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Ygl Convergence Berhad

200401010510 (649013-W)

Annual Report 2019/2020

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of Ygl Convergence Berhad ("Ygl" or "the Company") will be held at Function Room, Sunway Hotel Georgetown, No. 33, Lorong Baru, 10400 George Town, Penang on Monday, 24 August 2020 at 10.30 a.m. for the following purposes:-

As Ordinary Business:-

1. To receive the Audited Financial Statements for the 15 months financial period ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect Madam Tan Hoay Leng, who is retiring in accordance with Clause 76(3) of the Constitution of the Company and being eligible, has offered herself for re-election. **Resolution 1**

3. To re-elect Mr. Wong Khai Meng, who is retiring in accordance with Clause 78 of the Constitution of the Company and being eligible, has offered himself for re-election. **Resolution 2**

4. To approve the payment of Directors' fees of RM100,000.00 for the 15 months financial period ended 31 March 2020. **Resolution 3**

5. To approve the payment of benefits payable to the Directors up to an amount RM20,000.00 from 25 August 2020 until the next Annual General Meeting of the Company to be held in year 2021. **Resolution 4**

6. To re-appoint Messrs. Moore Stephens Associates PLT as the Company's Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:-

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

   Ordinary Resolution:-
   Authority to issue and allot shares

   "THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to the Act, 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 total number of issued share (excluding treasury shares) 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 ("AGM") of the Company, or the expiration of the period within which the next AGM is required to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting." **Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

By Order of the Board,

THUM SOOK FUN (SSM PC No. 201908000139, MIA 24701)
LOW SEOW WEI (SSM PC No. 202008000437, MAICSA 7053500)
Company Secretaries

Penang
Date: 24 July 2020

(A) Notes:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 August 2020. Only a depositor whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at this General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. Where a member of the Company is an authorised nominee, as defined in the Central Depositories Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 35, Scotland Road, 10450 Penang, not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment at which the person named in the appointment proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this notice will be put to vote by way of a poll.

9. **COVID-19 Outbreak Measure Notes**

The health and safety of our members and staff who will attend the 16th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 16th AGM:-

a. Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 16th AGM in person.

b. Securities Commission Malaysia had on 18 April 2020 (revised on 15 July 2020) issued a Guidance and FAQs on the Conduct of General Meetings for Listed Issuers ("SC Guidance"). The Malaysian National Security Council had on 16 June 2020 (revised on 15 July 2020) issued a Standard Operating Procedures ("SOP") for government and private events, including meetings.

c. Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the 16th AGM on their behalf by submitting the proxy form with predetermined voting instruction.

d. Members or proxies who are feeling unwell or had been in physical contact with a person infected with COVID-19, Patient under Investigation (PUI) and Person under Surveillance (PUS) are advised to refrain from attending the 16th AGM in person.

e. Members or proxies are encouraged to register ahead of the 16th AGM to allow the Company to make the necessary arrangement in relation to the meeting i.e. infrastructure, logistics and meeting venue to accommodate the meeting participants.

f. In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or proxies) wish to attend the 16th AGM in person.

g. Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the 16th AGM in person.

h. Members or proxies are advised to observe/maintain social distancing throughout the 16th AGM.

(B) Explanatory Notes:

1. Item 1 of the Agenda: Audited Financial Statements for 15 months financial period ended 31 March 2020

The first agenda of this meeting is meant for discussion only, as Section 304(1) of the Act does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda is not put forward to shareholders for voting.

2. Items 2 and 3 of the Agenda: Re-election of Directors

Clause 76 (3) of the Company's Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nominating Committee ("NC") has considered the following:-

(i) Evaluation on the effectiveness of the Individual Directors, the Board of Directors ("Board") as a whole and all Board Committees; and
(ii) For Independent Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

In line with Practice 5.1 of the Malaysian Code on Corporate Governance ("MCCG"), the Board has conducted a separate assessment of independence of the INEDs, the evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2019/2020 and the Corporate Governance Report 2019/2020 ("CG Report") of the Company.

Madam Tan Hoay Leng who retires in accordance with Clause 76(3) of the Company's Constitution, has offered herself for re-election at the 16th AGM.

Clause 78 of the Company's Constitution provides that any Director appointed during the year to fill a casual vacancy shall hold office only until the next AGM and shall be eligible for re-election.

Mr. Wong Khai Meng whose appointment effective on 12 May 2020 shall hold office until 16th AGM and shall then be eligible for re-election pursuant to Clause 78 of the Company's Constitution.

All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

3. Items 4 and 5 of the Agenda: Directors' fee and benefits

Clause 93 of the Company's Constitution provides that any fees and benefits payable to Directors shall be subject to annual shareholders' approval at a General Meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Directors, in separate resolutions as follows:-

Resolution 3 – On payment of Directors' fees for the 15 months financial period ended 31 March 2020;

Resolution 4 – On payment of benefits to the Directors of the Company from 25 August 2020 until the next AGM of the Company.

The proposed Directors' fees of RM100,000.00 to be paid to all Directors (except for the Chief Executive Officer who is also a Director of the Company) for the 15 months financial period ended 31 March 2020 are based on the 15 months' fee of RM25,000.00 for each Director.

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Under Resolution 4, the benefits payable to the Executive and Non-Executive Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of the Company, which recognises that the benefits payable are in the best interest of the Company for the ensuing period up to the conclusion of next AGM. The benefits comprise of customary benefits such as business travel and accommodation, communication, insurance, medical coverage and other claimable benefits.

The remuneration for each Director is set out in the Corporate Governance Overview Statement.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

4. Item 6 of the Agenda: Re-appointment of Auditors

   Pursuant to Section 271(3)(b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2021. The current auditors, Messrs. Moore Stephens Associates PLT has expressed their willingness to continue in office. The Board and the Audit and Risk Management Committee had on their meeting held on 6 July 2020, considered the re-appointment of Messrs. Moore Stephens Associates PLT as auditors of the Company and collectively agreed that Messrs. Moore Stephens Associates PLT has met the relevant criteria prescribed by Rule 15.21 of ACE Market Listing Requirements of Bursa Securities.

   The Board recommends the re-appointment of Messrs. Moore Stephens Associates PLT as External Auditors of the Company to hold office until the conclusion of the next AGM.

5. Item 7.1 of the Agenda: Authority to Director to issue and allot shares

   The Ordinary Resolution proposed under Resolution 6 is primarily to seek for renewal of general mandate to give flexibility to the Board to issue and allot shares up to 10% of the issued share capital (excluding treasury shares) of the Company for the time being, at anytime in their absolute discretion without convening a general meeting (hereinafter referred to as the "**General Mandate**").

   The Company has been granted a general mandate by its shareholders at the last AGM held on 27 May 2019 (hereinafter referred to as the "**Previous Mandate**") and it will lapse at the conclusion of 16th AGM.

   As at the date of this Notice, the Company had issued and allotted 23,228,000 ordinary shares representing 10% of total issued shares of the Company on 2 March 2020 under the Previous Mandate.

   The purpose to seek for the renewal of 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 organise 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

- 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 AGM.

- General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirement of Bursa Securities.

Details of the General Mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Note 5 of the Explanatory Notes of the Notice of the 16th AGM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yeap Kong Chean
Chief Executive Officer

Tan Hoay Leng
Executive Director

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

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

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

Chua Kiat Eng
Independent Non-Executive Director
(resigned on 14 April 2020)

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

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

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

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

PRINCIPAL BANKERS

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

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

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

WEBSITE
www.yglworld.com

PROFILE OF DIRECTORS

YEAP KONG CHEAN
Chief Executive Officer
Aged 58, Male, Malaysian

TAN HOAY LENG
Executive Director
Aged 53, Female, 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.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

He attended all the six (6) Board of Directors' Meetings held in the financial period ended 31 March 2020.

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

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

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

She has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

She attended all the six (6) Board of Directors' Meetings held in the financial period ended 31 March 2020.

PROFILE OF DIRECTORS (cont'd)

DR. CH'NG HUCK KHOON
Independent &
Non-Executive Director
Aged 51, Male, Malaysian

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

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

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

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

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

He attended all the six (6) Board of Directors' Meetings held in the financial period ended 31 March 2020.

DATO' LEE WAI MUN,
D.I.M.P., J.P.
Non-Independent &
Non-Executive Director
Aged 47, Male, Malaysian

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

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

Dato' Lee has been the Chief Executive Officer of Edubest Group of Companies since November 2005. He is also a Director and Chief Executive Officer of Ygl iBay International Group of Companies. He has twenty eight years (28) of experience as a businessman with diverse expertise in mining, construction, property development and trading.

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

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

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

He attended all the six (6) Board of Directors' Meetings held in the financial period ended 31 March 2020.

