygl IT.
- (ii) The capital contribution of RM10,804,000 was in relation to advances to certain subsidiaries that are not expected to be repaid in foreseeable future and in substance, represents additional investments into the subsidiaries by the Company.

##### 2020

- (i) On 6 March 2019, the Company incorporated a subsidiary, NS Infotech Sdn. Bhd. ("NS Infotech") with a paid-up capital of 1,000 ordinary shares, totalling RM1,000 of which the Company holds 80% equity interest. NS Infotech has not commenced operations since its incorporation.
- (ii) On 10 March 2020, the Company acquired 60,000 ordinary shares in Ai Solar Sdn. Bhd. ("Ai Solar"), representing 60% equity interest in Ai Solar for a total consideration of RM60,000. Upon completion of the acquisition, Ai Solar became a subsidiary of the Company.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group's results for the financial period ended 31 March 2020.

Fair value of the identifiable assets acquired and liabilities recognised:

	Note	RM
Bank balance		5,482
Other payables		(47,120)
Net liabilities recognised		(41,638)
Goodwill arising from acquisition	9	84,983
Non-controlling interest at fair value		16,655
Fair value of consideration transferred		60,000
Less: Cash and cash equivalents acquired		(5,482)
Cash flow from acquisition		54,518

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

#### (b) Disposal/Deemed disposal of subsidiaries

##### 2021

- (i) On 16 March 2021, the Company disposed of 2,760,000 ordinary shares in Ygl Convergence (China) Limited ("Ygl China") representing 60% equity interest in Ygl China to a third party for a consideration of RM10. The effects arising from the disposal during the financial year are as follows:

	RM
Bank balance	134,070
Other payables	(233,696)
Net liabilities disposed	(99,626)
Non-controlling interests	39,850
Gain arising from disposal	59,786
Proceeds from disposal	10
Less: Cash and cash equivalents	(134,070)
Cash outflow from disposal	(134,060)

- (ii) On 11 August 2020, the Group has struck off Ygl Suzhou Information Technology Co. Ltd. The effects arising from the deconsolidation during the financial year are as follows:

	RM
Gain on deconsolidation	4,408
Non-controlling interests	(4,408)
Cash flow from deconsolidation	-

##### 2020

- (i) The Group has written off its investment in King's System (Shanghai) Co. Ltd. ("Kings System") as it has lost the power to govern the operating policies and access to the financial records of Kings System. The management is also unable to locate the director, who is also the legal representative of Kings System, namely Mr. To King. The effects of deconsolidation of Kings System during the financial period was as follows:

	RM
Net assets deconsolidated	348,210
Deemed loss on deconsolidation	(17,193)
Non-controlling interests	(331,017)
Cash flow from deconsolidation	-

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

#### (c) Non-controlling interests ("NCI")

The Group's subsidiary, namely Ygl Convergence (Asia Pacific) Pte. Ltd. ("Ygl AP") has material NCI as follows:

	2021	2020
NCI percentage of ownership and voting interest	40%	40%
Carrying amount of NCI (RM)	(257,882)	(241,803)
Loss allocated to NCI (RM)	(11,265)	(9,009)
Total comprehensive loss allocated to NCI (RM)	(16,080)	(8,216)

The summarised financial information before intragroup elimination are as follows:

	2021 RM	2020 RM
<u>Assets and liabilities:</u>		
Current assets	60,256	57,917
Current liabilities	(704,962)	(662,424)
Net liabilities	(644,706)	(604,507)
	<b>1.4.2020 TO 31.3.2021 RM</b>	<b>1.1.2019 TO 31.3.2020 RM</b>
<u>Results:</u>		
Revenue	-	39,214
Net loss for the financial year/period	(28,164)	(22,523)
Total comprehensive loss for the financial year/period	(40,199)	(20,541)
<u>Cash flows:</u>		
Net cash (used in)/from operating activities	(28,889)	13,476
Net cash from financing activities	30,577	-
Dividend paid to NCI	-	-

#### (d) Impairment loss

In the previous financial period, the Company carried out a review of the recoverable amounts of its investment in subsidiaries that are in loss-making and significant accumulated losses position. An impairment loss of RM2,600,209 was recognised in the Company's profit or loss for the financial period ended 31 March 2020 as the recoverable amounts calculated for these subsidiaries were less than their carrying amounts. The recoverable amounts were derived based on fair values less costs of disposal which were measured based on net assets of the respective subsidiaries.

No further impairment loss was considered to be necessary by the management as at 31 March 2021.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 8. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	1,475,000	1,475,010	1,475,000	1,475,000
Written off	-	(10)	-	-
Accumulated impairment loss				
Balance at beginning	1,475,000	-	1,475,000	-
Additions	-	1,475,000	-	1,475,000
Reversal	(1,475,000)	-	(1,475,000)	-
Balance at end	-	(1,475,000)	-	(1,475,000)
Share of post-acquisition results				
Balance at beginning	-	115,929	-	-
Additions	248,978	(115,939)	-	-
Written off	-	10	-	-
Balance at end	248,978	-	-	-
	1,723,978	-	1,475,000	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
Ygi iBay International Sdn. Bhd.	Malaysia	9.60	9.60	Investment holding and in the business of iron ore and other related commodities supply chain management business solutions services.

The financial year end of the associate is 31 December. However, the associate has prepared financial statements as of the same date of the Company for the purpose of applying equity method of accounting. Appropriate adjustments have been made to account for significant transactions from the associate's financial year to 31 March, which is coterminous with the financial year end of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 8. INVESTMENT IN AN ASSOCIATE (cont'd)

#### (a) Ygl iBay International Sdn. Bhd. ("Ygl iBay")

During the previous financial period ended 31 March 2020, the Group has discontinued the recognition of its share of losses in Ygl iBay as the share of losses has exceeded the Group's interest in the said associate. The Group's unrecognised share of losses for the previous financial period was RM2,902,525.

The Group does not have any share of the associate's contingent liabilities incurred jointly with other investors or any share of contingent liabilities that arises whereby the Group is severally liable for all or part of the liabilities of the associate.

