HOSPITALITY
APPLICATION PERFORMANCE
TAXATION & SECURITY LABORATORY
BUSINESS PROCESS AUTOMATION
TAXATION
PROPERTY
MANAGEMENT
MANUFACTURING
HOTELS
& CLUBS
WHOLESALES &
DISTRIBUTION
HOSPITALITY
HOSPITALITY
WHOLESALE &
DISTRIBUTION
MANUFACTURING
TAXATION
LABORATORY
TAXATION

YglWORLD

Annual Report 2014

TAXATION
BUSINESS INTELLIGENCE
PROPERTY MANAGEMENT
MANUFACTURING
MANUFACTURING
HOSPITALITY
TAXATION
PROPERTY
MANAGEMENT
HOTELS & CLUBS
HUMAN RESOURCE MANAGEMENT
APPLICATION PERFORMANCE
& SECURITY

Annual Report 2014

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BUSINESS PROCESS AUTOMAT
HUMAN RESOURCE MANAGEMENT
TAXATION WHOLESALE
BUSINESS INTELLIGENCE DISTRIBUTIO

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh (11th) Annual General Meeting of Ygl Convergence Berhad (or "the Company") will be held at The Northam Hotel, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang on Tuesday, 30 June 2015 at 11.00 a.m. for the following purposes:-

As Ordinary Business:-

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2014 together with the Auditors' Report thereon. *(Please refer to Note 1)*

2. To approve the payment of Directors' fees of RM80,000 for the financial year ended 31 December 2014. **Resolution 1**

3. To re-elect the following Directors who are retiring in accordance with Article 29.1 of the Company's Articles of Association and are offering themselves for re-election: -
   a) Dr. Ch'ng Huck Khoon **Resolution 2**
   b) Mr. Chua Kiat Eng **Resolution 3**

4. To re-appoint Messrs. Cheng & Co as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business:-

5. To consider and if thought fit, to pass the following resolution with or without modification:-

   Ordinary Resolution:-
   Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

OOI ENG CHOO (BC/O/102)
THUM SOOK FUN (MIA 24701)
Company Secretaries

Penang
Date: 29 May 2015

Notice of Annual General Meeting (cont'd)

Explanatory Note to Special Business:-

Resolution 5 - Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 5 is primarily to seek for the renewal of a general mandate to give flexibility to the Board of Directors to issue and allot shares up to 10% of the issued share capital (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion without convening a general meeting (hereinafter referred to as the "General Mandate").

As the date of this Notice, no new shares were issued pursuant to the general mandate granted by its shareholders at the last Annual General Meeting ("AGM") held on 30 June 2014 (hereinafter referred to as the "Previous Mandate") and it will lapse at the conclusion of 11th AGM.

The purpose to seek for the General Mandate is to enable the Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organize a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company

The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

Notes:

1. The first agenda of this meeting is meant for discussion only, as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval for the audited financial statements from the shareholders. Hence, this Agenda is not put forward to the shareholders for voting.

2. In respect of deposited securities, only members whose name appears on the Record of Depositors as at 24 June 2015 shall be entitled to attend, speak and vote at the meeting.

3. A member entitled to attend and vote at the meeting is entitled to appoint two (2) or more proxies to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as members to speak at the general meeting.

4. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.

5. The instrument appointing a proxy and the power of attorney or other authority (if any) shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Notice of Annual General Meeting (cont'd)

6. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where an Exempt Authorised Nominee appoints more than 1 proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies proportion of its shareholding to be represented by each proxy.

7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 35, Scotland Road, 10450 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

Yeap Kong Chean
Chief Executive Officer

Tan Hoay Leng
Executive Director

Ahmad Fuad Bin Mohd Ali
Independent Non-Executive Director

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

Chua Kiat Eng
Independent Non-Executive Director

COMPANY SECRETARIES
Ooi Eng Choo (BC/O/102)
Thum Sook Fun (MIA 24701)

REGISTERED OFFICE
No. 35, Scotland Road,
10450 Penang.
Tel: 04-229 0619
Fax: 04-228 3379

SHARE REGISTRAR
Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar, 10200 Penang.
Tel: 04-2631 966
Fax: 04-2628 544

AUDITORS
Cheng & Co (AF0886)
No. 8-2 & 10-2, Jalan 2/114,
Kuchai Business Centre,
Off Jalan Klang Lama,
58200 Kuala Lumpur,
Wilayah Persekutuan.

PRINCIPAL BANKERS

Malayan Banking Berhad
Ground Floor, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang.
Tel: 04-2636 685
Fax: 04-2636 645

Hong Leong Bank Berhad
Ground Floor, Tower A,
PJ City Development,
15-A, Jalan 219, Section 51A,
46100 Petaling Jaya,
Selangor.
Tel: 03-7877 1629
Fax: 03-7876 1384

Public Bank Berhad
456, Ground & 1st Floor,
Jalan Datuk Keramat,
10460 Penang.
Tel: 04-2292 459
Fax: 04-2291 978

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

WEBSITE
www.yglworld.com

Profile of Directors

YEAP KONG CHEAN
Chief Executive Officer
Aged 53, 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 ERP deployment work. He was instrumental in taking YGL Convergence Berhad listed in July 2005.

TAN HOAY LENG
Executive Director
Aged 48, 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 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.

Profile of Directors (cont'd)

AHMAD FUAD BIN MOHD ALI
Independent & Non-Executive Director
Aged 62, Malaysian

Ahmad Fuad Bin Mohd Ali was appointed to the Board on 29 October 2010. He is also a member of the Audit Committee and Chairman of the Nominating Committee of the Company.

He has over 30 years of Consumer and Corporate Banking experience with a leading International Bank. He is a strong business-oriented banker with in-dept knowledge of the Malaysian market, who successful led various creative initiatives to increase market share in key business areas particularly Mortgages and Wealth Management products. He is highly skilful and innovative marketing person who led a team in developing creative and award winning products, brand positioning initiatives and introduced numerous highly successful marketing techniques and concepts. He is also an accomplished strategist who was key in developing and implementing the strategic plans for the consumer bank and ensures its leading role in the industry. A self-motivated, innovative, result oriented with excellent management and leadership skills. He is an effective "change manager" who contributed significantly in changing the organizational culture from operations to sales and service oriented.

Currently, he is an Advisor in a Corporate Advisory Company and a Director of a Project Management Company.

DR. CH'NG HUCK KHOON
Independent & Non-Executive Director
Aged 46, Malaysian

Dr. Ch'ng Huck Khoon was appointed to the Board on 28 February 2012. He was a member of the Audit Committee of the Company before redesignated as the Chairman of the Audit Committee of the Company on 1 January 2013. He is also a member of the Nominating 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 and Chairman of the Audit Committee of CNI Holdings Berhad ("CNI"). He is also an Independent Non-Executive Director and member of the Audit Committee of AT Systematization Berhad ("ATS") and MQ Technology Berhad ("MQTECH"), where all of these three are the companies listed on either the Main or ACE Market of Bursa Malaysia Securities Berhad.

Profile of Directors (cont'd)

CHUA KIAT ENG
Independent & Non-Executive Director
Aged 51, Malaysian

Chua Kiat Eng was appointed to the Board on 28 March 2013. He is also a member of the Audit Committee and Nominating Committee of the Company.

He is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants (MIA).

He started his career with Messrs. Kassim Chan & Co. for a few years, before he moved into manufacturing sector in 1990. He served in various key positions in Isuta Group which had presence throughout Asia Pacific region. He was also appointed as Chief Executive Officer of Isuta International and a few other manufacturing companies.

Besides playing a commanding role in corporate and finance, he is also a corporate strategist who has involved in a number of corporate exercises, including asset acquisition by investment institution.

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 Mr. 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 the above disclosure, 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 in the Annual Report.

iii. No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

iv. Non-conviction of Offences

All the Directors have not been convicted of any offences within the past 10 years.

Chief Executive Officer's Statement

On behalf of the Board of Directors and the management team of Ygl Convergence Berhad ("Ygl"), I would like to take this opportunity to present the Annual Report and Financial Statements of the Company and Group for the financial year ended 31 December 2014.

Looking back at 2014, the implementation of Goods and Services Tax ("GST") by the Malaysian Government couple with the functionality of Ygl proprietary product software and the "Advance" certification by the Royal Malaysian Customs had provided the opportunity for Ygl to increase the market share in Malaysia. The efforts made in research and development to create Ygl own proprietary enterprise computing solutions has paid off and received the recognition and acceptance of corporate customers conventionally sourcing from overseas vendors.

Financial Overview

Ygl Group recorded a revenue of RM7.939 million for the financial year ended 31 December 2014, representing an increase of 6.75% as compared with the revenue of RM7.437 million for the financial year ended 31 December 2013. Net loss for financial year 2014 was RM1.282 million as compared to net loss of RM2.670 million for financial year 2013, representing a decrease of 51.99%. The decrease in net loss was due to increase in sales of Ygl proprietary products which provided better margin contributions. Correspondingly, Ygl had net loss per share of 0.71 sen for the year ended 31 December 2014 as compared to net loss per share of 1.55 sen for the year ended 31 December 2013.

Corporate Development

The year 2014 had been an exciting year for Ygl, during which the Ygl Enterprise computing solutions had been sold to customers from different industries ranging from multinational, listed companies and SME enterprises. With the effort of the team, Ygl has recorded the following achievements during the year:

1. Ygl Enterprise solution namely "Ygl E-Corporate Suite" and "Ygl E-Manufacturing Suite" were both certified by Royal Malaysians Customs on GST "Advance Features". Ygl E-Corporate Suite and Ygl E-Manufacturing Suite are tailor made for trading and manufacturing industries respectively.

2. Ygl proprietary "TAXcom" solution tailor made for the public accountants and taxation service provider has been upsold to regional professional practices in Malaysia. Within the same year, the same solution penetrated Singapore market and has been adopted by multinational professional practices in Singapore.

3. A Memorandum of Understanding ("MOU") has been signed with UTAR to teach Ygl proprietary TAXcom solution as part of the syllabus for the accounting graduates to equip the graduates with the practical IT tools for their future endeavor into the professional practice work space.

4. Ygl has launched YglWorld partner network to share in marketing, consulting and implementation of Ygl Enterprise solutions. YglWorld partner component comprise multinational and local practices from different discipline.

Chief Executive Officer's Statement (cont'd)

5. Hong Kong office has moved into new location at Penthouse 2205-6, 22/F.,Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

6. Ygl Hong Kong was successful in executing the software maintenance contract with the government and semi government customers in Hong Kong upon the successful rolled up of certain award winning projects.

Research and Development ("R&D")

For financial year 2014, Ygl Group invested RM966,374 in the R&D of Ygl proprietary product. This represents a decrease of 27.6% as compared to the R&D's expenditure of RM1.335 million incurred in financial year 2013 such expenditure is deem adequate in view of the fact that Ygl proprietary solutions have mature and had been rolled out to the market.

Prospect

The year 2015 provides a great opportunity for Ygl Group both in term of market penetration and revenue prospect. Ygl will continue to increase its present in Malaysia and Singapore. YglWorld partner network will contribute positively to the sales and distribution & technical competency and advance features to Ygl proprietary enterprise solutions.

I feel that Ygl as a Malaysian company has created a software solution of international standard and this is supported by the testimonies of our valued customers. I am confident that Ygl will emerge as the world class regional automation centre for both the government and the private sectors.

Appreciation

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

- our valued customers for sharing our product vision;
- 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 dedication and contribution; and
- our shareholders for their continued backing.

Yeap Kong Chean
Chief Executive Officer

Date: 28 April 2015

Audit Committee Report

The Board is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2014 ("FY2014").

The Company has fulfilled the requirements of Rule 15.09 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and the recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") with regard to the composition of the AC. The present composition of the AC are as follows:-

Chairman	-	Dr. Ch'ng Huck Khoon *(Independent Non-Executive Director)*
Members	-	Ahmad Fuad Bin Mohd Ali *(Independent Non-Executive Director)* Chua Kiat Eng *(Independent Non-Executive Director)*

ATTENDANCE OF MEETINGS

A total of five (5) AC meetings were held during FY2014, of which all the AC members have attended all the AC meetings with full attendance.

SUMMARY OF THE TERMS OF REFERENCE

1. Composition

The AC members shall be appointed by the Board of Directors with at least three (3) members, of which all the AC members must be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the AC shall select a Chairman from among its number who shall be an Independent Director. In the event that the elected Chairman is not able to attend a meeting, a member of the AC shall be nominated as Chairman for the Meeting.

If a member of the AC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member as may be required to make up the minimum number of three (3) members.

2. Authority

The AC shall, within its terms of reference:-

a) have explicit authority to investigate any matters within its term of reference;
b) have full and unrestricted access to any information as required to perform its duties;
c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities (if any);
d) be able to obtain independent professional or other advice;
e) be able to convene meetings with external auditors or both, without the presence of the other directors and management, whenever deemed necessary; and
f) where the AC is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Malaysia Securities Berhad ("Bursa Securities").