WONG KHAI MENG
Independent &
Non-Executive Director
Aged 42, Male, Malaysian

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

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

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

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

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

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

He has not attended any Board of Directors' Meeting held in the financial period ended 31 March 2020 as his appointment to the Board was 12 May 2020.

i. Family Relationships with Director and/or Major Shareholders

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

Save as 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 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

LEE MING CHIEH
Chief Operation Officer
Aged 48, Male, Malaysian

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

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

He had been involved in the telecommunication industry for the past 25 years. He held various positions in Digi Telecommunications Malaysia (Digi Group) started from Project Manager until Deputy Program Director from year 2005 to 2013.

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

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

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

He has no family relationship with any directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

HO SOO WEE
Group Marketing Manager
Aged 52, Male, Malaysian

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

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

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

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

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

He has no family relationship with any directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

YEAP KAH PHAIK
Project Manager
Aged 55, Female, Malaysian

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

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

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

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

She holds 1,625,000 ordinary shares in the Company which is 0.64% shareholding. She does not hold any directorships in any public listed companies. She has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

YONG CHENG YEW
Senior R&D Manager
Aged 42, Male, Malaysian

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

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

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

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

He has no family relationship with any directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any public listed companies. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 March 2020.

CHIEF EXECUTIVE OFFICER'S STATEMENT, MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors and the management team of Ygl Convergence Berhad ("Ygl"), I would like to present the Annual Report and Financial Statements of the Group and of the Company for the 15 months financial period ended 31 March 2020.

The Covid-19 pandemic which caused unprecedented worldwide lockdown and movement restriction, on one hand severely hit the economy but on the other hand pushed our local businesses toward digital transformation and e-commerce as businesses realised the effectiveness of web applications and smart technology.

It was timely as we started putting our solutions on "cloud" base since last year and this had enabled our customers who were allowed to operate during the Movement Control Order ("MCO") to run their businesses under 50% workforce capacity as well as work remotely from home.

The economic stimulus placed by our government through "Pelan Jana Semula Ekonomi Negara (PENJANA)" provided opportunities to the small and medium sized enterprises ("SMEs") in the manufacturing sector to wholly embrace digitalisation in their organisations. There are the reskilling and upskilling programmes with matching grant by the government, SMEs e-commerce campaign through co-funded programme with Malaysia Digital Economy Corporation (MDEC), boost to digital adoption through SME Digitalisation Matching Grant, SME Technology Transformation Fund and Smart Automation Grant.

Ygl is positioning its solutions such as smart manufacturing, smart warehouse, portable sales application and industry specific internet portal strategically in the digitalisation roadmap of SMEs where operating under the "new normal" requires fewer people at new level of productivity and efficient work flow arrangement.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Impacts of Covid-19

Impact on Group's business operations

This year we faced our biggest economic challenge due to the overwhelming impact posed by the Covid-19 pandemic. Our business operation came to almost a standstill except for the support and maintenance provided to customers who were allowed to operate during the MCO. The deals which we were following prior to MCO halted and our sales teams could not go out on their sales rounds. Our business involved selling systems to mostly manufacturers and site visit was an important part for us to prepare our sales presentation and system demonstration to customers based on idiosyncratic needs. Revenue was dented as existing projects were delayed while new sales deals were put on hold. The Hong Kong government shut down for two months and our semi-government projects stalled.

Impact on Group's cash flow, liquidity, financial position and performance

The Group had a private placement exercise in March 2020 before MCO and the injection of funds helped us to ride out the difficult time. The Group does not have any gearing and there is no added pressure to meet any financial obligation. Due to the economic impact, the Group had impaired certain goodwill on consolidation as well as impairment of our associated company. This resulted in our bottom line being doubly hit as local and overseas revenue rock bottomed while we necessarily maintained our direct workforce and bore the impairment losses.

Impact on business and earning prospects

Ygl sees opportunities for future business and earning prospects as SMEs now acknowledge the lacking in digitalisation of business operations will disadvantage them under the "new normal" standards of operating procedures ("SOPs"). Ygl owns the intellectual properties for its proprietary solutions and customisation of its products to meet the SOPs is achievable.

Strategy and steps taken to address the impact of Covid-19

During MCO, the Group put together webinars to raise brand awareness for its smart manufacturing and smart warehouse solutions and these online sessions generated sales leads. The Group streamlined its expenses such as leveraging on online meetings to reduce travelling costs.

FINANCIAL PERFORMANCE REVIEW

Ygl Group changed its financial year end from 31 December 2019 to 31 March 2020 and 31 March for subsequent years, as such it was not consistent to compare this year 15 months' period against last year's 12 months' period. Ygl recorded a revenue of RM4.445 million for the financial period ended 31 March 2020 ("FPE2020") while gross profit was RM302,798 at 6.8%. Net loss attributable to ordinary equity holders of the parent was RM7.352 million including impairment of goodwill on consolidation RM1.234 million, goodwill written off RM1.039 million, impairment of investment in associated company RM1.475 million and impairment of trade receivables RM0.64 million. The dismayed results this year was not only due to impact of Covid-19 but also the lack of sales recorded during the year following the uncertainty created by the trade war between the United States of America and China. Many businesses deferred their investment in software system. Our direct overheads were maintained despite the low revenue.

Net loss per share for the FPE2020 was 3.15 sen as compared to 0.99 sen for the financial year ended 31 December 2018 ("FYE2018").

RESEARCH AND DEVELOPMENT ("R&D")

For the FPE2020, Ygl Group invested RM1.816 million in the R&D of Ygl's proprietary products for the 15 months' period. The R&D's expenditure was RM1.447 million incurred in the FYE2018 for a period of 12 months. Product responsibility and innovation are crucial in ensuring Ygl products stay relevant with technology and market demand.

STRATEGIES AND INITIATIVES

On 10 March 2020, the Company acquired 60% share capital of Ai Solar Sdn. Bhd. ("Ai Solar"), accordingly making Ai Solar its subsidiary. The acquisition in Ai Solar is in line with the direction of the Group to reduce carbon emission of SMEs manufacturers and switched to renewable energy as digitalisation of manufacturing processes will inevitably increase consumption of electricity. Solar power projects would provide new income stream for the Group.

Digitalisation transformation goes hand in hand with training of our workforce especially fresh graduates and young workers undergoing industrial training. Training in Industry 4.0 related systems will empower the workforce and ease the transition to digitalisation. Ygl has been appointed as "Pembekal Utama" under Negeri Sembilan Skills Development Centre ("NSSDC") group of entrepreneurs, as part of Ygl's initiatives to bring the knowledge and skill in relation to smart manufacturing, smart warehouse and related technology to upgrade the workforce of SMEs in the State of Negeri Sembilan.

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

On 10 December 2019, Ygl signed a cooperation agreement with Hongtian Intelligent Technology (Tianjin) Co., Ltd., also as part of Ygl's initiatives to establish a research and education collaboration to promote cross nation sharing of research and development resources, co-development of intellectual property and promotion of national technology through the "One Belt One Road" initiative.

FUTURE AND PROSPECTS OF YGL GROUP

With Covid-19 unabated and expected to pose threat until end of December 2020, the year ahead will be challenging as market economy is not expected to recover to pre-Covid-19 level. We anticipate spending on Industry 4.0 enabled ERP and smart warehouse solutions by SMEs to rise and there will be takers of PENJANA digitalisation loans and grants of RM500 million and RM100 million respectively to spearhead adoption of new technology.

The Covid-19 lockdown has opened the eyes of SMEs to see how people adapt to use technology from online meeting platform to remote access tools and how organisations with technology in place reap benefits even during difficult time of MCO. The aspiration of Ygl to become the world exporter of software solution to the rest of the world from Malaysia remains intact.

APPRECIATION

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

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

The Board would like to express our heartfelt thanks to Mr. Chua Kiat Eng, who resigned as Independent Non-Executive Director on 14 April 2020 after serving in the Board since 28 March 2013, for his contribution.

The Board would like to welcome aboard our new Independent Non-Executive Director, Mr. Wong Khai Meng, who joined us on 12 May 2020. Mr. Wong Khai Meng is also a member of Audit and Risk Management Committee and Remuneration Committee and Chairman of the Nominating Committee. We look forward to his contribution to Ygl Group.

Yeap Kong Chean
Chief Executive Officer

Date: 15 July 2020

At Ygl, we uphold our commitment to sustainability through responsible business conduct to deliver long-term positive values to all stakeholders and community. We are committed to play an active role as a responsible corporate citizen and believe that integrity and ethics are the cornerstones of a sustainable business.

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

The Sustainability Statement ("Statement") describes the Group's commitments, goals, progress and performance across a broad range of issues and is organised into four main pillars:

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

Our commitment to sustainability

Core values

Our approach to sustainability is built on the Group's core values of commitment to our responsibilities, integrity in honouring our duties and contributing to mankind and society. It is the aim of the Group to instil these values in our employees through our work and purposeful corporate social responsibility ("CSR") activities.