The summarised financial information of the associate are as follows:

	GROUP	
	2021 RM	2020 RM
<b>Assets and liabilities</b>		
Non-current assets	8,441,997	1,402,515
Current assets	68,889,469	38,254,389
Non-current liabilities	(115,426)	-
Current liabilities	(59,257,931)	(49,583,607)
Net assets/(liabilities)	17,958,109	(9,926,703)
<b>Results for the financial year/period</b>		
Revenue	18,943,705	25,379,046
Net profit/(loss)	28,063,817	(31,442,337)
Other comprehensive (loss)/income	(179,005)	538,081
Total comprehensive income/(loss)	27,884,812	(30,904,256)

#### Impairment loss

In the previous financial period, the Group and the Company carried out a review of the recoverable amount of its investment in Ygl iBay which resulted in impairment loss of RM1,475,000 being recognised in the Group's and the Company's profit or loss as the recoverable amount calculated for Ygl iBay was less than its carrying amount. The recoverable amount was derived based on net liabilities of the associate as at 31 March 2020. The net liabilities arose following a material impairment adjusted on the debts owing by debtors during the financial period as the management is of the view that the recoverability of the debts is uncertain at that juncture.

In the current financial year, the impairment loss of the same amount is reversed to the Group's and the Company's profit or loss as part of "other income" following the management's reassessment of the recoverable amount of Ygl iBay. The recoverable amount was derived based on fair value less costs of disposal which was measured based on net assets of Ygl iBay.

#### (b) Ygl Consulting (Thailand) Co., Ltd. ("Ygl Thailand")

The Group has written off its investment in Ygl Thailand during the financial period ended 31 March 2020, amounting to RM10.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 9. INTANGIBLE ASSETS

#### GROUP

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
<b>2021</b>				
<b>At cost</b>				
Balance at beginning	21,329,182	1,319,283	50,000	22,698,465
Additions	1,010,499	-	-	1,010,499
Foreign currency translation	12,195	-	-	12,195
Balance at end	22,351,876	1,319,283	50,000	23,721,159
<b>Accumulated amortisation</b>				
Balance at beginning	17,832,472	-	13,340	17,845,812
Current charge	1,551,779	-	1,616	1,553,395
Foreign currency translation	9,395	-	-	9,395
Balance at end	19,393,646	-	14,956	19,408,602
<b>Accumulated impairment loss</b>				
Balance at beginning	-	1,234,146	2,000	1,236,146
Addition	64,211	-	-	64,211
Foreign currency translation	564	-	-	564
Balance at end	64,775	1,234,146	2,000	1,300,921
<b>Carrying amount</b>	2,893,455	85,137	33,044	3,011,636

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 9. INTANGIBLE ASSETS (cont'd)

#### GROUP

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
<b>2020</b>				
<b>At cost</b>				
Balance at beginning	19,514,759	2,272,892	50,000	21,837,651
Additions	1,816,490	84,983	-	1,901,473
Written off	-	(1,038,592)	-	(1,038,592)
Foreign currency translation	(2,067)	-	-	(2,067)
Balance at end	21,329,182	1,319,283	50,000	22,698,465
<b>Accumulated amortisation</b>				
Balance at beginning	15,832,254	-	11,320	15,843,574
Current charge	2,001,675	-	2,020	2,003,695
Foreign currency translation	(1,457)	-	-	(1,457)
Balance at end	17,832,472	-	13,340	17,845,812
<b>Accumulated impairment loss</b>				
Balance at beginning	-	-	2,000	2,000
Addition	-	1,234,146	-	1,234,146
Balance at end	-	1,234,146	2,000	1,236,146
<b>Carrying amount</b>	3,496,710	85,137	34,660	3,616,507

#### (a) Software development costs

Additions for the financial year/period include the following:

	Note	2021 RM	2020 RM
<b>Capitalised from profit or loss:</b>			
Employee benefits expense	20b	986,499	1,786,490
Rental of premise	20c	24,000	30,000

The amortisation and impairment of software development costs are included in cost of sales and general and administrative expenses respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 9. INTANGIBLE ASSETS (cont'd)

#### (b) Goodwill

For the purpose of impairment test, goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating units ("CGUs") that are expected to benefit from the business combinations. The Group considers each subsidiary acquired as a single CGU and the carrying amounts of goodwill were allocated to the respective subsidiaries.

As at 31 March 2021, the remaining carrying amount of goodwill has been allocated to two individual CGUs, namely Ai Solar Sdn. Bhd. (RM84,982) and Ygl Technology Sdn. Bhd. (RM155). In prior year, the goodwill allocated to Ygl AP amounted to RM1,234,146 had been fully impaired, while the goodwill allocated to Kings System amounted to RM1,038,592 was written off given the loss of control of the subsidiary (Note 7b).

The recoverable amounts of the CGUs for both this current financial year and previous financial period were derived based on value-in-use calculations and fair value less costs to sell (i.e. net assets). The value-in-use calculations were determined using projected cash flows for a five-year period and by extrapolation using the growth rate based on historical experience, management's assessment of future trend, expectation of market development in the respective industries, as well as considering the impact of Covid-19 pandemic.

The key assumptions used in the preparation of the projected cash flows are as follows:

#### (i) Budgeted gross margin

The budgeted gross margin is determined based on the margin achieved in the year immediately before the budgeted year and is increased by growth rate to cater for expected improvements in efficiency.

#### (ii) Growth rate

The weighted average growth rate used is consistent with the long-term average growth rate for the industry.

#### (iii) Pre-tax discount rate

The pre-tax discount rate of 13.08% (2020: 11.70%) is applied to the calculations in determining the recoverable amount of the CGUs. The discount rate used is based on the weighted average cost of capital of the Company.

#### Sensitivity to changes and assumptions

With regard to the assessment of value-in-use, the Directors believe that no reasonable possible changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

During the current financial year, the Group performed goodwill impairment testing and no impairment loss is required to be recognised as the recoverable amount is higher than the carrying amount. During the previous financial period, an impairment loss of RM1,234,146 was recognised in the Group's profit and loss.

#### (c) Club memberships

The club memberships are amortised over the membership tenure of 24 years and 38 years. The amortisation is included in general and administrative expenses.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 10. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade</b>	(a)				
Gross amount		4,229,521	3,912,018	-	44,025
Allowance for impairment loss		(1,816,656)	(2,290,445)	-	-
Trade receivables, net		2,412,865	1,621,573	-	44,025
<b>Non-trade</b>					
Third parties		12,708	42,635	-	6,000
Related parties	(b)	4,833	7,295	4,380	6,605
Refundable deposits		38,546	65,225	10,000	10,000
Prepayments		63,309	48,533	125	125
Contract costs	(c)	69,470	-	-	-
		188,866	163,688	14,505	22,730
		2,601,731	1,785,261	14,505	66,755

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	2,516,363	1,604,050	14,505	66,755
Hong Kong Dollar	79,162	174,186	-	-
Singapore Dollar	6,206	7,025	-	-
	2,601,731	1,785,261	14,505	66,755

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 10. TRADE AND OTHER RECEIVABLES (cont'd)

- (a) Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in the gross amount is RM89,104 (2020: RM124,656) due from an associate of the Company.