Audit Committee Report (cont'd)

3. Summary of Duties and Responsibilities

a) to oversee the functions of the internal audit and ensure compliance with relevant regulatory requirements;
b) to review the internal audit programme, processes, the results of the internal audit activities or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors;
c) to review the effectiveness of internal controls and risk management processes;
d) to review the appointment of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board;
e) to review with the external auditors, their evaluation of the system of internal controls and their audit report;
f) to review the audit findings raised by external auditors and ensure that issues are being managed and rectified appropriately and in a timely manner;
g) to review and report to the Board of Directors on the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particulars on:-
  i) changes in or implementation of major accounting policy changes;
  ii) significant adjustments arising from the audit;
  iii) the going concern assumption;
  iv) significant and unusual events; and
  v) compliance with accounting standards and other legal requirements;
h) to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

SUMMARY OF ACTIVITIES

The AC activities in discharging their duties and responsibilities during the financial year under review included the following:-

i) Reviewed the quarterly and year-end financial statements of the Group and the Company prior to submission to the Board of Directors for consideration and approval;

ii) Reviewed with the external auditors, their audit planning memorandum, audit approach and reporting requirements prior to the commencement of audit work;

iii) 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;

iv) Reviewed and recommended the re-appointment of the external auditors for ensuing year prior to submission to the Board and shareholders for consideration;

v) Reviewed the internal audit 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; and

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES (cont'd)

vi) Reviewed the related party transactions and conflict of interest situation that may arise within the Company and its subsidiaries including any transaction, procedure and course of conduct that raises questions of management integrity;

During the FY2014, the AC met with the Company's external auditors twice without the presence of the Management in compliance with the recommendations of the MCCG 2012.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit ("IA") function to Messrs. Tan & Loh and they have conducted two IA reviews relating to the implementation of internal control systems 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 the Company's policies and operational procedures. The internal control weaknesses identified were reported to the AC and the Management was required to undertake adequate measures to address the operational weaknesses.

The activities carried out by the IA team include:-

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

The total cost incurred by the Group for the IA function in respect of FY2014 amounted to approximately RM10,600.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 April 2015.

Statement on Corporate Governance

The Board of Directors ("Board") of Ygl Convergence Berhad ("Ygl") recognises and fully subscribes to the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") as a key factor towards achieving an optimal governance framework and enhancing the shareholders' value and the performance of the Group.

With this in mind, the Board has taken relevant measures to apply the key principles and conform to the recommendations as set out in the MCCG 2012 with the exception of one area as highlighted below. The reason for such departure is specified therein.

MCCG 2012 Recommendation	Reasons
Appointment of a remuneration committee	The Director's remuneration is a matter of the full Board to decide based on market conditions, responsibilities held and the Group's overall financial performance.

BOARD OF DIRECTORS

The Board

The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving its maximum economic value.

The Board's principal focus is the overall strategic direction, development and control of the Group. The Board is responsible for the protection and enhancement of long-term value and returns for the shareholders. The Board also reviews the action plans that are implemented by the Management to achieve business targets, provides corporate direction and reviews financial results of the Group.

Board Balance

The Board consisted of five (5) Directors, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors. Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. A brief profile of each Director is set out on pages 6 to 8 of this Annual Report.

The Board complies with Rule 15.02 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") which states that a listed company must have least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors. All the Independent Directors do not participate in the management and are independent of any business or other relationships with the Group that would influence on their objective deliberation and judgment.

There is a clear distinction of responsibilities between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall operations of the Group and the implementation operational procedures and corporate policies. The Non-Executive Directors, with their knowledge and experience, provide their unbiased views, advice and judgment to the Board with the interest of all stakeholders in consideration. If any conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision making process and voting.

Statement on Corporate Governance (cont'd)

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 existing Independent Non-Executive Directors, are of sufficient caliber and experience to bring objectivity, balance and independent judgments to Board decision.

The Board adopts an open boardroom gender diversity policy whereas a female Executive Director namely Madam Tan Hoay Leng was appointed to the Board in year 2009. She has been in the management team since the inception of listing of the Company.

The effectiveness of the Board was appraised by all the members of the Board collectively based on the key areas of Board mix and composition, quality of information and decision making, boardroom activities and performance evaluation on board committees.

None of the Independent Non-Executive Directors has served tenure for more than nine years.

Roles & Responsibilities of the Board

The roles and responsibilities of the Board are outlined in the Board Charter. The Board Charter provides guidelines to benchmark the performance of the Board as a whole as well as that of the individual director. The terms of the Board Charter is periodically reviewed to meet changing requirements set by the authorities. The Board Charter is available on the Company's website at www.yglworld.com.

The Board retains the ultimate decision making control in determining the Group's strategies and policies over business directions and development. Key decisions such as approval of annual and quarterly financial results, budgets and long term business plans, acquisition and disposal of major assets and business directions lie within the responsibilities of the Board.

Board Committees

The Board establishes Audit Committee ("AC") and Nominating Committee ("NC") to support and assist it in discharging its fiduciary duties by delegating certain functions and responsibilities to them. The respective committees, report to the Board on matters concerned and make recommendations accordingly.

Board Meetings

The Board meetings are held at quarterly intervals and additional meetings are held should the need arise. For the financial year ended 31 December 2014, the Board had held five (5) meetings whereat it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business performance and direction of the Group. A summary of the meeting's attendance for each of the Directors are as follows:-

Directors	No. of Board Meetings attended	%
Yeap Kong Chean	5	100
Tan Hoay Leng	5	100
Ahmad Fuad Bin Mohd Ali	5	100
Dr. Ch'ng Huck Khoon	5	100
Chua Kiat Eng	5	100

Statement on Corporate Governance (cont'd)

Supply of and Access to information

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. The Company Secretaries attends all Board meetings and ensures the Board procedures and all other rules and regulations applicable to the Company are complied with.

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.

Appointment and Re-election to the Board

The Board has established the NC on 23 April 2013. The NC is charged with the responsibility of overseeing the selection and assessment of Directors. The NC is responsible for developing selection criteria, assessing the suitability and recommending the appropriate candidates with the relevant capabilities and experience to be appointed to the Board and Board Committees. Considerations are given to the skills and experience in the selection process while competence, commitment, contribution and performance are taken into account in the assessment process. The NC is also tasked to review the continuous education and training needs of the directors and conduct on-going review of the set criteria and expectations of the Board from the Directors.

The NC currently comprises exclusively of Independent Non-Executive Directors as follows:-

Ahmad Fuad Bin Mohd Ali *(Chairman)*
Dr. Ch'ng Huck Khoon
Chua Kiat Eng

During the financial year 2014, the NC met once with full attendance from its members.

The NC has conducted an annual assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provision of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1965.

The Board through the NC assesses the Independent Directors on an annual basis, with a view to ensure the Independent Directors bring independent and objective judgement to the Board and this mitigates potential conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation. Should any Director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in the discussion and voting on the matter.

The Board also received confirmation in writing from the Independent Director of their independence. The Board is satisfied with the assessment of the Independent Directors.

Statement on Corporate Governance (cont'd)

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities on all Directors of listed companies.

Directors are encouraged to attend talks, seminar, workshop, conferences and other training programmes to update themselves on new developments in the business development.

Descriptions of the type of training(s) attended by the Directors during the financial year 2014 are as follows:-

Directors	Title of Seminar / Workshops / Courses	Mode of Training	No. of Hours / Days Spent
Yeap Kong Chean	Budget 2015 Updates for Corporate Accountants	Seminar	8 hours
	Seminar Percukaian Kebangsaan 2014	Seminar	10 hours
	2014 National Tax Seminar	Seminar	10 hours
Tan Hoay Leng	Kursus Khas Cukai Barang dan Perkhidmatan (GST) Untuk Ejen Cukai Anjuran Jabatan Kastam Diraja Malaysia bersama Malaysian Institute of Accountants (MIA)	Course	10 days
	Train the Trainer	Workshop	5 days
	Budget 2015 Updates for Corporate Accountants	Seminar	8 hours
	Seminar Percukaian Kebangsaan 2014	Seminar	10 hours
	Understand and Applying the 23 Malaysian GST Tax Codes for the Preparation GST-03 Tax Return & GST Audit File (GAF)	Seminar	8 hours
Ahmad Fuad Bin Mohd Ali	Merger & Acquisition: Pricing the deal, due diligence and Alternative to M & A	Seminar	1 day
	Corporate Strategy and Strategic Choices	Seminar	1 day
Dr. Ch'ng Huck Khoon	Behaviour Corporate Finance on Valuation, Capital Budgeting and Corporate Decision	Seminar	8 hours
	Macroeconomics and Currency War	Seminar	8 hours
	AMLA, FATCA, Chinese Wall & Prevention of Insider Trading	Seminar	8 hours
Chua Kiat Eng	E-Manufacturing Training	Seminar	4 hours
	Getting prepared by GST	Seminar	4 hours
	Corporate Strategy	Seminar	8 hours
	Behaviour Corporate Finance Partnership	Seminar	8 hours
	Grow your Business with International	Seminar	8 hours

Directors' Remuneration

The Board as a whole determines the remuneration of Executive Directors. The individual Directors concerned are abstained from decisions in respect of their own remuneration package.

Statement on Corporate Governance (cont'd)

Directors' Remuneration (cont'd)

In accordance with the Company's Articles of Association, the fees of the Directors shall from time to time to be determined by the Company in general meeting.

In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors.

As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The summary of the Directors' remuneration in the Company and its subsidiaries for the financial year ended 31 December 2014 is as follows:-

Directors	Company			Group		
	Salaries RM	Bonus RM	Fee RM	Salaries RM	Bonus RM	Fee RM
Executive	-	-	20,000	226,722	-	-
Non-Executive	-	-	60,000	-	-	-
Total	-	-	80,000	226,722	-	-

The Directors whose remuneration falls within the following bands as:-

Range	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 – RM100,000	1	-
RM100,001 – RM150,000	1	-

SHAREHOLDERS

Investors' Relations and Shareholders' Communication

The Group values the importance of high-level accountability and corporate transparency between the Group and its investors. As such, communications are made through proper, timely and adequate dissemination of information on the Group's business, performance and corporate development.

The Group has maintained an active and constructive communication policy with its shareholders and other stakeholders to keep them in tandem with the major developments and performance of the Group. The communication with its shareholders and investors are made through AGM, Annual Report, Quarterly Results and various announcements made to Bursa Securities.

At the AGM, shareholders are encouraged to participate and to raise questions pertaining to resolutions proposed and future prospects of the Group in general. In addition, the external auditors is also present to address any relevant issues raised by the shareholders.

All public announcements can be downloaded via Bursa Link established by Bursa Securities as well as the official website of the Group at www.yglworld.com for easy access to corporate information and the Group's activities.

Statement on Corporate Governance (cont'd)

AGM

The Company's AGM serves as a principal forum for dialogue between the Directors with the shareholders. At each AGM, notice of AGM and Annual Report will be sent to the shareholders at least twenty-one (21) days before the AGM. The notice of the AGM is also published in widely circulated newspapers.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the effects of a proposed resolution to facilitate full understanding and evaluation of issues involved.

At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed or to share viewpoints and acquire information on issues relevant to the Group business operation in general.

An Extraordinary General Meeting is held as and when the shareholders' approvals are required on specified matters.

ACCOUNTABILITY AND AUDIT

The AC comprises exclusively of three (3) Independent Non-Executive Directors and it supports the Board by upholding the integrity of financial reporting functions and overseeing the effectiveness of internal control policies and measures of the Group. The Board discusses matters and takes actions on the recommendations proposed by the AC.

Financial Reporting

The Directors are aware of their responsibilities to present a balance and understandable assessment of the Group's financial performance and prospect to the shareholders through annual and quarterly financial statements. The AC ensures that financial reporting of the Group is in compliance with the approved accounting standards set by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

In this respect, the AC assists the Board to scrutinize information for disclosure to ensure accuracy, adequacy and completeness of the financial information to be disclosed. The financial reports will be reviewed by the AC prior to tabling them to the Board of Directors for approval and subsequent release to Bursa Securities.

In addition, the Group has adopted the appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performances.

The report of the AC is separately set out on pages 11 to 13 of this Annual Report.

Statement on Corporate Governance (cont'd)

Internal Control

Internal controls are important for risk management to preserve the integrity of the business operation and corporate policies of the Group. The Board has the responsibility to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. Proper internal control systems are designed to manage and mitigate the risks to which the Group is exposed.

The internal control system is subject to periodic internal audit to review the effectiveness and efficiency of the internal control procedures and processes. The internal auditors reports directly to the AC.

The Board, through the AC, will continually review the adequacy and integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Statement on Risk Management and Internal Control is set out on pages 21 and 22 of this Annual Report.

Relationship with the External Auditors

The Board maintains a formal and good working relationship with the Company's external auditors, Messrs. Cheng & Co in seeking their professional advice and towards ensuring compliance with the accounting standards through AC.