Governance structure

The Board of Directors ("Board") comprises two (2) Executive Directors, one Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The details of the Directors can be found in the section "Profile of Directors" on page 9 to 11 of the Annual report 2019/2020.

The Audit and Risk Management Committee ("ARMC") oversees the overall sustainability initiatives of the Group and reports to the Board. The responsibilities of managing day to day operations based on good social and ethical practices are delegated to the key management. Selective initiatives with local impact are chosen yearly which reflects the Group's values.

The Board has established the following committees with defined terms of reference to assist and support the Board in discharging its governance and other responsibilities including financial reporting and disclosure, internal control system and risk management, composition of the Board remuneration of Directors and senior management.

- Nominating Committee ("NC"); and
- Remuneration Committee ("RC").

Materiality Matrix

Important to stakeholders		
	∞ Digital transformation ☼ Energy & carbon emission ✿ Community initiatives	⌘ Customer experience & satisfaction ∞ Health & safety ⌘ Anti-bribery & corruption ⌘ Branding & reputation
		⌘ Product quality & innovation ∞ Employees' learning & growth
	Important to Ygl Group	

Legend: ✿ Community; ⌘ Marketplace; ∞ Workplace ☼ Environment

Engaging stakeholders

The Group identified sustainability related issues by taking into account the expectations and interests of internal and external stakeholders groups which may directly or indirectly impact on the Group's business as below:

Stakeholders	Concerns	Engagement approach
Customers	• Product deliverables • Service and support quality	• Customers' feedback • Support website • Uphold confidentiality
Employees	• Health and safety • Self and career development • Compensation, benefits and welfare • Code of conduct	• Review of remuneration package • Open internal communication channel • Performance assessment and training • Sporting activities
Investors	• Business strategy and governance • Group financial performance • Use of company resources	• Annual General Meeting ("AGM") • Quarterly reporting of financial results • Annual reports
Suppliers	• Pricing and quality of services • Information security	• Vetting of suppliers • Restricted access
Statutory and Regulatory bodies	• Non-compliance with regulatory requirements	• Relevant laws and regulations • Guidelines and standards • Warning letters or feedback from respective regulatory bodies
Communities	• Community service activities • Aids and support	• Social contribution • Employee engagement in charitable activities

Our Footprint

Theme	Strategy	Initiatives for FYE2020
Community support	Use our expertise and resources to foster digital knowledge in local workforce and graduate programs	Collaboration with skill development and training centres to provide training opportunities to young people
	Foster humility and love for mankind	Establish "Circle of Love" to reach out to charities and people in need
	Raise awareness on unequal allocation food supply	Promote "Green Monday" one day a week no meat day
Product responsibility and innovation	Develop software products to increase productivity and reduce wastages	Customise systems to meet customers' needs and satisfaction Incorporate sustainability features into software functions
	Enable digital transformation and innovation	Increase pace of businesses to adopt Industry Revolution 4.0 technology
Workplace quality	Ensure fair, inclusive and safe workplace	Establish Whistleblowing Policy Establish Anti-bribery and Corruption Policy
Environment protection	Advocate minimise carbon emission and renewable energy	Implement solar energy to complement sustainable manufacturing

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

COMMUNITY

Ygl believes in contributing back to society and actively participates in Corporate Social Responsibility ("CSR") activities. During the period, our "Circle of Love" coin box and coffee through which our employees show their loving thoughts through daily contribution to a donation box in support of and giving back to the community. We encourage internal activities for the employees to ensure that our working place is a happy place and employees' drive is consistently high and well maintained. The management is committed to this endeavor and we look forward to improving and share further on our sustainability efforts in the years to come.

Donation to Persekutuan Kebajikan Anak-Anak Yatim Islam Pulau Pinang, The Mata Mantra League of Devotees & Pure Lotus Cancer Foundation through collective effort of our staff and customers from 'Circle of Love' coin box and coffee on 3 April 2019.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

On 16 April 2019, Ygl was delighted with the award of certificate of appreciation by University Utara Malaysia (UUM) for At "CEO in Class" Programme organised by the School of Accountancy, UUM where we shared our experience on Industry 4.0 ERP challenges with the students of UUM College of Business.

Group photo with Puan Danilah Binti Salleh, PhD Senior Lecturer, School of Accountancy, UUM who extended this invitation to Ygl.

CERTIFICATE OF APPRECIATION

YGL Convergence Berhad

Corporate Social Responsibility

At 'CEO in Class' Programme
Tunku Puteri Intan Safinaz School of Accountancy (TISSA)

14 th April 2019

ASSOC. PROF. DR. ROSE SHAMSIAH SAMSUDIN
Dean
Tunku Puteri Intan Safinaz
School of Accountancy (TISSA)
College of Business
Universiti Utara Malaysia

Our team of 40 staffs learning the correct way to apply "3R" i.e. "reduce" "re-use" and "recycle" approach to recycling in September 2019 at Tzu Zhi Merit Society Recycling Program plant and Dialysis Centre. It is also the first time we were joined by our customers' staff.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

MARKET PLACE

Ygl's employees are expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships with external stakeholders, customers, suppliers and business partners. We conduct many seminars with the government agencies to educate the public on Industry 4.0 knowledge and we strictly review materials that is published and/ or distributed during public events and exhibition. It is our business principle to ensure transparency and accountability in all our business undertakings, in line with good governance practices in the disclosure of information to our stakeholders.

From Left 4: Miss Vimala Murugan (Director of MITI), Mr. Yeap Kong Chean (YGL Convergence Berhad)
From Right: Mr. Clement Wong (Director of MITI Regioanl Office Pulau Pinang),
Hazel Lo (Assistant Director, Ind4.0 unit of MITI) & Ms Noraini Abrahim (Principal Assistant Director of MITI)

On 25 February 2019, Mr. Yeap Kong Chean ("Mr. Yeap"), our Group CEO was invited to give a presentation regarding the adoption of Industry Revolution 4.0 (IR 4.0) during the sharing session by system integrators at the INDUSTRY4WRD SEMINAR FOR SMEs at Kedah Industrial Skills and Management Development Centre ("KISMEC"), Sungai Petani.

It was a roadshow organised by Ministry of International Trade and Industry, Malaysia ("MITI") to reach out to small and medium sized enterprises (SMEs) nationwide until end of March 2019 on the Industry 4WRD Readiness Assessment (RA) Online Registration System. The roadshow was organised to familiarize SMEs with INDUSTRY4RWD Policy and related incentives.

Companies which had undergone the Industry4WRD RA programme received a report detailing its readiness, as well as recommendations to migrate to IR4.0.

Businesses which successfully migrated to IR4.0 could apply for funding from various funds namely Intervention Fund, Domestic Investment Strategic Fund and High Impact Fund.

On 26 February 2019, Ygl again was a presenter for the same roadshow held at Penang Skills Development Centre ("PSDC"), Penang. This was in line with Ygl's effort to help local SMEs to adopt IR4.0 to keep abreast with the development in the manufacturing sector.

Industrial Internet of Things (IIOT) Plugfest Convention 2019

Industrial Internet Of Things (IIOT) Plugfest Convention 2019 was held on 7 March 2019 at the Dewan Produktiviti, of Malaysia Productivity Corporation (MPC) of Northern Region in collaboration with Electrical & Electronics Productivity Nexus (EEPN).

This convention was a synergistic event to realise the aspiration of the Malaysia Productivity Blueprint (MPB) in enhancing the nation's productivity and building future talent in the E&E sector through a first and learning experience within an industry 4.0 working environment.

The former Deputy Minister of MITI, YB Dr. Ong Kian Ming visited Ygl booth. Ygl showcased our E-Manufacturing suite live demo the connectivity of machine with Mobile Apps in cloud.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

During session by Mr. Yeap in a PSDC event held on 19 March 2020 on "How Manufacturers Can Stay Competitive And Relevant In The Digital Era".

Sharing session by Mr. Yeap at the Malaysia Industry4WRD and Incentives Seminar on 21 March 2019 at Perdana Hall, Menara MATRADE, Kuala Lumpur.