The movements in impairment loss during the financial year/period were:

	GROUP	
	2021 RM	2020 RM
Balance at beginning	2,290,445	1,652,744
Additions	78,229	638,482
Reversal	(76,623)	-
Written off	(480,010)	-
Foreign currency translation	4,615	(781)
Balance at end	1,816,656	2,290,445

- (b) Related parties refer to companies in which certain Directors of the Company have substantial financial interests. The amount relates to cost sharing which is unsecured and non-interest bearing. The credit term granted to the related parties is 30 days (2020: 30 days).
- (c) The contract costs represent the capitalised incremental costs to obtain a contract in relation to the Group's provision of solar panel installation services.

### 11. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2021 RM	2020 RM
<b>Non-trade and unsecured</b>		
Interest bearing at 3.47% per annum	316,277	-
Non-interest bearing	-	10,617,499
	316,277	10,617,499

The currency profile of the amount due from subsidiaries is as follows:

	2021 RM	2020 RM
Ringgit Malaysia	316,277	8,554,705
Hong Kong Dollar	-	2,062,794
	316,277	10,617,499

The amount is repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits	-	500,000	-	500,000
Short term investment	2,205,665	3,050,930	2,205,665	3,050,930
Cash and bank balances	1,217,945	1,408,295	200,833	415,091
	<u>3,423,610</u>	<u>4,959,225</u>	<u>2,406,498</u>	<u>3,966,021</u>

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	2,948,268	4,475,262	2,406,498	3,966,021
Hong Kong Dollar	124,287	137,449	-	-
Singapore Dollar	346,957	346,514	-	-
Chinese Renminbi	2,025	-	-	-
US Dollar	2,073	-	-	-
	<u>3,423,610</u>	<u>4,959,225</u>	<u>2,406,498</u>	<u>3,966,021</u>

The effective interest rate of fixed deposits with a licensed bank was 2.30% per annum.

Short term investment represents investment in money market fund managed by a licensed financial institution, which is tax exempted and allows prompt redemption at any time.

### 13. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
<b>Issued and fully paid:</b>				
Balance at beginning	255,514,540	232,286,540	30,400,368	27,218,132
Private placement	-	23,228,000	-	3,182,236
Balance at end	<u>255,514,540</u>	<u>255,514,540</u>	<u>30,400,368</u>	<u>30,400,368</u>

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 and rank equally with regards to the Company's residual assets.

During the previous financial period, the Company increased its issued and paid-up capital from RM27,218,132 to RM30,400,368 via a Private Placement which entails the issuance of 23,228,000 new ordinary shares of RM0.137 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

## 14. OTHER RESERVES

Note	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable reserve:</b>				
Exchange translation reserve (a)	730,269	638,974	-	-
ESOS reserve (b)	152,172	154,110	152,172	154,110
	<u>882,441</u>	<u>793,084</u>	<u>152,172</u>	<u>154,110</u>

**(a) Exchange translation reserve**

This reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

**(b) ESOS reserve**

The fair value of equity-settled share options granted was estimated using Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The expected life of the option is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

The Company's ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 27 May 2017. The ESOS came into effect on 6 November 2017 and will be in force for a duration of 5 years, expiring on 5 November 2022. On 31 March 2021, the Directors have extended the ESOS for a further period of 5 years from 6 November 2022 to 5 November 2027 in accordance with terms of the By-Laws.

The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not in aggregate exceed thirty percent (30%) of the total issued and fully paid-up share capital (excluding treasury shares, if any) of the Company at any point in time during the duration of the scheme.
- (ii) A person shall be eligible to participate in the ESOS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; be a Director of the Group or be a full-time employee confirmed in service and served at least six (6) continuous months within the Group and has not served a notice to resign prior to the date of offer ("Eligible Person"). Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESOS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESOS Committee.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 14. OTHER RESERVES (cont'd)

#### (b) ESOS reserve (cont'd)

The salient features of the ESOS are as follows: (cont'd)

- (iii) At the Directors' absolute discretion, upon recommendation of the ESOS Committee, the scheme may be extended for a further five (5) years or such shorter period from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting.
- (iv) The option price at which the grantee is entitled to subscribe for each new ordinary share shall be fixed based on the five (5)-day volume weighted average market price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, immediately preceding the offer date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities.
- (v) The new ordinary shares to be allotted and issued upon any exercise of the option will, upon such allotment and issuance, rank pari passu in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of the new ordinary shares.
- (vi) The new ordinary shares allotted and issued pursuant to the exercise of an ESOS option will not be subjected to any retention period or restriction on transfer. However, an eligible Director who is a non-executive Director in the Group shall not sell, transfer or assign the Company's shares obtained through the exercise of the ESOS options granted to him within one (1) year from the offer date.

The table below lists the inputs to the Black Scholes model for the ESOS granted:

	27.5.2017
Fair value (RM)	0.13
Expected volatility (%)	85.31
Risk-free interest rate (% p.a.)	3.76
Dividend yield (%)	-
Expected life of option (years)	5
Weighted average share price (RM)	0.18

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 15. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Balance at beginning	32	(4,466)	32	(1,714)
Recognised in profit or loss	(32)	4,498	(32)	1,746
Balance at end	-	32	-	32

The deferred tax liabilities are in respect of the deductible/(taxable) temporary differences of property, plant and equipment.

### 16. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade</b>					
Third parties	(a)	102,347	59,830	-	25,938
<b>Non-trade</b>					
Third parties		152,137	285,486	3,922	-
Accruals		360,196	374,098	54,003	50,384
Directors	(b)				
- Director of the Company		592,096	592,096	-	-
- Director of a subsidiary		-	25,178	-	-
Related parties	(c)	2,428	45,120	53	-
Refundable deposits	(d)	214,128	10,500	-	-
		1,320,985	1,332,478	57,978	50,384
		1,423,332	1,392,308	57,978	76,322

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 16. TRADE AND OTHER PAYABLES (cont'd)

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,311,724	1,000,258	57,978	76,322
Hong Kong Dollar	96,397	375,927	-	-
Singapore Dollar	15,211	16,123	-	-
	<u>1,423,332</u>	<u>1,392,308</u>	<u>57,978</u>	<u>76,322</u>

- (a) Trade payables are normally settled within 30 to 90 days (2020: 30 to 90 days) credit terms.
- (b) The amounts are unsecured, non-interest bearing and are repayable on demand.
- (c) The related party of the Group and of the Company as at 31 March 2021 refers to a company in which certain Directors of the Company have substantial financial interests. It is unsecured, non-interest bearing and is normally settled within 30 days credit term.