The Independent Non-Executive Directors also met with the Company's external auditors without the presence of Management on 28 April 2014 and 25 November 2014 in compliance with the recommendations of the MCCG 2012.

The external auditors have continued to report to the members of the Company 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 AC recommended the re-appointment of the external auditors for the ensuing and the relevant motion will be presented to the shareholders for their consideration at the AGM. The external auditors shall report to the AC on all matters relating to the financial audit of the Group. They are also invited to attend the AC meetings as and when necessary.

COMPLIANCE WITH THE RECOMMENDATION OF MCCG 2012

Save for the exception set out above, the Board is satisfied that the Group is in compliance with the recommendations of MCCG 2012 during the financial year ended 31 December 2014.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 April 2015.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") is committed 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 outlining the nature and scope of risk management and internal control of the Group during the financial year under review pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and is in compliance with Section 167A of the Companies Act, 1965.

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 internal control.

The system of 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 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.

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.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL

The Group has a well-defined organizational 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 Board's approval as follows:-

- Dissemination of comprehensive financial reports to the Board and Audit Committee ("AC") 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
- Adopting the ISO27001 information security assurance measures to safeguard the data of software in development and business setting
- Constant monitoring of work performance by an effective reporting system
- Maintain strong internal information and data security in compliance with the Personal Data Protection Act, 2010

AUDIT COMMITTEE & INTERNAL AUDIT

The internal audit function has been outsourced to an independent professional firm 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 AC. This is to provide the AC with assurance in respect of continuity, adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the internal auditors performed two internal assignments in accordance with the internal audit plan approved by the AC. The internal auditors deliberated the internal audit findings and proposals for actions in consultation with the AC, and the Management took appropriate actions to address and monitor the areas of weaknesses. The AC, 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 theses weaknesses identified had resulted in any material loss that would require disclosure in the Group's Annual Report.

CONCLUSION

The Board has received assurance from the Chief Executive Officer that the Company'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 of Directors dated 27 April 2015.

Directors' Responsibilities Statement on Financial Statements

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare financial statements for each financial year which shall give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

The Directors are responsible to ensure that the Company and the Group 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 Company and the Group. The Directors are also responsible to ensure that the financial statements comply with the Companies Act, 1965, relevant accounting standards and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2014, the Directors have:-

- adopted the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board;
- made judgments and estimates that are reasonable and prudent;
- ensured relevant accounting standards have been consistently applied, subject to any material departures which will be disclosed and explained in the financial statements; and
- prepared the financial statements on the assumption that the Company and the Group will operate as a going concern.

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

The Directors have 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 of Directors dated 27 April 2015.

Additional Compliance Information

UTILISATION OF PROCEEDS

There was no proceeds raised from corporate proposals during the financial year 2014.

SHARE BUY-BACK

During the financial year 2014, there was no share buy-back made by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year 2014.

DEPOSITORY RECEIPT PROGRAMME

During the financial year 2014, the Company did not sponsor any Depository Receipt Programme.

IMPOSITION OF SANCTIONS AND PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year 2014.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors by the Group and by the Company for the financial year 2014. The external auditors were only engaged for the statutory audit and reporting only.

VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS

There were no material variations between the audited results and unaudited results for the year ended 31 December 2014 of the Group as previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year 2014.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

For the financial year 2014, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

Corporate Social Responsibility Statement

Ygl Convergence Berhad ("Ygl") recognizes the importance of sustainable development and supports this belief through its Corporate Social Responsibilities ("CSR") initiatives for the betterment of society, the well-being of its employees, the protection of environment, developing and providing quality products and services to customers and building robust relationships with its stakeholders.

ENVIRONMENT

Reducing food waste is a major issue and not just about good food going to waste. The Food Cycler sterilizes, deodorizes and turns potentially harmful food scraps into safe, sterilized compost that can be reused as a soil amendment.

Ygl recognized the need to protect and preserve the environment and have taken measures to ensure compliance with existing statutory and regulatory requirements.

COMMUNITY

Jabatan Kastam Diraja Malaysia Negeri Sembilan (Program Hand Holding Sektor Pemborongan & Peruncitan)

On 30th October 2014, Mr. Yeap Kong Chean, Group CEO of Ygl Convergence Berhad, had presented the Business GST Accounting Software to the audience in Seremban at the Dewan Nataional Council Women Organisation (NCWO) organized by The Royal Malaysian Customs Malaysia. The response was overwhelming. Mr. Yeap presented the "Implementation of Goods and Service Tax (GST) Malaysia Accounting Software to share his experience with the crowd the 'Do' and 'Don't' in implementing the GST system.

Corporate Social Responsibility Statement (cont'd)

Business Ethics Day at USM

Business Ethics Day 2014 was the first time event organized by SCHOOL OF MANAGEMENT (SOM) students that taking Business Ethics subject.

The main objective of this event was to allow the students to understand business ethic activities in the real working environment in the industries. Other objectives were to provide opportunities for SOM students to organize activities and enhance their management skills besides enhancing the SOM's and students' reputation in the eye of the public and private organisations.

Ygl fully support this event and sponsor a token of reward to USM.

SME BizFest 2014

With this year's theme, "Innovate To Dominate", the one (1) day event was held specially for Malaysian entrepreneurs consisting of Micro and Small businesses including those who were operating their business from home.

Apart from providing more synergistic showcase for Malaysian SMEs to increase their knowledge on how ICT will greatly benefit and empower their businesses, TM SME BizFest 2014 also features a great line-up of speakers as well as networking opportunities that enable SMEs to acquire relevant information for their business' ICT.

Corporate Social Responsibility Statement (cont'd)

Goods And Service Tax (GST) In Malaysia: Impact On SMEs Industry

Mr. Yeap Kong Chean was one of the speakers who gave talk at the following venues:-

No.	Venue	Date
1.	Sunway Persada Johor International Convention Centre, Johor Bahru	7 May 2014
2.	Equatorial Hotel, Penang	22 May 2014
3.	Borneo Convention Centre, Kuching, Sarawak	19 June 2014

SME BizFest TM 2014 at Persada International Convention Centre, Johor Bahru on 7th May 2014.

"Goods And Service Tax (GST) In Malaysia: Impact On SMEs Industry" presented by Mr. Yeap Kong Chean, Group Chief Executive Officer, Ygl Convergence Berhad.

Corporate Social Responsibility Statement (cont'd)

MARKET PLACE

National Tax Conference 2014 themed "TAXATION: Harnessing Synergies Towards Sustainable Growth"

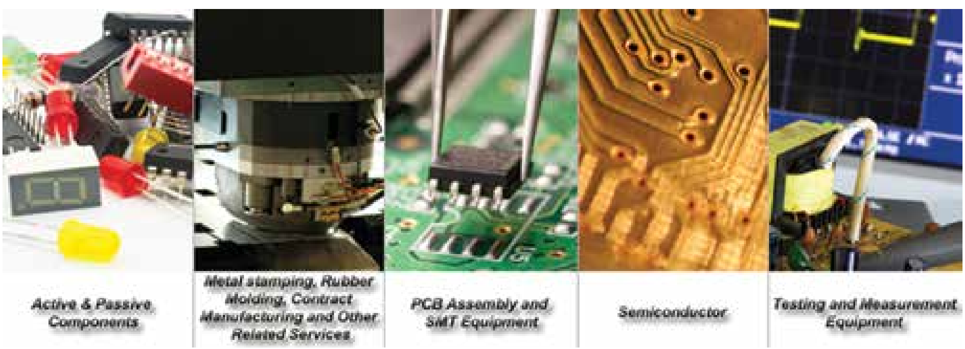
Ygl has been a committed supporter of National Tax Conference since the year 2005. On 12th and 13th August 2014, Ygl was pleased to support the National Tax Conference 2014 which was jointly organized by the Inland Revenue Board of Malaysia and the Chartered Tax Institute of Malaysia at the Kuala Lumpur Convention Centre.

A token of appreciation from Chartered Tax Institute of Malaysia (CTIM) during the National Tax Conference 2013 at KLCC Convention Centre, Kuala Lumpur.

Corporate Social Responsibility Statement (cont'd)

NEPCON MALAYSIA 2014

NEPCON Malaysia was the single largest sourcing ground for PCB/SMT, components, testing & measurement, semiconductor, automation products/services and support services sectors in Malaysia. It was well recognized by the electronics industry as the most effective platform for international suppliers to launch their new products and services to local and regional buyers, gain new contacts and grew new businesses.



Ygl had participated in NEPCON 2014 International trade fair at sPICE from 10 – 12 June 2014.

Corporate Social Responsibility Statement (cont'd)

Ygl awarded GST accounting software Advance Features by Royal Malaysian Customs


JABATAN KASTAM DIRAJA MALAYSIA

DENGAN INI

MENGESAHKAN BAHAWA

YGL E MANUFACTURING SDN BHD

LAYAK MEMBEKALKAN PERISIAN

YGL E-MANUFACTURING SUITE Versi 1.02 Tahun 2014

KEPADA PERUSAHAAN KECIL & SEDERHANA (PKS)
UNTUK MEMBOLEHKAN PKS YANG BERDAFTAR GST
MENUNTUT BANTUAN KEWANGAN KERAJAAN MALAYSIA

(Dato' Sri Khazali Bin Hj. Ahmad)
Ketua Pengarah Kastam
Malaysia

Tarikh : 25 Julai 2014


JABATAN KASTAM DIRAJA MALAYSIA

DENGAN INI

MENGESAHKAN BAHAWA

YGL TECHNOLOGIES SDN BHD

LAYAK MEMBEKALKAN PERISIAN

YGL E-Corporate Suite Versi 1.10 Tahun 2013

KEPADA PERUSAHAAN KECIL & SEDERHANA (PKS)
UNTUK MEMBOLEHKAN PKS YANG BERDAFTAR GST
MENUNTUT BANTUAN KEWANGAN KERAJAAN MALAYSIA

(Dato' Sri Khazali Bin Hj. Ahmad)
Ketua Pengarah Kastam
Malaysia

Tarikh : 25 Julai 2014

Ygl is certified by Royal Malaysian Customs on GST Advance Features. Ygl E-Corporate Suite is a proven and secure accounting system that is fully auditable under the Malaysian GST structure.

- Comply fully with Malaysian GST setup.
- Accurately capture and record GST transactions.
- Generate fully auditable output (GAF, GST-03).

Corporate Social Responsibility Statement (cont'd)

Hawker Night

August 8, 2014: PERFECT (CHINA) CO., LTD. Datuk Woo Swee Lian, President of PERFECT (China) together with an entourage of PERFECT's members paid a visit to Penang, Pearl Of The Orient. Penang is legendary - there is simply no place else in the world where such a mix of cultures have contributed their culinary influences to one cause. Apart from the tour attractions, the PERFECT president gathered more than 800 customers in Penang "Hawker Night", to enjoy and taste fruit feast, watching the enjoyable wonderful performances. With Mr. Woo, Penang Tourism Administration, EXCO YB Danny Law Heng Kiang officiate the events.

Corporate Transformation Program

23 August 2014: Corporate Transformation Program

Mr. Yeap Kong Chean was invited by HD Training House as a speaker to present the topic of "企业转型：科技领航赢在管理, Smart IT Platform To Enable Your Corporate Transformation" at Beach Paradise Hotel Tanjung Bungah.

Corporate Social Responsibility Statement (cont'd)

McMillan Woods Malaysian GST Mechanism & Treatment

On 23 September 2014, Mr. Yeap Kong Chean was invited to give a talk of 'GST Computerised Software Implementation' at Eastin Hotel, PJ recently. This was an in-house seminar, primarily for McMillan Woods clients to provide them with an update of the forthcoming GST implementation and at the same time to promote the accounting software programs to clients.

The 2nd Malaysia International Intralogistics & Supply Chain Solutions Exhibition & Conference

Ygl was participating and promoting Ygl E-Corporate Suite and GST Accounting software during the exhibition.

WITH the growing importance of the logistics and transport sector in forming the economic backbone of the nation, some 200 companies from 10 countries had confirmed their participation at the inaugural Asean Logistic & Transport Show 2014 (ALTS 2014) scheduled in Kuala Lumpur in September.

Organised by Fairs & Events Management Sdn Bhd (FEMSB), the three-day Asean Logistics & Transport Show 2014 was held at the Malaysia International Exhibition & Convention Centre (Mines) from Sept 25 to 27.

The show is endorsed by the Transport Ministry, European Union-Malaysia Chamber of Commerce & Industry (EUMCCI), Education Ministry, Sirim, Asia Logistics Council and several other leading trade and industry organisations.

Corporate Social Responsibility Statement (cont'd)

FMM—ICONZ Webvisions Tea Talk

September 24, 2014.

The talk was organized for FMM members to:

- Understand GST effects on business in coming months
- Learn to use a business continuity plan to successfully protect your business and minimise financial losses during GST implementation

Mr. Yeap Kong Chean was invited as the main speaker to present the GST talk during the event. The event was held at Wisma FMM, Bandar Sri Damansara, Kuala Lumpur.