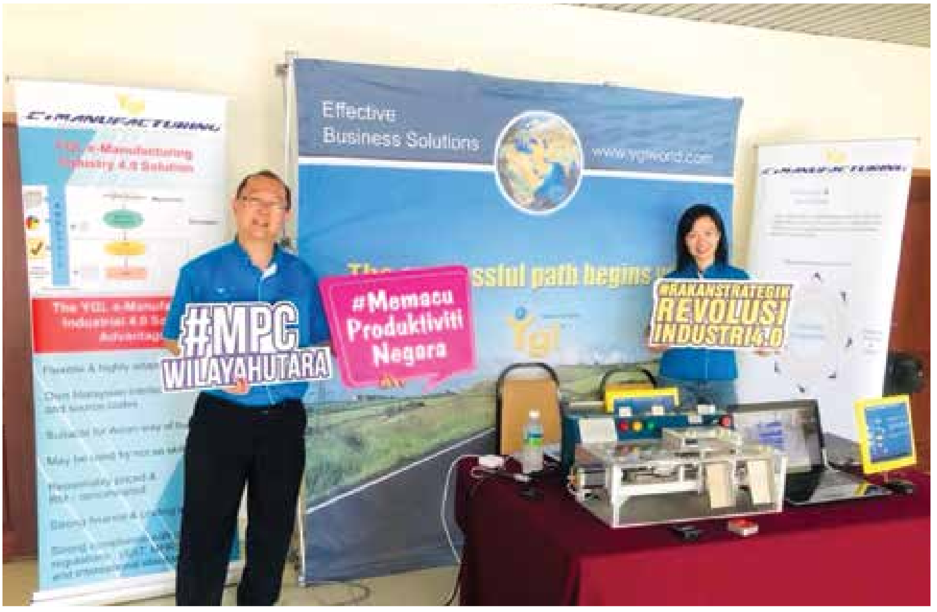
On 20 March 2019, MPC of Northern Region organised "Borak Santai Produktif IceCream Licious", another IR4.0 workshop in a more light-hearted atmosphere for participants to learn and share about IR4.0 matters.

Ygl forged a partnership with Knowledgecom Sdn Bhd (KCOM) in "Beyond 4 Partnership MOU Signing Ceremony" on 22 March 2019 to promote digital transformation of SMEs in Malaysia to transform their traditional manufacturing sites into smart factories. The partnership is the first of its kind in the country and will be a game changer to empower Malaysia as a leader in digital economy in Southeast Asia.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

Presentation of Industry 4.0 plan to Penang Chief Minister, YAB Mr. Chow Kon Yew.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)



Seminar on Productivity for Future Talent Towards Industry 4.0. @ USM Penang.
Ygl showcase ERP solution to the students.

23 May 2019 : Collaboration with Arcvideo Technologies Corporation using Artificial Intelligence (AI) advanced high-quality video transcoding and image pre-processing on face recognition

Fifteenth Annual General Meeting on 27 May 2019.

26 July 2019 – Ygl's collaboration arrangement on the development of IR4.0 Smart Manufacturing, Smart Warehouse and Intelligent Technology Research and Education Centre in the State of Negeri Sembilan.

With the appointment of Ygl as "Pembekal Utama" under Negeri Sembilan Skill Development Centre ("NSSDC"), Ygl would like to bring the knowledge and skill in relation to smart manufacturing, smart warehouse and related technology to upgrade the workforce of SMEs in the State of Negeri Sembilan

YGL COLLABORATION ARRANGEMENT BETWEEN YGL AND NSSDC AS PEMBEKAL UTAMA OF INDUSTRY 4.0 SOFTWARE UNDER NSSDC'S GROUP OF ENTREPRENEURS

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

2 August 2019 - Ygl coordinated with Penang Chinese Chamber of Commerce (PCCC) to organise a seminar on "INDUSTRY4WRD & INCENTIVE". Officials with hands-on experience from **MIDA, MITI** and **SIRIM** were presented to provide information and reply to enquiries of SMEs.

On 21 September 2019, our Directors, Dato' Lee Wai Mun, CEO Mr. Yeap Kong Chean and two staff attended the "2019 National Science Day" in Tianjin, China to learn how students were taught intelligent technology in school and also witnessed the 'Artificial Intelligence Education (Drone)' competition took part by primary and high school students.

On 12 -13 November 2019, Ygl demonstrated the machine integration with ERP solution at the **Penang Manufacturing Excellence Conference and Exhibition** (PMECX) (formerly known as the PSDC Industry 4.0 Week) was an annual event aimed at promoting the latest technological innovation and business solutions. PMECX covered a wide range of industry-relevant topics, including Industry 4.0, Digital Manufacturing, Smart Factory, Lean & Continuous Improvement, Robotics & Automation, Financing Investment, Industrial Blockchain, Research & Development, Precision Engineering, Quality, Environmental, Occupational Healthy & Safety (QEHS), Supply Chain & Logistics, Sustainability, Government Policy and Industrial Strategy, Exports and Skills & Training.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

On 23 & 24 November 2019, Ygl invited NSSDC to share booth at **KEMBARA DIGITAL MALAYSIA** exhibition and showcased the Industry 4.0 ERP solution connectivity to manufacturing machine while NSSDC displayed their vocational programmes.

On 10 December 2019, a signing ceremony was held to witness the signing of a cooperation agreement between Ygl and Hongtian Intelligent Technology (Tianjin) Co. Ltd (Tianjin Hongtian) to establish a research and education collaboration to promote cross nation sharing of research and development resources, co-development of Intellectual Property and promotion of national technology through the "One Belt One Road" initiative.

WORKPLACE

The Company is highly committed to improve and sharpen our employees' talents and skills by providing in-house and external training. The Company has sent employees for training in order to improve and enhance their development and technical skills. The Group understands that the future lies in the hand of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to encourage students to intern with us and gain first-hand experience of the industry, whilst preparing them for employment upon completion of their studies. The Group ensures that internal communication channel is made to the latest and important news of the Group through shared Google drive. This is to ensure that the employees can have access to the materials anytime from anywhere.

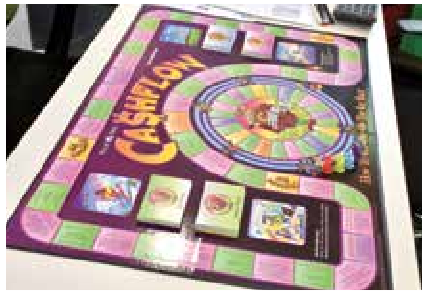
Visit by the Director of MITI, Ms. Vimala and her team to Ygl Corporate office and Ygl R&D Centre to survey the business and software development operation of Ygl.

Director of MITI Penang Mr. Clement Wong Chen Siong and Senior Assistant Director Mohd Faiz Syazwan Zainal Abidin visited YglWorld Corporate office for collaboration in assisting the adoption of Industry 4.0 seminar to increase awareness of SMEs in their transformation.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (cont'd)

YGL Staff attended the "Effective Implemented of Smart Manufacturing for Organisation training course at MPC Wilayah Utara Penang.

Ygl technical team attended the training course "Effective Implementation of Smart Manufacturing for Organisation" at MPC Wilayah Utara Penang.



5 April 2019 - Cash Flow Game

Our staff learned valuable lessons and insights into managing personal finance and investment decision making in this simulation of cash flow management.

8 October 2019 - Annual Dinner cum Gratitude Night

This year we combine our Annual Dinner event with Gratitude Night where we brought together our staff and their parents where we had award of certificate of appreciation to staff ceremony as well as "staff washing their parents' feet" ceremony. It was a touching night which further strengthened our team spirit.

Certificate of Appreciation to Muhammad Azham Bin Rosli for his extraordinary service and aquascape decoration for the company

ENVIRONMENT

The Group has acquired a solar energy company in March 2020 in line with the Group's perspective of reducing carbon emission. With digitalisation and automation of processes, it is anticipated that the consumption of electricity will increase whereas harnessing renewable energy fits with the concept of protecting our environment.

The Group has identified opportunities to reduce or reuse the resources we consume since the Group believes that efficient reuse, recycling and efficient utilization of resources will help reduce the Group's overall carbon footprint. These steps include reducing our energy consumption at the workplace through switching off unused lights and air conditioning, and our paper management initiative to print only where necessary and the recycling of used printed papers.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the Audit and Risk Management Committee ("ARMC") Report which provides insights into the manner in which the ARMC discharged its functions for the Group for the financial period ended 31 March 2020 ("FPE2020").

INTRODUCTION

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

MEMBERS

The present composition of the ARMC comprises of three (3) members of the Board, majority of whom are Independent Non-Executive Directors ("INEDs"), as follows:

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

Members -
i) Dato' Lee Wai Mun, *D.I.M.P., J.P.*
(Non-Independent Non-Executive Director)

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

The Company has fulfilled the requirements of Rule 15.09 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") with regard to the composition of the ARMC for FPE2020.

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

The Nominating Committee ("NC") had on 21 May 2020 reviewed the terms of office of the ARMC and assessed their performance for FPE2020. The NC was satisfied that the ARMC and its members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC in supporting the Board to ensure that Ygl Group upholds appropriate Corporate Governance standards.

AUTHORITY AND DUTIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is governed by its Terms of Reference, which is available on the Company's website at www.yglworld.com.

MEETINGS

The ARMC has held six (6) ARMC meetings during the FPE2020 with full attendance. The details of attendance of the ARMC members are as follows:-

Directors	Total no. of Meetings held during tenure of office	No. of Meetings Attended	%
Dr. Ch'ng Huck Khoon	6	6	100
Dato' Lee Wai Mun, *D.I.M.P., J.P.*	6	6	100
Chua Kiat Eng *(resigned w.e.f. 14 April 2020)*	6	6	100
Wong Khai Meng *(appointed on 12 May 2020)*	N/A	N/A	N/A

The ARMC meets quarterly and as when required. The dates of the quarterly meetings are preset prior to FPE2020. For all meetings, the notice and agenda together with the papers and relevant reports are distributed to members prior to each meeting to enable members to prepare for the meeting.