The related party of the Group as at 31 March 2020 refers to a sole proprietorship belonging to a director of a subsidiary. The amount relates to consulting fees payable to the related party, which was unsecured, non-interest bearing and was normally settled within 30 days credit term.

- (d) These deposits are in relation to the Group's solar panel installation services and are refundable to the customers should the application to Sustainable Energy Development Authority ("SEDA") be rejected, net of any cost incurred to date. Upon obtaining approval from SEDA, the amount will be recognised as revenue.

### 17. CONTRACT LIABILITIES

Contract liabilities comprise technical support, maintenance and subscription income billed in advance to or consideration received from customers which will be recognised in profit or loss when performance obligations are satisfied over time and are expected to be recognised as revenue within a period of next 12 months.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 18. LEASE LIABILITIES

	GROUP	
	2021 RM	2020 RM
Minimum lease payments due:		
Not later than 1 year	-	61,192
Less: Unexpired finance charges	-	(632)
Present value of minimum lease payments	-	60,560

The lease liabilities were measured at the present value of the remaining lease payments, discounted at the subsidiary's incremental borrowing rate of 5.00% per annum.

### 19. REVENUE

Revenue represents the Group's and the Company's revenue from contracts with customers which are recognised at point in time and over time.

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Software implementation services:				
- Sale of user license	2,600	44,067	-	-
- Consultancy services	57,474	227,462	-	-
- Software installation, commissioning, post-contract support and maintenance services	4,221,806	4,121,932	-	-
Solar panel installation services	886,769	-	-	-
Sale of hardware	304,337	51,325	271,762	51,325
Management fees	-	-	10,000	10,000
Dividend income	-	-	-	24,444
	5,472,986	4,444,786	281,762	85,769

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 19. REVENUE (cont'd)

#### Disaggregation of revenue

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Primary geographical markets</b>				
- Malaysia	4,558,304	3,448,064	281,762	85,769
- Hong Kong	907,038	948,027	-	-
- Singapore	7,644	48,695	-	-
	<u>5,472,986</u>	<u>4,444,786</u>	<u>281,762</u>	<u>85,769</u>
<b>Timing of recognition</b>				
- At a point in time	365,861	322,854	271,762	75,769
- Over time	5,107,125	4,121,932	10,000	10,000
	<u>5,472,986</u>	<u>4,444,786</u>	<u>281,762</u>	<u>85,769</u>

### 20. PROFIT/(LOSS) BEFORE TAX

This is arrived at after charging/(crediting):

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Note</b>				
Amortisation of intangible assets	1,553,395	2,003,695	-	-
Auditors' remuneration:				
- Statutory audit				
- Company's auditors	84,000	78,000	38,000	38,000
- affiliated auditors				
- current year	22,566	28,149	-	-
- prior year	-	(3,187)	-	-
- other auditors	17,122	14,522	-	-
- Non-audit services				
- Company's auditors	4,000	4,000	4,000	4,000
Bad debts	350,171	13,257	2,000	-

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 20. PROFIT/(LOSS) BEFORE TAX (cont'd)

This is arrived at after charging/(crediting):

Note	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Depreciation:				
- property, plant and equipment	294,224	402,498	221,103	276,378
- right-of-use asset	56,709	210,213	-	-
- investment property	477	596	-	-
Directors' remuneration (a)	642,940	509,229	80,000	100,000
Dividend income	(59,492)	(85,046)	(59,492)	(109,490)
Employee benefits expense (b)	2,438,804	2,380,689	-	-
Expenses related to leases - Total cash outflows				
- leases of low value assets	5,216	12,936	-	-
- short-term leases (c)	54,753	2,950	-	-
(Gain)/Loss on deconsolidation of subsidiaries	(64,194)	17,193	(10)	-
Goodwill written off	-	1,038,592	-	-
Impairment loss:				
- goodwill	-	1,234,146	-	-
- software development costs	64,211	-	-	-
- investment in subsidiaries	-	-	-	2,600,209
- investment in an associate	-	1,475,000	-	1,475,000
- trade receivables	78,229	638,482	-	-
Interest expense:				
- bank overdraft	-	638	-	-
- lease liabilities	610	10,629	-	-
- other bank charges	-	1,666	-	-
Interest income:				
- amount due from subsidiaries	-	-	(2,579)	(358,559)
- others	(7,479)	(26,939)	(6,585)	(23,321)
Property, plant and equipment written off	14	39,527	-	-
Realised loss/(gain) on foreign exchange	59,657	(76,236)	-	-
Rental income:				
- investment property	(31,500)	(67,500)	-	-
- others	(42,000)	(52,500)	-	-
Reversal of impairment loss:				
- investment in an associate	(1,475,000)	-	(1,475,000)	-
- trade receivables	(76,623)	-	-	-
Unrealised loss on foreign exchange	77	-	-	26,994
Wage subsidy/Hiring incentive (d)	(214,536)	-	-	-
Waiver of debts	-	(7,263)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 20. PROFIT/(LOSS) BEFORE TAX (cont'd)

#### (a) Directors' remuneration

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
<b>Directors of the Company</b>				
Fee	80,000	100,000	80,000	100,000
Salary and bonus	281,750	365,375	-	-
Contributions to defined contribution plan	33,120	43,854	-	-
	<u>394,870</u>	<u>509,229</u>	<u>80,000</u>	<u>100,000</u>
<b>Director of a subsidiary</b>				
Salary	222,000	-	-	-
Contributions to defined contribution plan	26,070	-	-	-
	<u>248,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>642,940</u>	<u>509,229</u>	<u>80,000</u>	<u>100,000</u>

#### (b) Employee benefits expense

	GROUP	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Salary, wages, allowances and bonus	3,025,962	3,646,791
Contributions to defined contribution plans	314,241	374,211
Other staff related benefits	85,100	146,177
	<u>3,425,303</u>	<u>4,167,179</u>
Less: Capitalised as software development costs (Note 9a)	(986,499)	(1,786,490)
	<u>2,438,804</u>	<u>2,380,689</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 20. PROFIT/(LOSS) BEFORE TAX (cont'd)

#### (c) Lease expenses

	GROUP	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Short-term lease	78,753	32,950
Less: Capitalised as software development costs (Note 9a)	(24,000)	(30,000)
	<u>54,753</u>	<u>2,950</u>

#### (d) Wage subsidy/Hiring incentive

Representing government assistance in relation to wage subsidies and hiring incentives for eligible employees.