Corporate Social Responsibility Statement (cont'd)

ISCA Event Technology Showcase in Singapore

Technology Seminar & SMP Dialogue 2014

On 17th October 2014, Ygl was please to support the ISCA event in Singapore which was organized by Institute of Singapore Chartered Accountants.

There were two sections in the programme. They were SMP Dialogue and Technology Seminar. There was a Technology Showcase during the event.

The Technology Showcase presented solutions that SMEs and SMPs found useful for their organisations. Ygl Technologies Singapore showcased several solutions to the customers during the event.

Corporate Social Responsibility Statement (cont'd)

10th Tricor Tax & Corporate Seminar

Ygl Convergence Berhad Group CEO Mr. Yeap Kong Chean was invited as a speaker to present the topic of "Countdown to 1 April 2015—How Prepared Are You for the Implementation of Goods and Services Tax (GST)" at The Connexion@Nexus Ballroom, Bangsar South City, Kuala Lumpur

- How GST will impact you and your business
- Key issues to address prior to GST implementation date
- Practical considerations to be GST-ready

Mr. Yeap Kong Chean also presented the GST Accounting Software to the delegates.

Corporate Social Responsibility Statement (cont'd)

5th SBY Tax & Corporate Review

On 4th November 2014, a one day Seminar was directed towards giving SBY Group clients a comprehensive update of the 2015 Budget together with the upcoming GST and its implications. The seminar also include topics such as "Malaysia Economy—A Balancing Act?", "Boardroom Tussle—Doing it Right the First Time!" and "EPR—EContribution". Ygl Group CEO Mr. Yeap Kong Chean delivered the topics "GST—Accounting and Reporting and Other Implications at Maju Junction, Kuala Lumpur.

Corporate Social Responsibility Statement (cont'd)

"How the Goods and Services Tax affects Your Business?"
"消费税会如何影响您的生意"讲座会

On 10th of November 2014, Penang Chinese Chamber of Commerce and Ygl Convergence Berhad joinly organized a seminar on "How the Goods and Services Tax affects Your Business?" Mr. Yeap Kong Chean and Ms Tan Hoay Leng shared their knowledge with the audiences about the 'GST Transitional Rules' and 'The Implementation of GST Accounting Software'.

A token of appreciation from Penang Chinese Chamber of Commerce during the seminar.

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2014.

Principal activities

The Company is engaged in investment holding and sales of computer hardware. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

Results

	Group RM	Company RM
Net loss for the year	(1,281,924)	(31,987)
Attributable to:		
Owners of the Company	(1,247,108)	(31,987)
Non - controlling interests	(34,816)	-
	(1,281,924)	(31,987)

In the opinion of the directors, the results of 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.

Dividends

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

Reserves and provisions

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

Issue of shares and debentures

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

Options granted over unissued shares

No options have been granted by the Company to any parties during the financial year to take up any unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report (cont'd)

Directors

The directors who have held office since the date of the last report are:

Yeap Kong Chean
Tan Hoay Leng
Ahmad Fuad Bin Mohd Ali
Dr. Ch'ng Huck Khoon
Chua Kiat Eng

In accordance with the Articles of Association, Dr. Ch'ng Huck Khoon and Chua Kiat Eng shall retire by rotation under Article 29.1 at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' interests

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 on interest in shares of the Company or its related corporations (other than wholly-owned subsidiaries) during the financial year as follows:

	Number of ordinary shares of RM0.10 each			
The Company	**At 1-1-2014**	**Bought**	**Sold**	**At 31-12-2014**
Yeap Kong Chean				
- direct interest	40,666,668	-	-	40,666,668

	Number of ordinary shares			
The subsidiary YGL Convergence (Asia Pacific) Pte. Ltd.	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
Yeap Kong Chean				
- direct interest	1	-	-	1
- indirect interest	192,000	-	-	192,000

	Number of ordinary shares of RM1 each			
The subsidiary YGL Technologies Sdn. Bhd.	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
Yeap Kong Chean				
- indirect interest	203,501	-	-	203,501

By virtue of his interests in shares of the Company, Yeap Kong Chean is deemed interested in shares in all the subsidiaries to the extent the Company has an interest.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares of the Company or of related corporations during the financial year.

Directors' Report (cont'd)

Directors' benefits

Since the end of the previous financial year, none of the director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) 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.

Neither during, nor at the end of the financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other statutory information

Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in accounting records in the ordinary course of business had been written down to their estimated realisable values.

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

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

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

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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) 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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Directors' Report (cont'd)

Other statutory information (cont'd)

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

In the opinion of the directors, 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.

Auditors

The auditors, Messrs. Cheng & Co, have expressed their willingness to continue in office.

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

YEAP KONG CHEAN
Director

TAN HOAY LENG
Director

Penang,
April 27, 2015

Independent Auditors' Report
to the Members of YGL Convergence Berhad

Report on the Financial Statements

We have audited the financial statements of Ygl Convergence Berhad, which comprise statements of financial position as of December 31, 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 108.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

to the Members of YGL Convergence Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of all subsidiaries of which we have not acted as auditors which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 33 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CHENG & CO
AF : 0886
Chartered Accountants

YAP PENG BOON
2118/12/16 (J)
Chartered Accountant

Kuala Lumpur,
April 27, 2015

Consolidated Statement of Financial Position

as at December 31, 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,440,344	5,588,359
Investment property	5	286,184	286,661
Intangible assets	6	6,362,891	6,533,889
Investment in associates	8	397,628	500,169
		12,487,047	12,909,078
Current assets			
Trade and other receivables	9	3,491,635	4,045,461
Amount due from associate	11	3,600	37,800
Current tax assets		34,553	6,584
Cash and bank balances	12	643,126	1,056,036
		4,172,914	5,145,881
Total assets		16,659,961	18,054,959
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,375,778	2,234,484
Other liabilities	14	1,099,906	1,055,755
Amount due to directors	15	671,836	19,120
Loans and borrowings	16	17,876	16,846
Finance lease liabilities	17	7,077	27,282
Bank overdraft	19	677,749	627,963
Current tax liabilities		625	-
		3,850,847	3,981,450
Non-current liabilities			
Loans and borrowings	16	705,607	723,603
Finance lease liabilities	17	-	7,077
Deferred tax liabilities	18	5,000	-
		710,607	730,680
Total liabilities		4,561,454	4,712,130
NET ASSETS		12,098,507	13,342,829
EQUITY			
Share capital	20	17,597,514	17,597,514
Share premium (non-distributable)		2,308,629	2,308,629
Exchange translation reserve (non-distributable)		(14,097)	(51,699)
Accumulated losses		(7,838,491)	(6,591,383)
Equity attributable to owners of the Company		12,053,555	13,263,061
Non-controlling interests		44,952	79,768
TOTAL EQUITY		12,098,507	13,342,829

See accompanying notes to the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended December 31, 2014

	Note	2014 RM	2013 RM
Revenue	21	7,939,206	7,437,046
Cost of sales		(6,664,648)	(7,548,778)
Gross profit / (loss)		1,274,558	(111,732)
Other operating income		82,164	181,498
Selling and distribution expenses		(8,000)	(83,897)
Administrative and general expenses		(836,883)	(764,465)
Other operating expenses		(1,595,229)	(1,672,032)
Loss from operations		(1,083,390)	(2,450,628)
Finance costs		(68,300)	(55,314)
Share of results of associates		(102,541)	(178,918)
Loss before tax	22	(1,254,231)	(2,684,860)
Income tax	23	(27,693)	14,867
Net loss for the year		(1,281,924)	(2,669,993)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		37,602	109,076
Total comprehensive income		(1,244,322)	(2,560,917)
Loss attributable to:			
Owners of the Company		(1,247,108)	(2,572,351)
Non-controlling interests		(34,816)	(97,642)
Net loss for the year		(1,281,924)	(2,669,993)
Total comprehensive expense attributable to:			
Owners of the Company		(1,209,506)	(2,463,275)
Non-controlling interests		(34,816)	(97,642)
Total comprehensive income		(1,244,322)	(2,560,917)

		2014 Sen	2013 Sen
Loss per share attributable to owners of the Company	24	(0.71)	(1.55)

See accompanying notes to the financial statements

Consolidated Statement of Changes in Equity
for the year ended December 31, 2014

	------- Attributable to owners of the Company -------						
	Share capital RM	**Share premium RM**	**Exchange translation reserve RM**	**Accumulated losses RM**	**Equity attributable to the owners of the Company RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2013	15,997,740	2,353,327	(160,775)	(4,019,032)	14,171,260	178,550	14,349,810
Net loss for the year	-	-	-	(2,572,351)	(2,572,351)	(97,642)	(2,669,993)
Other comprehensive income:							
Exchange translation differences	-	-	109,076	-	109,076	-	109,076
Total comprehensive income	-	-	109,076	(2,572,351)	(2,463,275)	(97,642)	(2,560,917)
Transactions with owners:							
Disposal of interest	-	-	-	-	-	(1,140)	(1,140)
Issue of shares	1,599,774	(44,698)	-	-	1,555,076	-	1,555,076
Total transactions with owners	1,599,774	(44,698)	-	-	1,555,076	(1,140)	1,553,936
At 31 December 2013 and 1 January 2014	17,597,514	2,308,629	(51,699)	(6,591,383)	13,263,061	79,768	13,342,829
Net loss for the year	-	-	-	(1,247,108)	(1,247,108)	(34,816)	(1,281,924)
Other comprehensive income:							
Exchange translation differences	-	-	37,602	-	37,602	-	37,602
Total comprehensive income	-	-	37,602	(1,247,108)	(1,209,506)	(34,816)	(1,244,322)
At 31 December 2014	17,597,514	2,308,629	(14,097)	(7,838,491)	12,053,555	44,952	12,098,507

See accompanying notes to the financial statements

Consolidated Statement of Cash Flows

for the year ended December 31, 2014

	2014 RM	2013 RM
Cash flows from operating activities		
Loss before tax	(1,254,231)	(2,684,860)
Adjustments for :		
Allowance for doubtful debts	291,513	14,079
Amortisation of intangible assets	1,552,625	1,489,125
Bad debts written off	-	477
Depreciation of property, plant and equipment	337,577	104,469
Depreciation of investment property	477	477
Impairment loss on intangible assets	-	2,000
Interest expenses	68,300	55,314
Property, plant and equipment written off	4,011	1
Shares of result of associates	102,541	178,918
Allowance for doubtful debts reversed	-	(11,704)
Reserve on consolidation	-	(2,531)
Gain on disposal of subsidiary	-	(5,513)
Interest income	(389)	(4,324)
Unrealised loss / (gain) on foreign exchange	29,217	(47,355)
Operating profit / (loss) before working capital changes	1,131,641	(911,427)
Changes in software development costs	(1,381,786)	(1,335,304)
Changes in receivables	281,941	58,489
Changes in payables	(814,555)	1,022,972
Changes in director account	652,716	19,120
Cash used in operations	(130,043)	(1,146,150)
Interest received	389	4,324
Interest paid	(68,300)	(55,314)
Tax (paid) / refund	(50,037)	5,019
Net cash used in operating activities	(247,991)	(1,192,121)
Cash flows from investing activities		
Net cash inflow from acquisition of a subsidiary	-	34,995
Proceeds from disposal of investment in subsidiary to non-controlling interests	-	4,000
Proceeds from disposal of short term investments	-	100,932
Purchase of property, plant and equipment	(180,737)	(297,694)
Net cash used in investing activities	(180,737)	(157,767)
Cash flows from financing activities		
Proceeds from issuance of shares	-	1,599,774
Share issuance expenses	-	(44,698)
Payment of term loan instalments	(16,966)	(16,487)
Payment of finance lease instalments	(27,282)	(24,139)
Net cash (used in) / from financing activities	(44,248)	1,514,450

See accompanying notes to the financial statements

Consolidated Statement of Cash Flows

for the year ended December 31, 2014 (cont'd)

	2014 RM	2013 RM
Net (decrease)/increase in cash and cash equivalents	(472,976)	164,562
Effect of foreign exchange differences	10,280	58,329
Cash and cash equivalents at beginning of year	428,073	205,182
Cash and cash equivalents at end of year	(34,623)	428,073
Represented by:-		
Cash and bank balances	643,126	1,056,036
Bank overdraft	(677,749)	(627,963)
	(34,623)	428,073