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

The Chief Executive Officer and Executive Director were invited to attend the ARMC meetings. The external auditors were also invited to attend ARMC meetings to present their plan, audit findings and to assist the ARMC in its review of the year-end financial statements. The representatives of the internal auditors were invited to the ARMC meetings to table the Internal Audit ("IA") reports covered under the approved IA plan for FPE2020.

If a member of the ARMC 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 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. The Company Secretaries are also the Secretaries of the ARMC. Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL PERIOD

The ARMC carried out the following activities during the FPE2020:-

1. Financial Reporting

- The financial year end of the Company and the Group had been changed from 31 December 2019 to 31 March 2020 representing 15 months period. The ARMC reviewed the annual audited financial statements of the Company and the Group for FPE2020 at its meeting held on 6 July 2020 prior to submission to the Board for consideration and approval. The Board had, based on the ARMC's recommendation, approved and adopted the audited financial statements for FPE2020 and will accordingly table the said financial statements to the shareholders at its forthcoming Annual General Meeting.

- Reviewed the quarterly financial reports which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Appendix 9B of the Listing Requirement at its meeting held on 25 February 2019, 27 May 2019, 26 August 2019, 25 November 2019 and 25 February 2020, before recommending the same for the Board's consideration and approval.

2. External Audit

- Reviewed and recommended the appointment of Messrs. Moore Stephens Associates PLT as new auditors of the Company in place of the resigned auditors, Messrs. CHENGCO PLT.

- Reviewed the external auditors' FPE2020 audit planning memorandum, audit approach and reporting requirements at its meeting held on 25 February 2020 prior to the commencement of audit work.

- Reviewed and discussed the observations, recommendations and the Management's comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls.

- Met with the external auditors without the presence of Management on 27 May 2019, in order to provide the external auditors an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without interference.

- Reviewed and recommended the re-appointment of the external auditors on 6 July 2020 prior to submission to the Board and shareholders for considerations.

3. Internal Audit

- Reviewed and approved the internal audit ("IA") plan for the FPE2020 to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

3. Internal Audit (cont'd)

- Reviewed the IA reports prepared by the internal auditors on the strengths and weaknesses of the internal controls in the Group and the Company and followed up on the improvements recommended by the internal auditors. During the ARMC meeting, discussed significant reported matters with Management together with the internal auditors to reaffirm a common understanding of the issues and Management's commitment to improve.

- Evaluated and reviewed the adequacy of the scope, functions, competency and performance of IA function and its comprehensiveness of the coverage of activities within the Group.

- Met with the internal auditors without the presence of Management on 25 November 2019 to ensure there were no restriction on internal auditor's scope of work and to discuss any other matters that internal auditors wish to escalate to the ARMC.

4. Risk Review

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

5. Related Party Transactions

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

6. Internal Control and Corporate Governance Matters

- Reviewed the adequacy and effectiveness of risk management and internal control system instituted within the Group.

- Reviewed and confirmed the minutes of the ARMC Meetings.

- Reviewed the ARMC report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its IA functions to Messrs. Tan & Loh and during FPE2020, they have conducted two (2) IA reviews relating to the implementation of internal controls by the Group and the Company and provide reasonable assurance that the operations of the business were carried out under adequate internal controls and compliance with company policies and operational procedures. The internal control weaknesses identified were reported to the ARMC and the Management was required to undertake adequate measures to address the operational weaknesses.

INTERNAL AUDIT FUNCTION (cont'd)

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 functions in respect of FPE2020 amounted to approximately RM10,706.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Ygl Convergence Berhad (the "Company") presents this statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Company under the stewardship of the Board during the financial period ended 31 March 2020 ("FPE2020") to be in line with the Company's Constitution, Malaysian Code on Corporate Governance ("MCCG"), where possible, and the applicable laws to be a dynamic framework within which the Company would conduct its business.

This Corporate Governance Overview Statement ("Statement") is to be read in conjunction with the CG Report 2019/2020 of the Company during the FPE2020. The CG Report details the application of each Practice as set out in the MCCG, which is accessible online at www.yglworld.com.

The objective of this overview is to compare the CG practices in the Company and the standards as set out in MCCG. Review of internal CG practices revolves around the key focus areas prescribed in MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

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

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

The Board should model the way of high CG practices by focusing on strategy, governance and compliance. During the year 2020, the Independent and Non-Independent Non-Executive Directors ("NEDs") had always been informed of the progress and status of the Company. The NEDs could have their own sessions to discuss with the Company Secretaries, internal and external auditors or any relevant persons and to form their opinion to present to the Board on the whole. Their input on any matters was taken seriously by the Board who would commission any actions to address any issues raised.

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

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

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

I. Board Responsibilities (cont'd)

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

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

There were six (6) Board of Directors Meeting held during FPE2020 with full attendance.

Directors' Training

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

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

Yeap Kong Chean

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Malaysian Tax Conference 2019	Seminar	16 hours
Seminar Percukaian Kebangsaan 2019	Seminar	10 hours

Tan Hoay Leng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Accounting for SST – in compliance with its updated legislations and customs policies	Seminar	8 hours
Mastering the crucial aspects of Sales Tax Tariff Codes & Sales Tax Valuation	Seminar	8 hours
MFRS 15: Mastering Revenue Recognition from Contracts with Customers	Seminar	8 hours
Private Company Valuation	Workshop	8 hours
Seminar Percukaian Kebangsaan 2019	Seminar	10 hours
Budget 2020: Key Updates and Changes for Corporate Accountants	Seminar	8 hours

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

I. Board Responsibilities (cont'd)

Directors' Training (cont'd)

Dr. Ch'ng Huck Khoon

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Malaysia Post GE14's Trade and Foreign Policies: Impact on Malaysia Capital Market	Seminar	8 hours
Analyse This – How Research Helps Investors to Make Better Decisions	Seminar	8 hours
China's Belt and Road Initiative: Impact on Malaysia Market	Seminar	8 hours

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

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
"清华大学战略性新兴产业投资董事长高级研修班 (L28) 2019"	Classroom	17 days

Wong Khai Meng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Advanced Corporate Tax Issues and Strategies	Seminar	8 hours
MIA International Accounts Conference 2019	Conference	18 hours
Stakeholder Engagement Session "Opportunities for Accountants in ASEAN"	Engagement Session	2 hours

Board Charter

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

Code of Conduct

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

The details of the Code of Ethics and Conduct are available for reference on the Company's website at www.yglworld.com.

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

I. Board Responsibilities (cont'd)

Whistleblowing Policy

The Board has adopted its Whistleblower Policy on 26 August 2019 to provide protection for its Directors and employees in the event of reporting any wrongdoing within the Group as well as protect the interests of the Company.

The details of the Whistleblower Policy are available for reference on the Company's website at www.yglworld.com.

Anti-Bribery and Corruption Policy

In compliance with the requirement of S17A of the Malaysian Anti-Corruption Commission Act 2009, the Company has adopted its Ant-Bribery and Corruption Policy on 21 May 2020 to put in place guidelines and procedures for all Directors and employees to prevent bribery and corrupt acts and safeguard the integrity of the Company.

The details of the Anti-Bribery and Corruption Policy are available for reference on the Company's website at www.yglworld.com.

Qualified and Competent Secretaries

The Company Secretaries are suitably qualified, well experienced, competent and able to support the Board in carrying out its roles and responsibilities.

The brief profile of the existing Company Secretaries are as follows:-

Ms. Thum Sook Fun, FCIS, C.A. (M), FCCA
Ms. Thum is a Company Secretary by profession. Ms. Thum has been elected as a Fellow member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") and also a Fellow member of the Association of Chartered Certified Accountants ("ACCA"). She is also a member of Malaysian Institute of Accountants. She has more than twenty (20) years of professional experience in the field of corporate secretarial with working knowledge of many industries. Ms. Thum is also the named company secretary for a number of public listed companies and private limited companies.

Ms. Thum has been appointed as Company Secretary of the Company since 14 July 2005.

Ms. Low Seow Wei, ACIS
Ms. Low is a Company Secretary by profession. Ms. Low has been elected as an Associate member of MAICSA. She has more than fifteen (15) years' experience in the Corporate Secretarial practice. Ms. Low is also the named company secretary for a number of public listed companies and private limited companies.

Ms. Low has been appointed as Company Secretary of the Company with effect from 26 February 2018.