### 21. TAX EXPENSE

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Income tax expense comprise:				
<u>Malaysian income tax:</u>				
<b>Current tax</b>				
- Current year/period	(103,337)	(112,056)	(63,105)	(74,688)
- Under provision in prior year	(31,398)	(8,025)	(15,686)	(7,785)
	<u>(134,735)</u>	<u>(120,081)</u>	<u>(78,791)</u>	<u>(82,473)</u>
<b>Deferred tax</b>				
- Current year/period	-	(1,747)	-	(1,746)
- Over/(Under) provision in prior year	32	(2,751)	32	-
	<u>32</u>	<u>(4,498)</u>	<u>32</u>	<u>(1,746)</u>
	<u>(134,703)</u>	<u>(124,579)</u>	<u>(78,759)</u>	<u>(84,219)</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 21. TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Profit/(Loss) before tax	341,235	(7,315,376)	1,152,204	(4,347,706)
Income tax at Malaysian statutory tax rate of 24%	(81,896)	1,755,690	(276,529)	1,043,449
Different tax rates in foreign jurisdictions	(21,201)	(68,930)	-	-
Tax effects on share of results of associates	(59,755)	27,825	-	-
Non-taxable income	388,637	239,458	368,280	28,197
Expenses not deductible for tax purposes	(279,442)	(1,926,006)	(154,856)	(1,147,600)
Utilisation of previously unrecognised capital allowances and tax losses	1,440	166,163	-	-
Deferred tax assets not recognised	(51,120)	(308,003)	-	(480)
	(103,337)	(113,803)	(63,105)	(76,434)
Under provision in prior year	(31,366)	(10,776)	(15,654)	(7,785)
	(134,703)	(124,579)	(78,759)	(84,219)

As at the end of the reporting period, the estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows (stated at gross):

	GROUP		COMPANY	
	2021 RM	(Restated) 2020 RM	2021 RM	(Restated) 2020 RM
Property, plant and equipment	(8,000)	(40,000)	1,000	1,000
Unutilised tax losses	(30,389,000)	(30,058,000)	-	-
Unutilised capital allowances	(515,000)	(458,000)	(1,000)	(1,000)
Unutilised pioneer loss	(1,076,000)	(1,364,000)	-	-
Contract liabilities	(725,000)	(586,000)	-	-
	(32,713,000)	(32,506,000)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 21. TAX EXPENSE (cont'd)

The availability of tax losses, pioneer loss and capital allowances will be subject to the Inland Revenue Board's discretion and approval to offset against future taxable profit.

A subsidiary has been granted pioneer status in principle by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act 1986 which exempts 100% of the statutory income of the subsidiary from Malaysian taxation for a period of five years commencing from 28 June 2013 which was further extended to another 5 years, expiring 27 June 2023.

Effective from the year of assessment 2019, the unutilised tax losses can only be carried forward up to a maximum of 7 years from the year in which the loss is generated, whilst the unutilised capital allowances may still be carried forward indefinitely.

### 22. EARNINGS/LOSS PER SHARE

#### (a) Basic earnings/(loss) per share

Basic earnings/loss per share for the financial year/period is calculated by dividing the profit/loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

	GROUP	
	2021	2020
Profit/(Loss) after tax attributable to owners of the Company (RM)	191,990	(7,352,011)
<b>Weighted average number of shares</b>		
Issued shares at beginning of the financial year/period	255,514,540	232,286,540
Effect of Private Placement	-	1,429,415
	<u>255,514,540</u>	<u>233,715,955</u>
Basic earnings/(loss) per share (sen)	<u>0.08</u>	<u>(3.15)</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 22. EARNINGS/LOSS PER SHARE (cont'd)

#### (b) Diluted earnings/(loss) per share

Diluted earnings/loss per share for the financial year/period is calculated by dividing the profit/loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period and adjusted for the effects of dilutive potential ordinary shares.

	GROUP	
	2021	2020
Profit/(Loss) after tax attributable to owners of the Company (RM)	191,990	(7,352,011)
Weighted average number of shares	255,514,540	233,715,955
Effect of ESOS	100,332	*
	255,614,872	233,715,955
Diluted earnings/(loss) per share (sen)	0.08	(3.15)*

\* Anti-dilutive in nature.

### 23. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the reports reviewed and used by the Directors for strategic decisions making and resources allocation. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Business segment

Prior to 1 April 2020, the Group has only one reportable business segment, i.e. software implementation. As such, no operating segment information is prepared.

However, starting from current financial year, a new business segment i.e. solar panel installation, has been included following the acquisition of Ai Solar Sdn. Bhd. towards the end of the previous reporting period. As such, the Directors have reviewed and determined that the reportable segments should be changed accordingly, including the corresponding information for prior periods for better decision making in resources allocation and performance assessment.

The Group's reportable segments are now organised as follows:

- |                               |   |
|-------------------------------|---|
| (i) Software implementation   | Provision of software installation, commissioning, support and maintenance services and its related services.                     |
| (ii) Solar panel installation | Provision of engineering, procurement, construction and commissioning services in solar energy solution and its related services. |

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 23. SEGMENT INFORMATION (cont'd)