See accompanying notes to the financial statements

Statement of Financial Position

as at December 31, 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,264,779	4,400,614
Investment in subsidiaries	7	8,981,820	8,881,822
Investment in associates	8	1,475,000	1,475,000
Amount due from subsidiaries	10	4,559,354	4,304,131
		19,280,953	19,061,567
Current assets			
Trade and other receivables	9	35,325	171,186
Amount due from subsidiaries	10	5,600	5,600
Current tax assets		7,165	6,098
Cash and bank balances	12	22,901	23,368
		70,991	206,252
Total assets		19,351,944	19,267,819
LIABILITIES			
Current liabilities			
Trade and other payables	13	6,944	22,616
Other liabilities	14	32,204	41,560
Amount due to subsidiaries	10	76,140	-
Amount due to directors	15	60,000	-
		175,288	64,176
Non-current liabilities			
Deferred tax liabilities	18	5,000	-
		5,000	-
Total liabilities		180,288	64,176
NET ASSETS		19,171,656	19,203,643
EQUITY			
Share capital	20	17,597,514	17,597,514
Share premium (non-distributable)		2,308,629	2,308,629
Accumulated losses		(734,487)	(702,500)
TOTAL EQUITY		19,171,656	19,203,643

See accompanying notes to the financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the year ended December 31, 2014

	Note	2014 RM	2013 RM
Revenue	21	48,564	10,000
Cost of sales		(29,476)	-
Gross profit		19,088	10,000
Other operating income		214,529	186,409
Administrative and general expenses		(392,765)	(237,032)
Loss from operations		(159,148)	(40,623)
Gain/(loss) on financial assets measured at fair value		151,094	(66,334)
Loss before tax	22	(8,054)	(106,957)
Income tax	23	(23,933)	26,008
Net loss for the year		(31,987)	(80,949)
Other comprehensive income		-	-
Total comprehensive income for the year		(31,987)	(80,949)

See accompanying notes to the financial statements

Statement of Changes in Equity

for the year ended December 31, 2014

	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2013	15,997,740	2,353,327	(621,551)	17,729,516
Net loss for the year, representing total comprehensive income for the year	-	-	(80,949)	(80,949)
Issue of shares (Note 20)	1,599,774	(44,698)	-	1,555,076
At 31 December 2013 and 1 January 2014	17,597,514	2,308,629	(702,500)	19,203,643
Net loss for the year, representing total comprehensive income for the year	-	-	(31,987)	(31,987)
At 31 December 2014	17,597,514	2,308,629	(734,487)	19,171,656

See accompanying notes to the financial statements

Statement of Cash Flows
for the year ended December 31, 2014

	2014 RM	2013 RM
Cash flows from operating activities		
Loss before tax	(8,054)	(106,957)
Adjustments for :		
Depreciation of property, plant and equipment	238,189	4,314
Gain on disposal of investment in subsidiary	-	(4,499)
Interest income	(214,530)	(181,910)
Property, plant and equipment written off	-	1
Operating loss before working capital changes	15,605	(289,051)
Changes in receivables	135,861	594,756
Changes in payables	(25,028)	5,035
Cash generated from operations	126,438	310,740
Interest received	214,530	181,910
Tax (paid)/refund	(20,000)	19,466
Net cash from operating activities	320,968	512,116
Cash flows from investing activities		
Acquisition of subsidiary companies	-	(2)
Subscription of shares in subsidiary	(99,998)	-
Proceeds from disposal of subsidiary	-	4,500
Purchase of property, plant and equipment	(102,354)	(247,573)
Advances to subsidiaries	(179,083)	(1,971,129)
Net cash used in investing activities	(381,435)	(2,214,204)
Cash flows from financing activities		
Proceeds from issuance of shares	-	1,599,774
Share issuance expenses	-	(44,698)
Advances from directors	60,000	-
Net cash from investing activities	60,000	1,555,076
Net decrease in cash and cash equivalents	(467)	(147,012)
Cash and cash equivalents at beginning of year	23,368	170,380
Cash and cash equivalents at end of year	22,901	23,368
Represented by:		
Cash and bank balances	22,901	23,368

See accompanying notes to the financial statements

Notes to the Financial Statements

for the year ended December 31, 2014

1. General 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 is located at No. 35, Scotland Road, 10450 Penang, Malaysia.

The principal activities of the Company are management and investment holding and sale of computer hardware. The principal activities of the subsidiary companies are disclosed in Note 7.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Basis of measurement

The financial statements, which are presented in Ringgit Malaysia ("RM"), have been prepared under the historical cost except as disclosed in the accounting policies below.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning as at 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.4 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued as at the reporting date but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119, *Employee Benefits: Defined Benefit Plans - Employee Contributions*	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 14, *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127, *Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investment in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 7, *Financial Instruments - Disclosures*	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 101, Disclosure Initiative	1 January 2016
Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 12, Investment Entities: Applying the Consolidation Exception*	1 January 2016
MFRS 15, *Revenue from Contracts with Customers*	1 January 2017
MFRS 9, *Financial Instruments*	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except as mentioned below:

MFRS 15 Revenue from Contracts with Customer

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The Group is currently assessing the financial impact of adopting MFRS 9.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises the any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognised as expense in the period in which the costs are incurred and the services are received.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combinations, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another MFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9 (a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(c) Non-controlling interests

Non controlling interests at reporting date, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.6 Foreign currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange difference arising on the settlement of monetary items or on translating monetary item at the reporting date are recognised in profit or loss.

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

(a) Measurement basis

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

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. **Summary of significant accounting policies** (cont'd)

2.7 **Property, plant and equipment** (cont'd)

(b) Depreciation

Freehold land and construction work-in-progress are not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost on a straight line basis to their residual values over their expected economic useful lives at the following annual rates:

Office lot	2% - 5%
Motor vehicles	20%
Computer equipment	20% - 50%
Furniture, fittings and office equipment	20% - 33 1/3%
Renovations	5% - 20%

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

2.8 **Investment properties**

(a) **Measurement**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are measured at cost are accounted for similarly to property, plant and equipment.

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

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

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.8 Investment properties (cont'd)

(b) **Depreciation**

Freehold land is not depreciated.

Depreciation is calculated to write off depreciable amount of the shop lot unit on a straight-line basis over its estimated useful life at an annual rate of 2%. Depreciable amount is determined after deducting the residual value from the cost of the shop lot unit.

The residual value, useful life and the depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(c) **Determination of fair value**

The directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the fair value is estimated by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets

(b) Computer software development costs

Costs associated with developing computer software programmes that are considered to be capable of generating future economic benefits are capitalised in the financial statements, otherwise they are written off in profit or loss. Cost represents staff costs directly incurred in the development of the computer software.

Computer software development costs recognised as assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Computer software development costs, which are regarded to have finite useful lives are amortised on a straight line basis over their estimated useful lives or 5 years, whichever is shorter. 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 2.12.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investments is included as income in the determination of the entity's share of the associate profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.11 Associates (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase to its recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. **Summary of significant accounting policies** (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity instruments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way of purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date. i.e. the date that the Group commits to purchase or sale the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. Significant is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on the investment previously recognised in profit and loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.15 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.18 (d).

2.16 Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to the statement of profit or loss and other comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared.

2.17 Deferred revenue

Deferred revenue represents technical support income for ERP System and library system received in advance from customers. The revenue is recognised in profit or loss on a time proportion basis over the contract period.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Sale of computer software and hardware is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the customers.

(b) Rendering of services

Revenue from consulting services are recognised on an accrual basis when services are rendered.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(e) Management fees

Management fee is recognised on an accrual basis when services are rendered.

(f) Interest income

Interest income is recognised using the effective interest rate applicable.

2.19 Employees benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(b) Post-employment benefits

The Company and its Malaysian subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

2. **Summary of significant accounting policies** (cont'd)

2.19 Employees benefits (cont'd)

(b) Post-employment benefits (cont'd)

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they required to contribute to the EPF. The contributions to EPF are charged to profit or loss in the period to which they relate.

Some of the Company's foreign subsidiaries make contributions to their respective countries' statutory pension schemes which are recognised as an expense in profit or loss as incurred which is also a defined contribution plan.

(c) Termination benefits

The Group recognises termination benefits payable as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal.

2.20 Borrowing cost

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:

i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii) In respect and associate taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii) In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdraft and time deposits which exclude those pledged to secure banking facilities and other short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

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

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

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

A contingent liability is not recognised in the statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Provision

Provision are recognised when there is a present obligation (legal or constructive) as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provision are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reserved. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision is due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.25 Related parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of the 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or joint-controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

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

3.1 Judgements made in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Classification of investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on MFRS 140 Investment Property in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production and supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed as below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these property, plant and equipment to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 4.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges may be revised.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

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

3.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The value in use calculation is based on a discounted cash flow model. The directors estimate the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of non-financial assets are disclosed in Notes 4, 5, 6, 7 and 8 respectively.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of loans and receivables is disclosed in Note 30 (a).

(d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

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

3.2 Key sources of estimation uncertainty (cont'd)

(d) Taxes (cont'd)

The carrying amount of current tax assets at December 31, 2014 is RM34,553 (2013 : RM6,584) and RM7,165 (2013 : RM6.098) of the Group and of the Company, respectively.

The carrying amount of current tax liabilities at December 31, 2014 is RM625 (2013 : RM Nil) and RM Nil (2013: Nil) of the Group and of the Company, respectively.

The carrying amounts of deferred tax assets and liabilities are disclosed in Note 18.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group has unrecognised unused tax losses amounting RM 21,292,276 (2013 : RM 19,109,048).

4. Property, plant and equipment

Group 2014 COST	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovations RM	Construction work-in-progress RM	Total RM
At January 1,	1,038,825	679,423	871,536	594,285	165,375	4,387,700	7,737,144
Foreign currency exchange							-
adjustments	-	-	18,563	18,362	-	-	36,925
Additions	-	-	14,011	132,372	34,354	-	180,737
Disposal / written off	-	-	-	(12,267)	-	-	(12,267)
Reclassification	-	-	-	-	4,387,700	(4,387,700)	-
At December 31,	1,038,825	679,423	904,110	732,752	4,587,429	-	7,942,539
ACCUMULATED DEPRECIATION							
At January 1,	55,176	606,434	858,767	523,064	105,344	-	2,148,785
Foreign currency exchange adjustments	-	-	25,070	(981)	-	-	24,089
Charge for the year	5,016	24,328	13,255	58,868	236,110	-	337,577
Written off	-	-	-	(8,256)	-	-	(8,256)
At December 31,	60,192	630,762	897,092	572,695	341,454	-	2,502,195
NET CARRYING AMOUNT							
At December 31,	978,633	48,661	7,018	160,057	4,245,975	-	5,440,344

4. Property, plant and equipment (cont'd)

Group 2013 COST	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovations RM	Construction work-in-progress RM	Total RM
At January 1,	1,038,825	679,423	804,708	575,258	165,375	4,155,837	7,419,426
Foreign currency exchange adjustments	-	-	53,078	(28,824)	-	-	24,254
Addition	-	-	13,750	52,081	-	231,863	297,694
Written off	-	-	-	(4,230)	-	-	(4,230)
At December 31,	1,038,825	679,423	871,536	594,285	165,375	4,387,700	7,737,144
ACCUMULATED DEPRECIATION							
At January 1,	50,160	582,106	779,537	525,308	89,636	-	2,026,747
Foreign currency exchange adjustments	-	-	50,509	(28,711)	-	-	21,798
Charge for the year	5,016	24,328	28,721	30,696	15,708	-	104,469
Written off	-	-	-	(4,229)	-	-	(4,229)
At December 31,	55,176	606,434	858,767	523,064	105,344	-	2,148,785
NET CARRYING AMOUNT							
At December 31,	983,649	72,989	12,769	71,221	60,031	4,387,700	5,588,359

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

4. Property, plant and equipment (cont'd)

Company **2014** **COST**	**Computer equipment** **RM**	**Furniture and fittings** **RM**	**Renovation** **RM**	**Total** **RM**
At January 1,	27,917	14,491	4,387,700	4,430,108
Additions	-	68,000	34,354	102,354
At December 31,	27,917	82,491	4,422,054	4,532,462
ACCUMULATED DEPRECIATION				
At January 1,	18,484	11,010	-	29,494
Charge for the year	2,617	14,470	221,102	238,189
At December 31,	21,101	25,480	221,102	267,683
NET CARRYING AMOUNT				
At December 31,	6,816	57,011	4,200,952	4,264,779

2013 **COST**	**RM**	**RM**	**RM**	**RM**
At January 1,	16,557	14,371	4,155,837	4,186,765
Addition	11,360	4,350	231,863	247,573
Written off	-	(4,230)	-	(4,230)
At December 31,	27,917	14,491	4,387,700	4,430,108
ACCUMULATED DEPRECIATION				
At January 1,	15,520	13,889	-	29,409
Charge for the year	2,964	1,350	-	4,314
Written off	-	(4,229)	-	(4,229)
At December 31,	18,484	11,010	-	29,494
NET CARRYING AMOUNT				
At December 31,	9,433	3,481	4,387,700	4,400,614

The freehold land and office lot of a subsidiary are charged to a licensed bank for banking facilities granted to the said subsidiary.