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

I. Board Responsibilities (cont'd)

Qualified and Competent Secretaries (cont'd)

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

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

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

Access to information and advice

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

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

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

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

I. Board Responsibilities (cont'd)

Access to information and advice (cont'd)

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

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

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

II. Board Composition

During the FPE2020, the Board consists of five (5) Directors, comprising two (2) Executive Directors, two (2) Independent NEDs and one (1) Non-Independent NEDs. Even though collectively the composition equipped the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience, it was not a truly diverse Board in terms of age, ethnicity, thoughts and perspective. As the Company operates in the highly evolving information technology sector, the thoughts and perspective of a younger generation may provide the Company with a boost of new concepts and approach. The woman representation on the Board is 20% with one woman Executive Director. A brief profile of each Director is set out in this Annual Report.

Based on the review of the Board composition in 2020, the Board shall maintain its size at five (5) the minimum to comply with the mix of independent and non-independent with the Listing Requirements of Bursa Securities. A Board of five (5) members is reasonable size for effective oversight and delegation of responsibilities.

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

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

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

Chairman
Mr. Wong Khai Meng (Appointed as Chairman of NC on 12 May 2020)
(Independent NED)
Mr. Chua Kiat Eng (Resigned on 14 April 2020)
(Independent NED)

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

II. Board Composition (cont'd)

The NC currently comprises majority of Independent NEDs as follows (cont'd):-

Committee Members
Dr. Ch'ng Huck Khoon
(Independent NED)
Dato' Lee Wai Mun
(Non-Independent NED)

In the FPE2020, the NC has completed its review of the composition of the Board of Directors. The Board has stipulated specific TOR for the NC which cover, inter-alia, to oversee the selection and assessment of Directors to ensure that board composition meets the needs of the Company, and hence, is tasked with the following duties and responsibilities:-

- Assess and recommend for the re-election of the retiring Directors at the AGM;
- Review the independence of the Independent Directors of the Company;
- Review the required mix of skills and experience and other qualities of Directors, succession planning, integrity, and competence to effectively discharge their role as a director; and
- Review the term of office and performance of ARMC.

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

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

The TOR of the NC is published on the Company's website at www.yglworld.com.

III. Remuneration

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

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

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

III. Remuneration (cont'd)

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

Chairman
Dato' Lee Wai Mun (Re-designated as Chairman of RC on 12 May 2020)
(Independent NED)
Mr. Chua Kiat Eng (Resigned on 14 April 2020)
(Independent NED)

Committee Members
Dr. Ch'ng Huck Khoon
(Independent NED)
Mr. Wong Khai Meng (Appointed on 12 May 2020)
(Independent NED)

The RC had on 21 May 2020 carried out the annual review of the overall remuneration for Directors and key senior management personnel for FPE2020 whereupon recommendations are submitted to the Board's or Shareholders' for approval at the forthcoming AGM.

The summary of the Directors' remuneration in the Company and its subsidiaries for the FPE2020 are as follows:-

Directors	Company			Group			
	Salary RM	Bonus RM	Fee RM	Salary RM	Bonus RM	Fee RM	EPF RM
Executive							
Yeap Kong Chean	-	-	-	238,600	15,650	-	30,510
Tan Hoay Leng	-	-	25,000	104,300	6,825	-	13,344
Non-Executive							
Ch'ng Huck Khoon	-	-	25,000				
Chua Kiat Eng (resigned on 14 April 2020)	-	-	25,000				
Dato' Lee Wai Mun, *D.I.M.P., J.P.*	-	-	25,000	-	-	-	
Total	-	-	100,000	342,900	22,475	-	43,854

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

III. Remuneration (cont'd)

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

Range of Remuneration	Name of Senior Management
Below RM50,000	Lee Ming Chieh *(joined 3 February 2020)*
RM50,001 – RM100,000	Ho Soo Wee
RM100,001 – RM150,000	-
RM150,001 – RM200,000	Yeap Kah Phaik Yong Cheng Yew Leong Vai Long *(resigned on 10 December 2019)*

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

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

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

Pursuant to Section 289 of the Companies Act 2016, the Company may indemnify or directly or indirectly effect insurance for a Director of the Company but not the liability for any act of omission in his capacity as a director or the cost incurred by that Director in defending or settling any claim or proceedings relating to any such liability. The Directors of the Company are covered under the Directors' & Officers' ("D&O") Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors of the Group (of which each of the Director pays a nominal sum of D&O Liability Insurance's premium and the Company pays the balance of premium) as their benefit, provided that such director has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust.

The relevant resolutions in relation to the Directors' remuneration payable to the Directors are to be presented to the shareholders for approval at the coming Sixteenth (16^{th}) Annual General Meeting ("AGM") of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board has established an ARMC, which report to the Board on all matters requiring audit and risk management of the Company. The ARMC comprises two (2) Independent and one (1) Non-Independent NEDs and is chaired by Dr. Ch'ng Huck Khoon.

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

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

None of the ARMC members were former partners of the Company's existing auditing firm within the previous twenty-four (24) months. This policy has been formalised in the Terms of Reference of the ARMC.

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

The ARMC annually evaluates the suitability, objectivity and independence of the external auditors based on the guidelines of the external auditor performance and independence checklist. The ARMC holds one (1) private dialogue with the external auditors in FPE2020 without the presence of the Management.

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

External Auditors

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

II. Risk Management and Internal Control Framework

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

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

II. Risk Management and Internal Control Framework (cont'd)

The standards and practices adopted by internal auditors are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 March 2020, the total number of personnel in internal audit firm was 30. The name and qualification of the person responsible for internal audit are as follows:-

1. Tan Yen Wooi, Managing Partner in Tan & Loh. Obtained a Master of Science in Professional Accountancy from University of London in 2017. He is a member of the Malaysia Institute of Accountants, Malaysia Institute of Taxation and Institute of Internal Auditors Malaysia.
2. Taufiq Ali Bin Dasthagir, PIC. Graduated with a Bachelor of Accounting (Honours) from University Sains Malaysia in 2018.

The ARMC had on 21 May 2020 conducted a review and assessment on the adequacy and independence of the Company's internal audit function for FPE2020 in compliance with Rule 15.12 (1)(f) of the Listing Requirements.

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

I. Communication with Stakeholders

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

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

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

There was no other investor relation function held in FPE2020 except for the AGM held on 27 May 2019. At the AGM, the Directors and external auditors were present to answer any relevant questions that were posed by the shareholders.

II. Conduct of General Meetings

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

In line with good CG practice, the notice of the forthcoming 16th AGM is issued more than twenty-eight (28) days prior to before the AGM date to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 16th AGM. The notice of AGM is also published in the nationally circulated daily newspaper within the mandatory period and the Company's announcements via Bursa Securities as well as the Company's website.

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

II. Conduct of General Meetings (cont'd)

The Notice of AGM provides further explanation beyond the minimum content stipulated in the Listing Requirements for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

All members of the Board were present at the AGM held on 27 May 2019 to reply to questions put forth by the shareholders or proxy holders but more importantly to engage with them.

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

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

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF MCCG

Save for the exception set out above, the Board is of the opinion that the Company has generally adhere to the practice set out in MCCG during the FPE2020. The Board is aware of the shortcomings in its practices and will make its best effort to address the inadequate measures in order to raise the standard of CG practices.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is committed to the Malaysian Code of Corporate Governance ("MCCG") which requires the Board to maintain and ensure that a sound system of internal control exists and operates effectively within the Group of Companies and is pleased to provide this statement outlining the nature and scope of risk management and internal control of the Group during the 15 months financial period ended 31 March 2020 pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD RESPONSIBILITY

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

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

The system of risk management and internal control covers inter alia, governance, risk management, financial organisation, operational and compliance control. However, the Board recognises that this system is designed to manage and control risk appropriately rather than to 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 control in place for the financial period 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 control 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.

The Board approved and adopted the Whistleblower Policy on 26 August 2019 and Anti-Bribery and Corruption Policy on 21 May 2020. The Whistleblower Policy and Anti-Bribery and Corruption Policy could be found at Company's website at www.yglworld.com.

INTERNAL CONTROL

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE & INTERNAL AUDIT

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

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

During the financial period under review, the internal auditors performed two internal assignments in accordance with the internal audit plan approved by the ARMC. The internal auditors deliberated the internal audit findings and proposals for actions in consultation with the ARMC, and the Management took appropriate actions to address and monitor the areas of weaknesses.

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

CONCLUSION

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

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

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

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

In accordance with the Companies Act 2016 in Malaysia, 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 their financial performance and cash flows for the year then ended.