	Software implementation		Solar panel installation		Elimination		Note	Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM		2021 RM	2020 RM
<b>Revenue</b>									
External revenue	4,583,292	4,444,786	889,694	-	-	-		5,472,986	4,444,786
Inter-segment revenue	-	-	-	-	-	-	A	-	-
<b>Total revenue</b>	<b>4,583,292</b>	<b>4,444,786</b>	<b>889,694</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>5,472,986</b>	<b>4,444,786</b>
<b>Results</b>									
Segment results	(33,131)	(7,213,443)	118,519	-	-	-		85,388	(7,213,443)
Interest income								7,479	26,939
Interest expense								(610)	(12,933)
Share of results of an associate								248,978	(115,939)
Profit/(Loss) before tax								341,235	(7,315,376)
Tax expense								(134,703)	(124,579)
<b>Profit/(Loss) for the financial year/period</b>								<b>206,532</b>	<b>(7,439,955)</b>
<b>Assets</b>									
Segment assets	9,583,378	9,847,720	696,673	-	(355,934)	(8,500)		9,924,117	9,839,220
Investment in an associate								1,723,978	-
Current tax assets								15,770	7,528
Cash and cash equivalents								3,423,610	4,959,225
<b>Total assets</b>								<b>15,087,475</b>	<b>14,805,973</b>
<b>Liabilities</b>									
Segment liabilities	1,959,700	2,276,103	681,789	-	(355,934)	(8,500)		2,285,555	2,267,603
Lease liabilities								-	60,560
Deferred tax liabilities								-	32
Current tax liabilities								12,230	22,909
<b>Total liabilities</b>								<b>2,297,785</b>	<b>2,351,104</b>
<b>Other segment information</b>									
Additions to non-current assets	1,237,227	1,916,620	-	-	-	-	B	1,237,227	1,916,620
Depreciation and amortisation	1,904,805	2,617,002	-	-	-	-		1,904,805	2,617,002
Non-cash (income)/expenses other than depreciation and amortisation	(1,123,115)	4,448,934	-	-	-	-	C	(1,123,115)	4,448,934

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 23. SEGMENT INFORMATION (cont'd)

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment and intangible assets.
- C Other non-cash (income)/expenses consist of the following items:

	<b>GROUP</b>	
	<b>1.4.2020 TO 31.3.2021 RM</b>	<b>1.1.2019 TO 31.3.2020 RM</b>
Bad debts	350,171	13,257
(Gain)/Loss on deconsolidation of subsidiaries	(64,194)	17,193
Goodwill written off	-	1,038,592
Impairment loss on goodwill	-	1,234,146
Impairment loss on software development costs	64,211	-
Impairment loss on investment in an associate	-	1,475,000
Impairment loss on trade receivables	78,229	638,482
Property, plant and equipment written off	14	39,527
Reversal of impairment loss on investment in an associate	(1,475,000)	-
Reversal of impairment loss on trade receivables	(76,623)	-
Unrealised loss on foreign exchange	77	-
Waiver of debts	-	(7,263)
	<u>(1,123,115)</u>	<u>4,448,934</u>

#### Geographical segment

The Group operates mainly in Malaysia and other Asia Pacific countries. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total non-current assets and capital expenditure are based on the geographical location of the assets.

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Malaysia	4,558,304	3,448,064	8,999,566	7,823,269
Asia Pacific	914,682	996,722	46,798	230,690
	<u>5,472,986</u>	<u>4,444,786</u>	<u>9,046,364</u>	<u>8,053,959</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 23. SEGMENT INFORMATION (cont'd)

Non-current assets information presented above which excludes financial assets, consist of the following items as presented in the Group's statement of financial position:

	2021 RM	2020 RM
Property, plant and equipment	4,027,546	4,095,056
Right-of-use asset	-	58,715
Investment property	283,204	283,681
Investment in an associate	1,723,978	-
Intangible assets	3,011,636	3,616,507
	<hr/>	<hr/>
	9,046,364	8,053,959
	<hr/>	<hr/>

#### Information about major customers

Total revenue from 1 (2020: 2) major customer which individually contributed more than 10% of the Group's total revenue amounted to RM667,490 (2020: RM1,316,595).

### 24. RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

The Group and the Company have related party relationships with their subsidiaries, associate, key management personnel, companies in which certain Directors of the Company and persons connected to certain Directors of the Company have substantial financial interests and a sole proprietorship belonging to a director of a subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 24. RELATED PARTY DISCLOSURES (cont'd)

#### (b) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following related party transactions during the financial year/period:

	GROUP		COMPANY	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Transactions with an associate				
- Sales	84,800	117,600	-	-
- Rental income	42,000	52,500	-	-
Transactions with related parties				
- Cost sharing	65,189	93,525	39,545	51,333
- Professional fees and disbursements paid	22,107	26,801	3,546	6,643
- Sales	3,275	200	3,275	-
- Rental expenses paid/ payable	24,000	30,000	-	-
- Clerical charges paid/ payable	29,600	-	-	-
Transactions with subsidiaries				
- Dividend income	-	-	-	24,444
- Interest income	-	-	2,579	358,559
- Management fees received	-	-	10,000	10,000

#### (c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and of the Company are disclosed in Note 20(a).

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 24. RELATED PARTY DISCLOSURES (cont'd)

#### (c) Compensation of key management personnel (cont'd)

The remuneration of other members of key management personnel during the financial year/ period is as follows:

	GROUP	
	1.4.2020 TO 31.3.2021 RM	1.1.2019 TO 31.3.2020 RM
Salary, allowances and bonus	408,300	601,183
Contributions to defined contribution plan	47,220	70,429
	<u>455,520</u>	<u>671,612</u>

### 25. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial assets</b>				
<u>Amortised cost</u>				
Trade and other receivables	2,468,952	1,736,728	14,380	66,630
Amount due from subsidiaries	-	-	316,277	10,617,499
Cash and cash equivalents	3,423,610	4,959,225	2,406,498	3,966,021
	<u>5,892,562</u>	<u>6,695,953</u>	<u>2,737,155</u>	<u>14,650,150</u>
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade and other payables	1,423,332	1,392,308	57,978	76,322
Lease liabilities	-	60,560	-	-
	<u>1,423,332</u>	<u>1,452,868</u>	<u>57,978</u>	<u>76,322</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 25. FINANCIAL INSTRUMENTS (cont'd)

#### Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks of the Group include credit, liquidity, interest rate and foreign currency risks.

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing these risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables. The Company's exposure to credit risk arises principally from trade receivables and advances to subsidiaries. There are no significant changes as compared to prior periods.

#### Trade receivables

##### Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating.

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

There are no significant changes as compared to the previous financial period.

##### Credit risk concentration profile

As at the end of the reporting period, the Group and the Company have significant concentration of credit risk arising from the amounts owing from 2 (2020: 2) and Nil (2020: 2) customers respectively, constituting 37% (2020: 44%) and Nil (2020: 100%) of the Group's and of the Company's respective trade receivables, net of individual impairment.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

**Financial risk management objectives and policies****(i) Credit risk** (cont'd)**Trade receivables** (cont'd)Exposure to credit risk

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

Recognition and measurement of impairment loss

The Group and the Company have applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECLs.