The motor vehicles of the Group are acquired under finance lease.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

5. Investment property

	Group 2014 RM	Group 2013 RM
Cost		
At beginning and end of year	290,000	290,000
Accumulated depreciation		
At beginning of year	3,339	2,862
Charge for the year	477	477
At end of year	3,816	3,339
Net carrying amount		
At end of year	286,184	286,661

Investment property comprises a commercial property that is leased to third parties.

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

	Group 2014 RM	Group 2013 RM
Rental income	50,700	48,000
Direct operating expense		
- income generating investment property	4,882	4,761

	Group 2014 RM	Group 2013 RM
Fair Value	800,000	715,380

The Group estimates the fair value of its investment property based on the following key assumptions:

- the comparison of the Group's investment property with similar property that was listed for sale within the same locality or other comparable localities; or

- enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

The disclosure of fair value above was measured at the reporting date using the following:

Significant unobservable inputs (Level 3)

The valuation of commercial property is based on market comparable approach. The significant unobservable input is yield adjustment based on directors' assumptions. The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

6. Intangible assets

Group Cost	Software development costs RM	Goodwill RM	Club RM	Total RM
At January 1, 2013	10,522,758	2,273,019	50,000	12,845,777
Exchange translation reserve	93,399	-	-	93,399
Additions	1,295,559	-	-	1,295,559
Disposal of a subsidiary	-	(127)	-	(127)
At December 31, 2013 and January 1, 2014	11,911,716	2,272,892	50,000	14,234,608
Exchange translation reserve	134,368	-	-	134,368
Additions	1,307,310	-	-	1,307,310
At December 31, 2014	13,353,394	2,272,892	50,000	15,676,286
Accumulated amortisation / impairment loss				
At January 1, 2013	6,153,742	-	2,325	6,156,067
Exchange translation reserve	53,527	-	-	
Amortisation for the year	1,488,218	-	907	1,489,125
Impairment loss	-	-	2,000	2,000
At December 31, 2013 and January 1, 2014	7,695,487	-	5,232	7,700,719
Exchange translation reserve	60,051	-	-	60,051
Amortisation for the year	1,551,009	-	1,616	1,552,625
Impairment loss			-	-
At December 31, 2014	9,306,547	-	6,848	9,313,395
Net carrying amount				
At December 31, 2013	4,216,229	2,272,892	44,768	6,533,889
At December 31, 2014	4,046,847	2,272,892	43,152	6,362,891

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating division at which the goodwill is monitored.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

6. **Intangible assets** (cont'd)

(b) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using the approved cash flow projections by directors covering a five year period. Cash flows beyond the five year period are extrapolated using the growth rate stated below. The key assumptions used for value-in-use calculations are as follows:

	2014	2013
Gross margin	15% to 30%	18% to 23%
Growth rate	10% to 16%	6% to 15%
Discount rate	13.76%	7.07%

The following describes each key assumption on which the directors have based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The budgeted gross margin is 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) Discount rate

The discount rate of used is pre-tax and reflects specific risks relating to the industry.

(iv) Risk free rate

The risk free rate used is based on a five year Malaysian government bond rate at the beginning of the budgeted year.

(c) Sensitivity to changes in 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 respective CGUs to materially exceed their recoverable amounts.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

7. Investment in subsidiaries (cont'd)

	Company 2014 RM	Company 2013 RM
Unquoted shares - at cost	8,881,822	8,881,821
Additions	99,998	2
Disposal	-	(1)
	8,981,820	8,881,822

The subsidiaries are as follows:

Subsidiaries of the Company	Gross equity interest 2014	Gross equity interest 2013	Countries of incorporation	Principal activities
Ygl Convergence Malaysia Sdn Bhd	100%	100%	Malaysia	Marketing and distribution of computer software and hardware and the provision of professional services
*Ygl Multimedia Resources Sdn Bhd	100%	100%	Malaysia	Developing and selling of software systems
*Ygl Convergence (HK) Limited	100%	100%	Hong Kong	Trading of computer equipment and software and provision of related services
*Ygl Convergence (China) Limited	60%	60%	Hong Kong	Investment holding
*Ygl Convergence (Asia Pacific) Pte. Ltd	60%	60%	Singapore	Provision of software consultancy and computer systems integrated services
*Ygl Technologies Sdn. Bhd.	55%	55%	Malaysia	Dormant company
*Ygl Technologies Pte. Ltd.	100%	100%	Singapore	Provision of software and related services
*Ygl E Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Provision of software consultancy and implementation services

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

7. Investment in subsidiaries (cont'd)

Subsidiary of Ygl Convergence (China) Limited	**Gross equity interest 2014**	**2013**	**Countries of incorporation**	**Principal activities**
* King's System (Shanghai) Co Ltd	100%	100%	The People's Republic of China	Provision of consultancy services and trading of computer equipment and software

**Subsidiaries not audited by Cheng & Co*

(a) Impairment test for investment in subsidiaries

The directors review the carrying amount of the investment in subsidiaries at each reporting date to determine whether there is any indication of impairment. The assessment on whether there is an indication is based on external and internal sources of information as well as based on indicative values (value-in-use) calculations. If such indication exists, the recoverable amount of the investment is estimated to determine the impairment loss on the value of such investment.

(b) Key assumptions used in indicative values (value-in-use) calculations

The recoverable amount is determined based on value-in-use calculations using the approved cash flow projections by the directors. The following describes the key assumptions on which the directors have based its cash flow projections to undertake impairment tests:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is based on past year margins and taking into account expected improvement in efficiency.

(ii) Budgeted expenses

Expenses are budgeted to increase in line with the inflation rate.

(iii) Discount rate

The discount rate used is 13.76%. (2013: 7.07%)

The directors believe that no reasonable possible changes in any of the key assumptions would cause the carrying amounts of the investment in subsidiaries to exceed their recoverable amounts.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

7. Investment in subsidiaries (cont'd)

(c) Acquisition of subsidiary

On November 25, 2013, the Company acquired 100% of the issued share capital of YGL E-Manufacturing Sdn. Bhd. with a consideration of RM2. The net assets in the transaction arising from acquisition are as follows:

	2013 RM
Trade receivables	79
Cash and cash equivalents	34,997
Other payables	(32,543)
Net identifiable assets	2,533
Less: Reserve on consolidation	(2,531)
Purchase consideration	2
Less: Cash and cash equivalents	(34,997)
Cash inflow on acquisition, net of cash and cash equivalents acquired	(34,995)

8. Investment in associates

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Unquoted shares - at cost	1,475,000	1,475,000	1,475,000	1,475,000
Group's share of post-acquisition results	(1,077,372)	(974,831)	-	-
	397,628	500,169	1,475,000	1,475,000

The associates are as follows

Associate of the Company	**Gross equity interest 2014**	**2013**	**incorporation**	**Countries of Principal activities**
Ygl iBay International Sdn Bhd*	19.21%	29.50%	Malaysia	Providing consultancy services, supplier management and business solutions services and trading of computer software
Associate of Ygl Convergence Malaysia Sdn Bhd				
Ygl Consulting (Thailand) Co. Ltd**	39%	39%	Thailand	Marketing and distribution of computer software and provision of related services

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

8. Investment in associates (cont'd)

* *Despite there is decrease in shareholdings from 29.50% to 19.21%, the directors still regard the investment as associate because the Company has power to participate in the financial statements and operating policy decisions of the investee company*

** *Associates not audited by Cheng & Co*

The financial year end of the financial statements of the associates is co-terminus with that of the Company.

For the purpose of applying the equity method of accounting, the audited and management financial statements made up to the end of the financial year have been used.

The Group has discontinued the recognition of its share of losses in Ygl Consulting (Thailand) Co. Ltd as the share of losses has exceeded the Group's interest in the said associate. The Group's unrecognised share of losses for the current year and cumulative years is RM 13,352 (2013: RM 11,151) and RM 80,965 (2013: RM 67,613) respectively.

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 associates are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Assets and liabilities		
Non-current assets	3,021,920	3,669,423
Current assets	18,904,812	48,378
Total assets	21,926,732	3,717,801
Non-current liabilities	-	-
Current liabilities	19,053,065	1,296,621
Total liabilities	19,053,065	1,296,621
Results		
Revenue	35,878,524	3,186,856
Loss for the year	(533,909)	(901,667)

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

9. Trade and other receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Gross trade receivables	3,241,027	2,618,135	15,064	-
Less: Allowance for doubtful debts	(1,041,957)	(735,872)	-	-
	2,199,070	1,882,263	15,064	-
Other receivables	352,494	261,938	14,255	114,236
Deposits	89,627	126,238	5,950	56,950
Prepayments	34,251	75,605	56	-
Deferred expenses	132,479	212,042	-	-
Service contract in progress	683,714	1,487,375	-	-
	3,491,635	4,045,461	35,325	171,186

Movement in allowance for doubtful debts are as follows:

	Group	
	2014 RM	2013 RM
At beginning of year	735,872	717,912
Addition during the year	291,513	14,079
Reversal during the year	-	(11,704)
Foreign currency exchange adjustments	14,572	15,585
At end of year	1,041,957	735,872

Trade receivables that are individually determined to be impaired relate to debtors that are more than 360 days past due and there were no repayment arrangement at all. At the reporting date, the directors believe that the allowance for doubtful debts was adequately provided.

Trade receivables comprise amounts receivable from sale of computer software and hardware and services rendered to customers. All trade receivables are granted credit periods of between 30 and 90 days.

An aging analysis of trade receivables as at reporting date is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current	1,361,819	614,572	15,064	-
>90 to 180 days	261,839	221,406	-	-
>180 to 360 days	136,656	230,588	-	-
>360 days	438,756	815,697	-	-
	2,199,070	1,882,263	15,064	-

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

9. Trade and other receivables (cont'd)

The currency profile of the trade and other receivables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
- Ringgit Malaysia	1,396,393	835,255	15,064	-
- Hong Kong Dollar	394,581	447,144	-	-
- Chinese Renminbi	380,126	424,661	-	-
- Singapore Dollar	27,970	175,203	-	-
	2,199,070	1,882,263	15,064	-
Other receivables				
- Ringgit Malaysia	35,822	116,797	14,255	114,236
- Hong Kong Dollar	-	2,049	-	-
- Chinese Renminbi	316,672	141,808	-	-
- Singapore Dollar	-	1,284	-	-
	352,494	261,938	14,255	114,236
Deposits				
- Ringgit Malaysia	14,004	77,254	5,950	56,950
- Hong Kong Dollar	74,298	47,689	-	-
- Singapore Dollar	1,325	1,295	-	-
	89,627	126,238	5,950	56,950
Prepayments				
- Ringgit Malaysia	21,839	12,274	56	-
- Hong Kong Dollar	9,191	62,101	-	-
- Singapore Dollar	3,221	1,230	-	-
	34,251	75,605	56	-
Deferred expenses				
- Ringgit Malaysia	6,000	87,321	-	-
- Hong Kong Dollar	126,479	124,721	-	-
	132,479	212,042	-	-
Service contract in progress				
- Ringgit Malaysia	-	610,116	-	-
- Hong Kong Dollar	683,714	877,259	-	-
	683,714	1,487,375	-	-

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

10. Amount due from / (to) subsidiaries

	Company	
	2014	**2013**
	RM	**RM**
Non-current		
Non- trade		
Advances to subsidiaries	4,559,354	4,304,131
Current		
Non- trade		
Advances to subsidiaries	5,600	5,600
Total amount due from subsidiaries	4,564,954	4,309,731

Amount due from subsidiaries totalling RM 4,559,354 bears interest at BLR -1.90% per annum is unsecured and has 5 years fixed terms of repayment.

The current amount due from / (to) subsidiaries are unsecured, interest free and repayable on demand.

The currency profiles of the net amount due from subsidiaries are net as follows:

	Company	
	2014	**2013**
	RM	**RM**
Ringgit Malaysia	3,279,584	3,464,276
Hong Kong Dollar	1,285,369	704,407
Singapore Dollar	-	141,048
	4,564,953	4,309,731

11. Amount due from associate

Amount due from associate is interest free, unsecured and repayable on demand.

12. Cash and bank balances

The currency profile of cash and bank balances are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	300,676	878,330	22,901	23,368
Hong Kong Dollar	225,045	140,126	-	-
Chinese Renminbi	2,323	1,034	-	-
Singapore Dollar	115,082	36,546	-	-
	643,126	1,056,036	22,901	23,368

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

13. Trade and other payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables	505,099	1,289,065	3,544	-
Other payables	652,373	535,082	3,400	22,616
Deposits	218,306	410,337	-	-
	1,375,778	2,234,484	6,944	22,616

The currency profile of trade and other payables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
- Ringgit Malaysia	13,442	716,437	3,544	-
- Hong Kong Dollar	451,990	558,843	-	-
- Chinese Renminbi	39,667	13,785	-	-
	505,099	1,289,065	3,544	-
Other payables				
- Ringgit Malaysia	113,791	65,646	3,400	22,616
- Hong Kong Dollar	135,255	-	-	-
- Singapore Dollar	5,114	-	-	-
- Chinese Renminbi	398,213	469,436	-	-
	652,373	535,082	3,400	22,616
Deposits				
- Ringgit Malaysia	8,000	10,300	-	-
- Hong Kong Dollar	210,306	400,037	-	-
	218,306	410,337	-	-

Trade payables comprise amounts outstanding from trade purchases. The normal credit periods granted by trade suppliers are between 30 and 90 days.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

14. Other liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Accruals	478,806	509,412	32,204	41,560
Deferred revenue	621,100	546,343	-	-
	1,099,906	1,055,755	32,204	41,560

Deferred revenue represents technical support income received in advance from customers.