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 of the Group. The Directors are also responsible to ensure that the financial statements comply with the Companies Act 2016 in Malaysia, relevant accounting standards and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial period ended 31 March 2020, the Directors have:-

– applied the appropriate and relevant accounting policies on a consistent basis, subject to any material departures which will be disclosed and explained in the financial statements;

– made judgments and estimates that are reasonable and prudent; and

– prepared the financial statements on the assumption that the 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 safeguard 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.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

In July 2017, a total of 38,714,400 new ordinary shares were issued pursuant to the Private Placement exercise at an issue price of RM0.145 in accordance with the general mandate for issue of shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 and Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Private Placement") and total proceeds of RM5,613,588 had been raised from the Private Placement exercise of the Company. The Company has applied and approval has been granted by Bursa Malaysia Securities Berhad to the Company for an extension of time frame for the Company to utilise the balance of the proceeds from the Private Placement about RM2.092 million which was allocated for the business expansion until 6 July 2020.

As at 15 July 2020, the proceeds arising from the Private Placement were fully utilised as follows:-

	Details	RM'000
1)	Listing and Placement Expenses	173
2)	Business Expansion	2,700
3)	R&D Expenditure	1,250
4)	Working capital	1,491
	Total proceeds arising from Private Placement	5,614

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

As at 15 July 2020, the status of the utilisation of the proceeds arising from the Private Placement was as follows:-

	Details	RM'000
1)	Listing and Placement Expenses	82
2)	Business Expansion	-
3)	R&D Expenditure	-
4)	Working capital	-
5)	Balance of the proceeds which has yet to be utilised	3,100
	Total proceeds arising from Private Placement	3,182

AUDIT FEES

For the financial period ended 31 March 2020, the audit fees incurred by the Company and on a Group basis amounted to RM38,000 and RM117,484 respectively.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

NON-AUDIT FEES

The non-audit fees paid to the external auditors by the Company and by the Group for the financial period ended 31 March 2020 amounted to RM4,000.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

For the financial period ended 31 March 2020, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

EMPLOYEES' SHARES OPTION SCHEME ("ESOS")

The ESOS of up to 30% of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS is until 5 November 2022, unless extended further.

The total number of options granted to the eligible Directors and employees of the Group and outstanding options under ESOS as at 31 March 2020 are set out in the table below:-

Description	Number of Options
Granted in the previous year/At 1 January 2019	1,492,000
Granted during the financial period	-
Exercised during the financial period	-
Lapsed during the financial period	(299,000)
Outstanding options exercisable as at 31 March 2020	1,193,000

The total number of options granted to the Directors and Senior Management, and outstanding options under ESOS as at 31 March 2020 are set out in the table below:-

Description	Number of Options	
	Directors	Senior Management
Granted in the previous year/At 1 January 2019	215,000	520,000
Granted during the financial period	-	-
Exercised during the financial period	-	-
Outstanding options exercisable as at 31 March 2020	215,000	520,000

EMPLOYEES' SHARES OPTION SCHEME ("ESOS") (cont'd)

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

	Since commencement up to 31 March 2020
Aggregate maximum allocation applicable to Directors and Senior Management	50%
Actual percentage granted	14.72%

The options granted to Independent Non-Executive Directors pursuant to ESOS in respect of financial period ended 31 March 2020 are as follows:-

Name of Director	No. of Options Granted	No. of Options Exercised
1. Chua Kiat Eng *(resigned on 14 April 2020)*	15,000	-

DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 31 March 2020.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and of the Company was changed from 31 December 2019 to 31 March 2020. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	GROUP RM	COMPANY RM
Loss after tax for the financial period	(7,439,955)	(4,431,925)
Attributable to:		
Owners of the Company	(7,352,011)	(4,431,925)
Non-controlling interests	(87,944)	-
	(7,439,955)	(4,431,925)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay any dividend in view of the current period loss and accumulated losses as at the end of the reporting period.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued and paid-up capital from RM27,218,132 to RM30,400,368 via a Private Placement which entails the issuance of 23,228,000 new ordinary shares of RM0.137 each. The proceeds of RM3,182,236 were utilised for the Group's business expansion, research and development expenditure and working capital purpose. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing the Company did not issue any other shares or debentures during the financial period.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 27 May 2017. The ESOS came into effect on 6 November 2017 and will be in force for a duration of 5 years, expiring on 5 November 2022. The details of options over unissued ordinary shares granted to eligible employees and Directors of the Group during the financial period are as follows:

Grant date	Exercise price RM	NUMBER OF OPTIONS OVER ORDINARY SHARES At 1.1.2019	Granted and accepted	Exercised	Lapsed	At 31.3.2020
6 November 2017	0.1612	1,492,000	-	-	(299,000)	1,193,000

The salient features of the ESOS are disclosed in Note 15(b) to the financial statements.

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

DIRECTORS OF THE COMPANY

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

Yeap Kong Chean*
Tan Hoay Leng*
Dr. Ch'ng Huck Khoon
Dato' Lee Wai Mun, *D.I.M.P., J.P.*
Wong Khai Meng *(appointed on 12.5.2020)*
Chua Kiat Eng *(resigned on 14.4.2020)*

* Also a Director of certain subsidiaries

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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

Tan Wei Keat
Ho Siew Bee
To King
Y.T.M. Dato' Muhammed Bin Haji Abdullah *(appointed on 6.3.2019)*
Lee Ming Chieh *(appointed on 28.11.2018*, resigned on 29.11.2019 and appointed on 3.2.2020)*
Dato' Abdul Aziz Bin Ismail, D.I.M.P., J.P. *(appointed on 27.3.2019)*
Chai Sek Ling *(appointed on 28.11.2018* and resigned on 29.11.2019)*
Nur Diana Binti Zahari *(appointed on 29.11.2019 and resigned on 3.2.2020)*

* Date of incorporation of the subsidiary.

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES			
	At 1.1.2019	**Bought**	**Sold**	**At 31.3.2020**
The Company				
Direct Interest:				
Yeap Kong Chean	40,666,668	-	-	40,666,668
Dato' Lee Wai Mun, *D.I.M.P., J.P.*	9,678,600	-	-	9,678,600

	NUMBER OF OPTIONS OVER ORDINARY SHARES			
	At 1.1.2019	**Exercised**	**Lapsed**	**At 31.3.2020**
The Company				
Direct Interest:				
Yeap Kong Chean	120,000	-	-	120,000
Tan Hoay Leng	80,000	-	-	80,000
Chua Kiat Eng	15,000	-	-	15,000

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

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARIES RM
Fee	100,000	-
Salary and bonus	-	365,375
Contributions to defined contribution plan	-	43,854
Total fees and other benefits	100,000	409,229

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the related party transactions disclosed in the financial statements.

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

OTHER STATUTORY INFORMATION (cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances:

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

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

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

(iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

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

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial period, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period 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 period in which this report is made.

(e) The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Company and its subsidiaries for the current financial period are disclosed in Note 20 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 29 to the financial statements.

AUDITORS

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

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

YEAP KONG CHEAN

TAN HOAY LENG

Penang

Date: 15 July 2020

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements as set out on pages 81 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial period then ended.

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

YEAP KONG CHEAN **TAN HOAY LENG**

Penang

Date: 15 July 2020

STATUTORY DECLARATION

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

I, TAN HOAY LENG, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 81 to 160 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tan Hoay Leng
at Georgetown in the State of Penang
on 15 July 2020

TAN HOAY LENG
MIA No. 12348
NRIC No. 670515-07-5398

Before me,

Commissioner for oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YGL CONVERGENCE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ygl Convergence Berhad, which comprise the statements of financial position as at 31 March 2020 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Key Audit Matters (cont'd)

Key Audit Matters	Our audit performed and responses thereon
Impairment review of Intangible assets *(Note 10 to the financial statements)* As at 31 March 2020, the Group has significant balance of intangible assets, whereby software development costs made up a significant portion of the carrying amount, totalling RM3,496,710 or equivalent to approximately 97% of the total intangible assets. We focused on this area because the impairment assessment of the intangible assets involves significant judgement by the Group in estimating the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, pre-tax discount rates and gross profit margin.	Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others: • Reviewing the cash flow projections covering a period of 5 years; • Reviewing and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as profit margin, future revenue and discount rate applied, which include comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and industry; • Testing the mathematical accuracy of the cash flow projections; • Performing sensitivity analysis on the key assumptions used in the cash flow projections; and • Assessing the adequacy of disclosures in the financial statements.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

2. The financial statements of the Group and of the Company for the preceding year were audited by another firm of auditors whose report dated 8 April 2019, expressed an unmodified opinion on those statements.