The Group and the Company assess impairment of trade receivables on collective basis. The Group and the Company use a provision matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics.

Consistent with the debt recovery process, the Group and the Company have set an additional settlement period of 150 days. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency after the extended period. Those balances exceeding 240 days past due will be considered as credit impaired.

Loss rates are based on actual credit loss experienced throughout the period. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables.

In response to the Covid-19 pandemic and to maintain good business relationship with the customers, the Group and the Company have also given some leeway to customers by giving temporary extension of credit terms upon request. Nevertheless, such request was minimal considering the additional settlement period allowed are fairly reasonable. However, such temporary extension of credit terms has not been included in calculating the ECL as the management does not foresee it will significantly impact the calculation.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 25. FINANCIAL INSTRUMENTS (cont'd)

#### Financial risk management objectives and policies (cont'd)

##### (i) Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Recognition and measurement of impairment loss (cont'd)

	Gross RM	Loss Allowance RM	Net RM
<b>GROUP</b>			
<b>2021</b>			
Current (not past due)	1,362,961	(982)	1,361,979
1 to 60 days past due	559,586	(474)	559,112
61 to 120 days past due	272,570	(2,805)	269,765
121 to 180 days past due	195,316	(4,240)	191,076
181 to 240 days past due	641	-	641
More than 240 days	1,838,447	(1,808,155)	30,292
	<u>4,229,521</u>	<u>(1,816,656)</u>	<u>2,412,865</u>
<b>2020</b>			
Current (not past due)	609,898	-	609,898
1 to 60 days past due	237,025	-	237,025
61 to 120 days past due	20,284	-	20,284
121 to 180 days past due	108,191	-	108,191
181 to 240 days past due	10,642	-	10,642
More than 240 days	2,925,978	(2,290,445)	635,533
	<u>3,912,018</u>	<u>(2,290,445)</u>	<u>1,621,573</u>
<b>COMPANY</b>			
<b>2020</b>			
Current (not past due)	<u>44,025</u>	<u>-</u>	<u>44,025</u>

The Company did not have any trade receivables as at 31 March 2021.

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year/period.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

**Financial risk management objectives and policies** (cont'd)**(i) Credit risk** (cont'd)**Trade receivables** (cont'd)Recognition and measurement of impairment loss (cont'd)

Trade receivables that are past due but not impaired, they relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances. No impairment has been provided for these trade receivables as there has been no significant changes in their credit quality and the management still considered the debts to be recoverable.

For trade receivables that are individually or collectively determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments which are past due more than 240 days. These receivables are not secured by any collateral or credit enhancements.

**Cash and cash equivalents**

The cash and cash equivalents of the Group and of the Company are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These licensed banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

**Other receivables and deposits**

Other receivables and deposits are neither past due nor impaired. The Group and the Company believe that generally no allowance for impairment is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

**Intragroup advances**Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

**Financial risk management objectives and policies** (cont'd)**(i) Credit risk** (cont'd)**Intragroup advances** (cont'd)Recognition and measurement of impairment loss (cont'd)

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there were no indications of impairment loss in respect of these advances.

**Financial guarantees**

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service the loans on an individual basis. However, as at the end of the reporting period, there was no outstanding balance owing to the said licensed bank.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

All the Group's and the Company's financial liabilities at the end of the reporting period will mature within one year.

In response to possible future liquidity constraints arising from the Covid-19 pandemic, particularly on the mismatching of collection from customers and payment to suppliers, the Group has maintained a standby secured overdraft facility with a limit of RM1.4 million which remains unutilised as at the end of the reporting period. Interest is payable at the minimum rate of 10% per annum or base financing rate (BFR) + 4% per annum whichever is higher, calculated based on any outstanding amount.

**(iii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from fixed rate interest-bearing advances to a subsidiary, whilst in the previous financial period, the Group's and the Company's exposure to interest rate risk arises from fixed deposits with a licensed bank.

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 25. FINANCIAL INSTRUMENTS (cont'd)

#### Financial risk management objectives and policies (cont'd)

##### (iv) Foreign currency risk

The objectives of the Group's and the Company's foreign exchange policies are to allow the Group and the Company to manage exposure that arise from trading activities effectively within a framework of controls that does not expose the Group and the Company to unnecessary foreign exchange risks.

The Group's exposure to foreign currency risk is minimal as its business transactions, receivables, payables and cash and bank balances are denominated in the respective functional currencies of the Group entities. Presently the Group has no intention of hedging its foreign exchange risk profile. The Company is exposed to foreign currency risk mainly on intragroup balances that are denominated in Hong Kong Dollar ("HKD").

The Group is not exposed to any foreign currency risk as at the end of the reporting period.

The Company's exposure to foreign currency risk, based on the carrying amount at the end of the reporting period is as follows:

	Denominated in HKD	
	2021	2020
	RM	RM
Amount due from a subsidiary	-	2,062,794

#### Sensitivity analysis for foreign currency risk

A 10% strengthening of RM against the foreign currency at the end of the previous reporting period would have increased loss after tax by RM156,772 and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the previous reporting period.

### 26. FAIR VALUE INFORMATION

#### Fair value measurement of non-financial assets

The fair value measurement hierarchies used to measure non-financial asset at fair value in the statements of financial position are disclosed in Note 6 to the financial statements.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year/period.

#### Financial instrument other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.*

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the end of the reporting period approximate their fair values due to their short term nature.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain shareholders', stakeholders' and market confidence and to sustain future development of the business.

The Group manages and determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objectives, policies and processes during the financial year under review as compared to the previous financial period.

The Group manages capital by regularly monitoring its liquidity requirements rather than using debt/equity ratio and the Group did not breach any covenants imposed by its lender on the Group as at the end of the reporting period.

### 28. CAPITAL COMMITMENTS

	GROUP	
	2021 RM	2020 RM
<b>Contracted but not provided for:</b>		
Property, plant and equipment - Renovation	27,000	-
Intangible assets - Purchase of software	90,000	-
	<u>117,000</u>	<u>-</u>

### 29. SIGNIFICANT EVENT

#### Coronavirus ("Covid-19")

The Group did not foresee that the pandemic would prolong more than a year with more than nine months of movement control order ("MCO") during the financial year ended 31 March 2021. Despite MCO and standard operating procedures ("SOPs") which served as control measures, the Group was faced with fourth and fifth waves of infection where daily new cases skyrocketed in the thousands and full MCO was called which further aggravated the already weakened market economy.