The currency profile of other liabilities are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Accruals				
- Ringgit Malaysia	141,968	214,197	32,204	41,560
- Hong Kong Dollar	322,778	259,301	-	-
- Chinese Renminbi	2,704	5,298	-	-
- Singapore Dollar	11,356	30,616	-	-
	478,806	509,412	32,204	41,560
Deferred revenue				
- Ringgit Malaysia	234,390	304,002	-	-
- Hong Kong Dollar	373,475	242,341	-	-
- Singapore Dollar	13,235	-	-	-
	621,100	546,343	-	-

15. Amount due to directors

The amount due to directors is non-trade in nature, unsecured, interest free and is repayable on demand.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

16. Loans and borrowings

	Group	
	2014	2013
	RM	RM
Classified as:		
Non-current liabilities	705,607	723,603
Current liabilities	17,876	16,846
	723,483	740,449
Present value of term loan is analysed as follow:		
Payable within 1 year	17,876	16,846
Payable after 1 year but not later than 5 years	88,692	76,824
Payable after 5 years	616,915	646,779
	723,483	740,449

Borrowing facilities:-

Term loan up to a limit of RM 780,000 (2013: RM780,000) extended to the subsidiary.

Interest rate, terms of repayment and security:

(a) Repayable by three hundred (300) monthly instalment of RM 4,559 each.
(b) Interest is charged at 1.9% per annum below base lending rate of lending bank.
(c) Secured by property of a subsidiary (Note 4).
(d) Joint and several guaranteed by directors of the Company.

17. Finance lease liabilities

	Group	
	2014	2013
	RM	RM
Future minimum lease payments:		
Non current liabilities	-	7,148
Current liabilities	7,148	28,632
	7,148	35,780
Less: Finance charges	(71)	(1,421)
	7,077	34,359
Present value of payments is analysed as follow		
Not later than 1 year	7,077	27,282
Later than 1 year but not later than 5 years	-	7,077
	7,077	34,359

The effective interest rate of the finance lease liabilities is 3.37% (2013: 3.37%) per annum.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

18. Deferred tax liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of year	-	12,997	-	236
Transfer from / (to) profit or loss (Note 23)	5,000	(12,997)	5,000	(236)
At end of year	5,000	-	5,000	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	5,000	-	5,000	-
	5,000	-	5,000	-

The estimated deferred tax liabilities of the Group and of the Company arising from temporary differences recognised in the financial statements are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unabsorbed capital allowances	-	(12,997)	-	(236)
Differences between the carrying amount of property, plant and equipment and their tax base	5,000	12,997	5,000	236
	5,000	-	5,000	-

The estimated temporary differences of which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unabsorbed capital allowances	232,757	253,602	-	-
Unutilised tax losses	5,323,069	4,894,799	-	-
	5,555,826	5,148,401	-	-

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

19. Bank overdraft

	Group 2014 RM	Group 2013 RM
Classified as:		
Bank overdraft	677,749	627,963

Interest rate and security:

(a) Interest is charged at 1.2% per annum below base lending rate of lending bank.
(b) Secured by property of a subsidiary (Note 4).
(c) Joint and several guaranteed by directors of the Company.

20. Share capital

	Group and Company			
	2014		2013	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Ordinary shares of RM 0.10 each				
Authorised:-				
At January 1/December 31,	200,000,000	20,000,000	200,000,000	20,000,000
Issued and fully paid:-				
At beginning of year	175,975,140	17,597,514	159,977,400	15,997,740
Issued during the year	-	-	15,997,740	1,599,774
At end of year	175,975,140	17,597,514	175,975,140	17,597,514

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.

21. Gross revenue

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue from sale of computer software and hardware and consulting services	7,939,206	7,437,046	38,564	-
Management fees	-	-	10,000	10,000
	7,939,206	7,437,046	48,564	10,000

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

22. Loss before tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
This is stated after charging:				
Allowance of doubtful debts	291,513	14,079	-	-
Amortisation of intangible assets	1,552,625	1,489,125	-	-
Auditors' remuneration				
- current	68,400	65,452	28,000	28,000
- underprovision in prior year	3,118	3,174	2,330	2,000
Bad debts written off	-	477	-	-
Depreciation				
- investment property	477	477	-	-
- property, plant and equipment	337,577	104,469	238,189	4,314
Directors' remuneration				
- fees	80,000	75,000	80,000	75,000
- other emoluments	226,722	190,705	-	1,600
Finance cost				
- finance lease	1,350	4,493	-	-
- loans and borrowings	30,718	35,017	-	-
- bank overdraft	36,232	15,137	-	-
- other	-	667	-	-
Impairment loss for intangible asset	-	2,000	-	-
Loss on realised foreign exchange				
- trade	12,666	3,226	-	-
- non-trade	12	1,463	-	-
Loss on financial asset measured at fair value	-	-	-	66,334
Property, plant and equipment written off	4,011	1	-	1
Rental of equipment	1,280	1,321	-	-
Rental of premises	189,289	221,252	636	1,472
And crediting:				
Allowance of doubtful debts reversed	-	11,704	-	-
Dividend income	-	1,833	-	-
Reserve on consolidation	-	2,531	-	-
Gain on disposal of subsidiary	-	5,513	-	4,499
Gain on financial asset measured at fair value	-	-	151,094	-
Gain on foreign exchange				
- realised	-	412	-	-
- unrealised	-	47,355	-	-
Interest income	389	4,324	212,559	186,409
Rental income	72,300	70,500	-	-

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

23. Income tax

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Income tax				
- current	30,951	35,959	25,300	18,000
- deferred	-	-	-	-
	30,951	35,959	25,300	18,000
(Over) / Under provision in prior year				
- current	(8,258)	(37,829)	(6,367)	(43,772)
- deferred	5,000	(12,997)	5,000	(236)
	(3,258)	(50,826)	(1,367)	(44,008)
	27,693	(14,867)	23,933	(26,008)

The numerical reconciliations between the tax expense and the product of accounting results multiplied by the applicable tax rates are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Loss before tax	(1,254,231)	(2,684,860)	(8,054)	(106,957)
Tax at applicable tax rate of 25% (2013: 25%)	(313,558)	(671,215)	(2,014)	(26,739)
Effects of different in tax rates	-	(15,862)	-	-
Tax effect of expenses not deductible in determining taxale profit	1,104,762	809,246	65,087	45,864
Tax effect of income not taxable in determining taxable profit	(352,828)	(348,701)	(37,773)	(1,125)
Deferred tax income relating reversal of temporary difference not recognised during the year	(407,425)	236,497	-	-
	30,951	9,965	25,300	18,000
(Over) / under provision of income tax in previous year				
- current	(8,258)	(37,829)	(6,367)	(43,772)
- deferred	5,000	12,997	5,000	(236)
	27,693	(14,867)	23,933	(26,008)

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

23. Income tax (cont'd)

Subject to the agreement by the tax authorities, the unabsorbed capital allowances and unutilised tax losses available for utilisation against future taxable profits are approximated to be as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Unabsorbed capital allowances allowances	931,026	1,026,881	-	-
Unutilised tax losses	21,292,276	19,109,048	-	-
	22,223,302	20,135,929	-	-

24. Loss per share

The loss per share is calculated based on the loss attributable to owner of the Company of RM 1,247,108 (2013: RM 2,669,993) and on 175,975,140 (2013: 172,819,422) weighted average number of ordinary shares.

25. Employee benefits expense

	Group	
	2014	**2013**
	RM	**RM**
Employee benefits expense	3,064,490	3,582,022

Included in employee benefit expenses is post-employment benefits amounting to RM 247,265 (2013: RM 230,345).

26. Related party disclosures

Significant transactions with related parties during the financial year were as follows:

(a) Transactions with subsidiaries and associates

	Group	
	2014	**2013**
	RM	**RM**
Transactions with associates:		
Advances to associate	3,600	37,800

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

26. Related party disclosures

(a) Transactions with subsidiaries and associates (cont'd)

	Company	
	2014	2013
	RM	RM
Transactions with subsidiary companies :		
Management fee received from subsidiarie	10,000	10,000
Advances from subsidiary	646,783	412,250
Repayment from subsidiaries	100,000	126,893
Advances to subsidiaries	779,400	2,242,306

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel of the Group and the Company during the year comprise:

	Group	
	2014	2013
	RM	RM
Short-term employee benefits	521,000	643,794
Post employment benefits		
- defined contribution plan	62,970	61,543
Total compensation	583,970	705,337

	Company	
	2014	2013
	RM	RM
Short-term employee benefits	80,000	76,600

27. Segment analysis

(a) Primary reporting format - 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 assets and capital expenditure are based on the geographical location of the assets.

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. The effects of such inter-segment transactions are eliminated.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

27. Segment analysis (cont'd)

(a) Primary reporting format - geographical segment (cont'd)

2014	**Malaysia RM**	**Asia Pacific RM**	**Group RM**
Revenue	5,454,766	2,484,440	7,939,206
Less: Inter-segment sales	-	-	-
External sales	5,454,766	2,484,440	7,939,206
Results			
Segment operating loss	(654,117)	(429,273)	(1,083,390)
Finance costs			(68,300)
Share of associate's loss			(102,541)
Loss before tax			(1,254,231)
Income tax			(27,693)
Net loss for the year			(1,281,924)
Other information			
Segment assets	10,522,494	6,137,467	16,659,961
Segment liabilities	2,576,956	1,984,499	4,561,454
Capital expenditure	149,754	30,983	180,737
Depreciation and amortisation	1,738,827	151,852	1,890,679

2013	**Malaysia RM**	**Asia Pacific RM**	**Group RM**
Revenue	4,800,092	2,799,668	7,599,760
Less: Inter-segment sales	(162,714)	-	(162,714)
External sales	4,637,378	2,799,668	7,437,046

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

27. Segment analysis (cont'd)

(a) Primary reporting format - geographical segment (cont'd)

2013	Malaysia RM	Asia Pacific RM	Group RM
Results			
Segment operating loss	(1,311,073)	(1,139,555)	(2,450,628)
Finance costs	(54,647)	(667)	(55,314)
Share of associate's loss	(178,918)	-	(178,918)
Loss before tax			(2,684,860)
Income tax	18,505	(3,638)	14,867
Net loss for the year			(2,669,993)
Other information			
Segment assets	14,042,208	4,012,751	18,054,959
Segment liabilities	2,713,353	1,998,777	4,712,130
Capital expenditure	297,693	-	297,693
Depreciation and amortisation	1,453,183	140,888	1,594,071

(b) Secondary reporting format - business segment

No secondary reporting - business segment is presented as the Group is principally engaged in marketing and distribution of computer software and hardware and the provision of professional service.

28. Operating lease commitment

The Group leases office premises under non-cancellable operating leases for its operations. These leases have an average tenure of 1 to 5 years, with an option to renew the lease after the expiry of the respective dates. Increase in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market rentals. None of the above leases includes contingent rentals.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

28. Operating lease commitment (cont'd)

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	Group 2014 RM	Group 2013 RM
Future minimum lease payments		
- payable not later than 1 year	119,024	65,583
- payable later than 1 year and not later than 5 years	69,431	-
	188,455	65,583

29. Capital disclosure

The Group's objectives when managing capital are to maintain a strong capital base and safe guard the Group's ability to continue as a going concern, so as to maintain shareholder, stakeholder 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. No changes were made in the objectives, policies and processes during the year.

The Group monitors capital using a gearing ratio which is net debt divided by total equity. The Group's policy to keep the gearing ratio at manageable levels. As at December 31, 2014, the Group is in a net borrowing position.