The Group has performed assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2021.

**NOTES TO THE FINANCIAL STATEMENTS**

31 MARCH 2021 (cont'd)

**29. SIGNIFICANT EVENT** (cont'd)**Coronavirus ("Covid-19")** (cont'd)

Given the fluidity of the situation, the Group is unable to reasonably estimate the complete financial impacts of the Covid-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the Covid-19 pandemic is a continuing process. The Group will continuously monitor any material changes to future economic conditions that will affect the Group.

**30. SUBSEQUENT EVENT**

On 21 April 2021, the Company has granted 25,000,000 options to its eligible Directors and employees at an exercise price of RM0.1904 per share. The options will only be vested upon fulfilment of certain vesting conditions.

**31. COMPARATIVE FIGURES**

The comparatives relating to statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes are made up from 1 January 2019 to 31 March 2020 and therefore are not comparable with the current financial year from 1 April 2020 to 31 March 2021.



## LIST OF PROPERTIES

Location	Description and Existing Use	Tenure	Land area/ Built-up area (sq ft)	Date of acquisition/ Completion	Approximate age of Building (Years)	Carrying Amount (RM)
Unit 9-10, 9 <sup>th</sup> Floor, Wisma UOA II, No. 21, Jalan Pinang, 50450 Kuala Lumpur	One office unit held under GRN46212 master issue document for title at HS(D) 87450, PT 35, Section 57, Town of Kuala Lumpur, District of Wilayah Persekutuan  Office use and partially rented out	Freehold	2,508	08/12/2000	21	947,282
Unit 5.04, Plaza GM, No. 12, Lorong Haji Taib Lima, 50350 Kuala Lumpur	One shop lot held under Geran 54264 Lot 2000 Seksyen 46 (formerly known as H.S (D) 81954 P.T. No. 86, GRN 26997 & 26998 for Lot Nos. 1728 & 1729 all of Seksyen 46) in the town and District of Kuala Lumpur, State of Wilayah Persekutuan  Vacant	Freehold	238.46	29/01/2008	13	283,204

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2021

Issued Share Capital : 255,514,540 Ordinary Shares  
 Class of Equity Securities : Ordinary Shares ("Shares")  
 Voting Rights : One vote per Share

### Distribution Schedule of Shareholders

Size of Shareholdings	No. of Holders	%	No. of Issued Shares	%
Less than 100	7	0.25	308	*
100 - 1,000	607	21.39	169,100	0.07
1,001 - 10,000	1,192	42.00	7,584,600	2.97
10,001 to 100,000 shares	901	31.75	30,121,900	11.79
100,001 to less than 5% of issued shares	127	4.47	101,600,100	39.76
5% and above of issued shares	4	0.14	116,038,532	45.41
<b>Total</b>	<b>2,838</b>	<b>100.00</b>	<b>255,514,540</b>	<b>100.00</b>

\* Negligible

### 30 Largest Securities Account Holders based on Record of Depositors

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	YEAP KONG CHEAN	40,666,668	15.92
2	YEAP KONG TAI (Deceased)	32,786,664	12.83
3	DATO' TAI KAU @ TAI FAH CHONG	23,228,000	9.09
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE</i>	19,357,200	7.58
5	LEE WAI MUN	8,678,600	3.40
6	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG GING KIAT</i>	7,629,000	2.84
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP KONG TAI</i>	6,680,000	2.61
8	CHAN LI KHENG	6,597,000	2.58
9	YEAP CHOR BENG & SONS SDN BHD	4,500,000	1.76
10	TAN LAN WAH	4,100,800	1.60
11	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP KONG YEOW</i>	4,060,000	1.59
12	WONG AH YONG	3,817,900	1.49
13	TRICOR SERVICES (MALAYSIA) SDN. BHD.	3,324,000	1.30

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2021 (cont'd)

### 30 Largest Securities Account Holders based on Record of Depositors

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
14	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FOO CHEE BOON</i>	3,260,000	1.28
15	YEAP KONG YEOW	2,433,000	0.95
16	TAN LAN WAH	2,362,000	0.92
17	NG CHENG GUAN	1,604,100	0.63
18	SIM PUEI CHUN	1,600,000	0.63
19	SEAW KENG SENG	1,500,000	0.59
20	TAN SOO ENG	1,500,000	0.59
21	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEONG YEN YOON</i>	1,318,400	0.52
22	MUI KAR WAI	1,188,300	0.47
23	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG</i>	1,100,000	0.43
24	NG JEH YEONG	1,000,000	0.39
25	YEAP KAH PHAIK	1,000,000	0.39
26	YEAP KING JIN	888,000	0.35
27	YEAP KONG YEOW	868,400	0.34
28	TAN SEIK LANG	780,000	0.31
29	NG LEE LIAN	748,900	0.29
30	SIM PUEI CHUN	720,000	0.28

### Substantial Shareholders' Shareholdings based on Register of Substantial Shareholders

		No. of Shares beneficially held				
No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%	Note
1	Yeap Kong Chean	40,666,668	15.92	-	-	
2	Tan Hoay Leng	-	-	40,666,668	15.92	a
3	Yeap Kong Tai (Deceased)	39,466,664	15.45	-	-	
4	Dato' Woo Swee Lian	19,357,200	7.58	-	-	

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2021 (cont'd)

## Directors' Shareholdings based on Register of Directors' Shareholdings

No.	Name of Directors	Direct Interest	%	No. of Shares beneficially held		
				Indirect Interest	%	Note
1	Yeap Kong Chean	40,666,668	15.92	-	-	
2	Tan Hoay Leng	-	-	40,666,668	15.92	a
3	Dr. Ch'ng Huck Khoon	-	-	-	-	
4	Dato' Lee Wai Mun	8,678,600	3.40	-	-	
5	Wong Khai Meng	-	-	-	-	
6	Muhammed Ali Bin Hajah Mydin	-	-	-	-	

Note:

- a) Deemed interested through her spouse, Mr. Yeap Kong Chean

## Interests in the related corporations

By virtue of his interests in shares in the Company, Mr. Yeap Kong Chean is deemed to have an interest in the shares in all the subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the Directors had any interest in shares in the related corporations.

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