	Group 2014 RM	Group 2013 RM
Term loan	723,483	740,449
Finance lease liabilities	7,077	34,359
Bank overdraft	677,749	627,963
	1,408,309	1,402,771
Less: Cash and bank balances	(643,126)	(1,056,036)
Net borrowing	765,183	346,735
Total equity	12,098,507	13,342,829
Debt-to-equity ratio	6%	3%

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

30. Financial instruments

(a) Classification of financial instruments

The Group and the Company have classified its financial assets and liabilities in the following categories:

Group

	2014 RM	2013 RM
Financial assets:		
Loans and receivables		
Trade and other receivables	3,491,635	4,045,461
Amount due from associate	3,600	37,800
Cash and bank balances	643,126	1,056,036
	4,138,361	5,139,297
Financial liabilities:		
Measured at amortised cost		
Trade and other payables	1,375,778	2,234,484
Amount due to directors	671,836	19,120
Loans and borrowings	723,483	740,449
Finance lease liabilities	7,077	34,359
Bank overdraft	677,749	627,963
	3,455,923	3,656,375

Company	2014 RM	2013 RM
Financial assets:		
Loans and receivables		
Trade and other receivables	35,325	171,186
Amount due from subsidiaries	4,564,954	4,309,731
Cash and bank balances	22,901	23,368
	4,623,180	4,504,285
Financial liabilities:		
Measured at amortised cost		
Trade and other payables	6,944	22,616
Amount due to directors	60,000	-
Amount due to subsidiaries	76,140	-
	143,084	22,616

All other financial instruments are carried at amounts not materially different from their fair values as at December 31, 2014 and 2013.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

30. Financial instruments (cont'd)

(b) Financial risk management objectives and policies

The Group's operating investing and financing activities expose it to credit risk, interest rate risk, market risk (foreign currency risk) and liquidity risk. The Group's risk management objectives and policies are to minimise its exposure to foreign currency exchange rates and future cash flow risk, accept reasonable level of price risk and credit risk that commensurate with the expected returns of the underlying operations and activities and minimize liquidity risk by proper cash flow planning, management and control.

(i) Credit risk

Credit risk is the risk of loss that may arise outstanding financial instrument should a counter party default on its obligation.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

(c) Financial risk management objectives and policies

(i) Credit risk concentration profile

At the date of statement of financial position, the Group did not have any significant exposure to any individual customer or counter party or any major concentration of credit risk related to any financial assets.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Company. Cash at banks that are neither past due nor impaired are placed with financial institutions

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

(ii) Interest rate risk

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

The Group's short term receivables and payables are not significantly exposed to interest rate risk.

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

30. Financial instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	(7,077)	(34,359)	-	-
	(7,077)	(34,359)	-	-
Floating rate instruments				
Financial assets	-	-	4,559,354	4,304,131
Financial liabilities	(1,401,232)	(1,368,412)	-	-
	(1,401,232)	(1,368,412)	4,559,354	4,304,131

Sensitivity analysis for interest rate risk

Sensitivity analysis for fixed rate instrument

The Group's and the Company's income and operating cash flows are independent of changes in market interest rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for floating rate instrument

A change of 25 basis point ("bp") in interest rate at the end of reporting period would have increased / (decreased) equity and post-tax loss by the amount shown below.

The analysis assumes that all other variables, in particular foreign currency rates, remain unchanged.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

30. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

Group	**Profit or loss**	
	25bp Increase	**25bp Decrease**
2014	**RM**	**RM**
Floating rate instrument	(2,627)	2,627
2013	**RM**	**RM**
Floating rate instrument	(2,566)	2,566

Company	**Profit or loss**	
	25bp Increase	**25bp Decrease**
2014	**RM**	**RM**
Floating rate instrument	(8,549)	8,549
2013	**RM**	**RM**
Floating rate instrument	(8,081)	8,081

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

30. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currency is as follows:-

Group 2014	**Hong Kong Dollar RM**	**Chinese Renminbi RM**	**Singapore Dollar RM**	**Total RM**
Trade and other receivables	1,288,263	696,798	32,516	2,017,577
Trade and other payables	(797,551)	(437,880)	(5,114)	(1,240,545)
Net currency exposure	490,712	258,918	27,402	777,032
2013				
Trade and other receivables	1,560,963	566,469	179,012	2,306,444
Trade and other payables	(958,880)	(483,221)	-	(1,442,101)
Net currency exposure	602,083	83,248	179,012	864,343

Currency risk sensitivity analysis

Foreign currency risk arises from the Group and the Company entities which have a RM functional currency.

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have increased equity and decreased post-tax loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		**Company**	
Effect on loss after taxation/ equity	**2014 Increase/ (Decrease) RM**	**2013 Increase/ (Decrease) RM**	**2014 Increase/ (Decrease) RM**	**2013 Increase/ (Decrease) RM**
Hong Kong Dollar				
- strengthened by 5%	34	1,438	48,201	26,415
- weakened by 5%	(34)	(1,438)	(48,201)	(26,415)
Chinese Renminbi				
- strengthened by 5%	9,695	2,923	-	-
- weakened by 5%	(9,695)	(2,923)	-	-
Singapore Dollar				
- strengthened by 5%	4,421	6,667	(2,855)	5,289
- weakened by 5%	(4,421)	(6,667)	2,855	(5,289)

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

30. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iv) Liquidity risk

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

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

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

2014

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	>3 years
Trade and other payables	1,375,778	-	1,375,778	1,375,778	-	-
Loans and borrowings	723,483	4.95%	1,167,104	54,708	54,708	1,057,688
Finance lease liabilities	7,077	3.37%	7,148	-	-	-
Bank overdraft	677,749	5.65%	677,749	677,749	-	-
	2,784,087		3,227,779	2,108,235	54,708	1,057,688
Company						
Trade and other payables	6,944	-	6,944	6,944	-	-

2013

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	>3 years
Trade and other payables	2,234,484	-	2,234,484	2,234,484	-	-
Loans and borrowings	740,449	4.70%	1,150,256	51,504	51,504	1,047,248
Finance lease liabilities	34,359	3.37%	35,780	28,632	7,148	-
Bank overdraft	627,963	5.40%	627,963	627,963	-	-
	3,637,255		4,048,483	2,942,583	58,652	1,047,248
Company						
Trade and other payables	22,616	-	22,616	22,616	-	-

Notes to the Financial Statements
for the year ended December 31, 2014 (cont'd)

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs as follows:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly, and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant

(b) Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements as reasonable approximation of fair values due to the short term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the reporting dated except for following:

	2014		2013	
Group	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Finance lease liabilities	7,077	6,846	34,359	33,353

32. Authorisation for issue of financial statements

These financial statements were authorised for issue on April 27, 2015 by the Board of directors.

Notes to the Financial Statements

for the year ended December 31, 2014 (cont'd)

33. Supplementary information the breakdown of accumulated losses into realised and unrealised

The disclosure as required by Bursa Malaysia Securities Berhad on the realised and unrealised unappropriated profits or accumulated losses as at December 31, 2014 is as follows:

	2014 RM	2013 RM
Total accumulated losses of the Company:		
- Realised	(6,734,645)	(5,663,907)
- Unrealised	(26,474)	47,355
	(6,761,119)	(5,616,552)
Total share of accumulated losses from associates		
- Realised	(1,077,372)	(974,831)
- Unrealised	-	-
Total group accumulated losses as per consolidated accounts	(7,838,491)	(6,591,383)

Statement by Directors

We, Yeap Kong Chean and Tan Hoay Leng, being two of the directors of Ygl Convergence Berhad, do hereby state that in our opinion, the financial statements set out on pages 44 to 108, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2014 and of the financial performance and cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 33 on page 109 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

YEAP KONG CHEAN
Director

TAN HOAY LENG
Director

Penang,
Date: April 27, 2015

Statutory Declaration

I, Tan Hoay Leng, being the director primarily responsible for the financial management of Ygl Convergence Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 108, 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 at)
Georgetown in the State of Penang)
on this April 27, 2015)

Before me,

TAN HOAY LENG
Director

Nachatar Singh A/L Bhag Singh (P126)
Commissioner for Oath

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)	Net Book Value (RM)
Unit 9-10, 9th 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	Freehold	2,508	08/12/2000	15	978,634
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 Rented Out	Freehold	238.46	29/01/2008	7	286,185

Analysis of Shareholdings
as at 30 April 2015

Authorised Capital	:	RM20,000,000.00
Issued and Fully Paid-up Capital	:	RM17,597,514.00 comprising 175,975,140 Ordinary Shares of RM0.10 each
Class of Equity Securities	:	Ordinary Shares of RM0.10 each ("Shares")
Voting Rights	:	One vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Shares	%
-	Less than 100	-	-
489	100 - 1,000	91,640	0.05
634	1,001 - 10,000	4,528,500	2.57
800	10,001 to 100,000 shares	29,403,568	16.71
127	100,001 to less than 5% of issued shares	68,498,100	38.93
2	5% and above of issued shares	73,453,332	41.74
2,052	**Total**	**175,975,140**	**100.00**

30 Largest Securities Account Holders

No.	Name	No. of Shares held	%
1	YEAP KONG CHEAN	40,666,668	23.11
2	YEAP KONG TAI (Deceased)	32,786,664	18.63
3	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP KONG TAI*	6,680,000	3.80
4	YEAP CHOR BENG & SONS SDN BHD	5,500,000	3.13
5	CHENG MEI WAN	4,060,000	2.31
6	LOH GIM CHUAN	3,260,000	1.85
7	YEAP KONG YEOW	2,433,000	1.38
8	TAN LAN WAH	2,362,000	1.34
9	LAI WAH	2,000,000	1.14
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN*	1,720,000	0.98
11	NG CHENG GUAN	1,604,100	0.91
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG*	1,250,000	0.71
13	AMBANK (M) BERHAD *PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG*	1,060,000	0.60
14	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG*	1,000,000	0.57
15	RHB CAPITAL NOMINEES (ASING) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG VINCENT SIU CHUN*	1,000,000	0.57
16	YEAP KAH PHAIK	1,000,000	0.57
17	CHONG HOI YONG	938,500	0.53
18	YEAP KING JIN	888,000	0.50

Analysis of Shareholdings
as at 30 April 2015 (cont'd)

30 Largest Securities Account Holders (cont'd)

No.	Name	No. of Shares held	%
19	YEAP KONG YEOW	868,400	0.49
20	YAP EAN SIN	804,000	0.46
21	AMSEC NOMINEES (TEMPATAN) SDN BHD *CHOW CHONG CHEK*	800,000	0.45
22	YEAP TEIK EE	750,000	0.43
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG*	700,000	0.40
24	LEUNG KIT MAN	700,000	0.40
25	YEAP CHOR BENG	700,000	0.40
26	YEAP LAY HOON	700,000	0.40
27	YEAP TECK CHEONG	700,000	0.40
28	KHOO YONG AI	670,000	0.38
29	YEAP GEOK LAN	664,000	0.38
30	HO BENG CHUAN	600,000	0.34

Substantial Shareholders (excluding those who are bare trustees pursuant to Section 69 of the Companies Act, 1965)

		No. of Shares beneficially held			
No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
1	Yeap Kong Chean	40,666,668	23.11	-	-
2	Yeap Kong Tai (Deceased)	39,466,664	22.43	-	-

Directors' Shareholdings

		No. of Shares beneficially held			
No.	Name of Directors	Direct Interest	%	Indirect Interest	%
1	Yeap Kong Chean	40,666,668	23.11	-	-
2	Tan Hoay Leng	-	-	-	-
3	Ahmad Fuad Bin Mohd Ali	-	-	-	-
4	Dr. Ch'ng Huck Khoon	-	-	-	-
5	Chua Kiat Eng	-	-	-	-

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.

Form of Proxy

No. of Shares held	

I / We ______________________________ NRIC / Passport / Company No. ______________________
(BLOCK LETTERS)

of, ____
(full address)

being a member/members of **Ygl Convergence Berhad (Company No. 649013-W)** hereby appoint ______________

____________________________________ NRIC / Passport No. ___________________________

of ____

or failing him, ___________________________ NRIC / Passport No. ___________________________

of ____

or the Chairman of the Meeting as *my/our proxy to vote in my/our name(s) on *my/our behalf at the Eleventh (11th) Annual General Meeting of the Company to be held at The Northam hotel, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang on Tuesday, 30 June 2015 at 11.00 a.m. at any adjournment thereof.

NO.	RESOLUTIONS	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 31 December 2014		
2.	To re-elect Dr. Ch'ng Huck Khoon as Director of the Company		
3.	To re-elect Mr. Chua Kiat Eng as Director of the Company		
4.	To re-appoint Messrs. Cheng & Co as Auditors for the ensuing year and to authorise Directors to fix their remuneration		
5.	Ordinary Resolution - Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		

** Strike out whichever not applicable*

Please indicate your vote by 'X' in the respective box of each resolution. Unless voting instructions are indicated in the space ABOVE, the proxy will vote or abstain from voting as he/she thinks fit.

Note: Please note that the short description given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. Shareholders are encouraged to refer to the Notice of 11th Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

As witness *my/our hand(s) this ______ day of __________, 2015.

____
Signature of Member / Common Seal of the Corporate Shareholders

Notes:-

1. *In respect of deposited securities, only members whose name appears on the Record of Depositors as at 24 June 2015 shall be entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint two (2) or more proxies to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as members to speak at the general meeting.*
3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.*
4. *The instrument appointing a proxy and the power of attorney or other authority (if any) shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where an Exempt Authorised Nominee appoints more than 1 proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies proportion of its shareholding to be represented by each proxy.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 35, Scotland Road, 10450 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
7. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.*
8. *Any alteration in this form must be initialed.*

Affix Stamp

To:

The Company Secretaries
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10450 Penang
Malaysia

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