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

THAM SHIEN HONG
03266/04/2021J
Chartered Accountant

Penang

Date: 15 July 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	GROUP 31.3.2020 RM	GROUP (Restated) 31.12.2018 RM	COMPANY 31.3.2020 RM	COMPANY (Restated) 31.12.2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	4,095,056	4,521,992	3,040,165	3,316,543
Right-of-use asset	5	58,715	-	-	-
Investment property	6	283,681	284,277	-	-
Investment in subsidiaries	7	-	-	160,803	2,700,212
Investment in associates	8	-	1,590,939	-	1,475,000
Amount due from subsidiaries	9	-	-	-	8,026,062
Intangible assets	10	3,616,507	5,992,077	-	-
Deferred tax assets	11	-	4,466	-	1,714
		8,053,959	12,393,751	3,200,968	15,519,531
Current Assets					
Trade and other receivables	12	1,785,261	1,997,611	66,755	24,170
Amount due from subsidiaries	9	-	-	10,617,499	-
Current tax assets		7,528	19,540	-	3,540
Cash and cash equivalents	13	4,959,225	4,581,191	3,966,021	3,510,196
		6,752,014	6,598,342	14,650,275	3,537,906
TOTAL ASSETS		14,805,973	18,992,093	17,851,243	19,057,437
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	30,400,368	27,218,132	30,400,368	27,218,132
Other reserves	15	793,084	656,387	154,110	192,734
Accumulated losses		(18,457,252)	(11,143,865)	(12,792,779)	(8,399,478)
		12,736,200	16,730,654	17,761,699	19,011,388
Non-controlling interests		(281,331)	79,291	-	-
Total Equity		12,454,869	16,809,945	17,761,699	19,011,388
Non-Current Liabilities					
Deferred tax liabilities	11	32	-	32	-
Current Liabilities					
Trade and other payables	16	1,392,308	1,412,212	76,322	46,049
Contract liabilities	17	875,295	764,631	-	-
Lease liabilities	18	60,560	-	-	-
Current tax liabilities		22,909	5,305	13,190	-
		2,351,072	2,182,148	89,512	46,049
Total Liabilities		2,351,104	2,182,148	89,544	46,049
TOTAL EQUITY AND LIABILITIES		14,805,973	18,992,093	17,851,243	19,057,437

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Note	GROUP 1.1.2019 TO 31.3.2020 RM	GROUP (Restated) 1.1.2018 TO 31.12.2018 RM	COMPANY 1.1.2019 TO 31.3.2020 RM	COMPANY 1.1.2018 TO 31.12.2018 RM
Revenue	19	4,444,786	3,430,143	85,769	43,196
Cost of sales		(4,141,988)	(3,392,940)	(41,893)	(51,599)
Gross profit/(loss)		302,798	37,203	43,876	(8,403)
Other income		345,878	365,481	470,326	640,315
General and administrative expenses		(7,835,180)	(2,960,304)	(4,861,908)	(6,721,649)
Loss from operations		(7,186,504)	(2,557,620)	(4,347,706)	(6,089,737)
Finance costs		(12,933)	(31,735)	-	-
Share of results of associates	8	(115,939)	468,108	-	-
Loss before tax	20	(7,315,376)	(2,121,247)	(4,347,706)	(6,089,737)
Tax expense	21	(124,579)	(59,404)	(84,219)	(41,504)
Loss for the financial period/year		(7,439,955)	(2,180,651)	(4,431,925)	(6,131,241)
Other comprehensive income, net of tax					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		437,036	2,689	-	-
Realisation of foreign currency translation differences upon deconsolidation of a foreign subsidiary		(166,921)	-	-	-
Total other comprehensive income for the financial period/year		270,115	2,689	-	-
Total comprehensive loss for the financial period/year		(7,169,840)	(2,177,962)	(4,431,925)	(6,131,241)

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

	Note	GROUP 1.1.2019 TO 31.3.2020 RM	GROUP 1.1.2018 TO 31.12.2018 RM	COMPANY 1.1.2019 TO 31.3.2020 RM	COMPANY 1.1.2018 TO 31.12.2018 RM
Loss for the financial period/ year attributable to:					
Owners of the Company		(7,352,011)	(2,289,441)	(4,431,925)	(6,131,241)
Non-controlling interests		(87,944)	108,790	-	-
		(7,439,955)	(2,180,651)	(4,431,925)	(6,131,241)
Total comprehensive loss attributable to:					
Owners of the Company		(7,176,690)	(2,286,752)	(4,431,925)	(6,131,241)
Non-controlling interests		6,850	108,790	-	-
		(7,169,840)	(2,177,962)	(4,431,925)	(6,131,241)
Loss per ordinary share					
Basic (sen)	22	(3.15)	(0.99)		
Diluted (sen)	22	(3.15)	(0.99)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

		Attributable to Owners of the Company						
		Non-distributable						
	Note	Share Capital RM	Exchange Translation Reserve RM	ESOS Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
1.1.2019 TO 31.3.2020								
Balance at beginning (restated)	30	27,218,132	463,653	192,734	(11,143,865)	16,730,654	79,291	16,809,945
Foreign currency translation differences for foreign operations		-	342,242	-	-	342,242	94,794	437,036
Realisation upon deconsolidation of a foreign subsidiary		-	(166,921)	-	-	(166,921)	-	(166,921)
Total other comprehensive income			175,321	-	-	175,321	94,794	270,115
Loss for the financial period		-	-	-	(7,352,011)	(7,352,011)	(87,944)	(7,439,955)
Total comprehensive loss for the financial period		-	175,321	-	(7,352,011)	(7,176,690)	6,850	(7,169,840)
Transactions with owners of the Company:								
Issuance of shares pursuant to Private Placement	14	3,182,236	-	-	-	3,182,236	-	3,182,236
Dividends to non-controlling interests		-	-	-	-	-	(20,000)	(20,000)
Non-controlling interests arising from								
- Incorporation of a subsidiary	7(a)	-	-	-	-	-	200	200
- Acquisition of a subsidiary	7(b)	-	-	-	-	-	(16,655)	(16,655)
Deconsolidation of a subsidiary	7(c)	-	-	-	-	-	(331,017)	(331,017)
Share-based payment transaction:								
- Lapsed due to resignation		-	-	(38,624)	38,624	-	-	-
Total transactions with owners		3,182,236	-	(38,624)	38,624	3,182,236	(367,472)	2,814,764
Balance at end		30,400,368	638,974	154,110	(18,457,252)	12,736,200	(281,331)	12,454,869

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

		← Attributable to Owners of the Company						
		← Non-distributable		→				
	Note	Share Capital RM	Exchange Translation Reserve RM	ESOS Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
1.1.2018 TO 31.12.2018 (Restated)								
Balance at beginning	30	27,218,132	460,964	204,489	(8,866,179)	19,017,406	(29,499)	18,987,907
Foreign currency translation differences for foreign operations		-	2,689	-	-	2,689	-	2,689
Loss for the financial year		-	-	-	(2,289,441)	(2,289,441)	108,790	(2,180,651)
Total comprehensive loss for the financial year		-	2,689	-	(2,289,441)	(2,286,752)	108,790	(2,177,962)
Transactions with owners of the Company:								
Share-based payment transaction:								
- Lapsed due to resignation		-	-	(11,755)	11,755	-	-	-
Balance at end	30	27,218,132	463,653	192,734	(11,143,865)	16,730,654	79,291	16,809,945

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

		← Attributable to Owners of the Company →			
		← Non-distributable →			
	Note	Share Capital RM	ESOS Reserve RM	Accumulated Losses RM	Total Equity RM
1.1.2019 TO 31.3.2020					
Balance at beginning (restated)	30	27,218,132	192,734	(8,399,478)	19,011,388
Net loss, representing total comprehensive loss for the financial period		-	-	(4,431,925)	(4,431,925)
Transaction with owners of the Company:					
Issuance of shares pursuant to Private Placement	14	3,182,236	-	-	3,182,236
Share-based payment transaction:					
- Lapsed due to resignation		-	(38,624)	38,624	-
Total transactions with owners		3,182,236	(38,624)	38,624	3,182,236
Balance at end		30,400,368	154,110	(12,792,779)	17,761,699
1.1.2018 TO 31.12.2018 (Restated)					
Balance at beginning	30	27,218,132	204,489	(2,279,992)	25,142,629
Net loss, representing total comprehensive loss for the financial year		-	-	(6,131,241)	(6,131,241)
Transaction with owners of the Company:					
Share-based payment transaction:					
- Lapsed due to resignation		-	(11,755)	11,755	-
Balance at end	30	27,218,132	192,734	(8,399,478)	19,011,388

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Cash Flows from Operating Activities				
Loss before tax	(7,315,376)	(2,121,247)	(4,347,706)	(6,089,737)
Adjustments for:				
Amortisation of intangible assets	2,003,695	1,615,281	-	-
Bad debts	13,257	-	-	-
Deemed loss on deconsolidation of a subsidiary	17,193	-	-	-
Depreciation of:				
Investment property	596	476	-	-
Property, plant and equipment	402,498	354,044	276,378	234,704
Right-of-use asset	210,213	-	-	-
Dividend income	(85,046)	(86,148)	(109,490)	(86,148)
Goodwill written off	1,038,592	-	-	-
Impairment loss on:				
Goodwill	1,234,146	-	-	-
Investment in subsidiaries	-	-	2,600,209	6,281,608
Investment in an associate	1,475,000	-	1,475,000	-
Trade receivables	638,482	399,047	-	-
Interest expense	638	31,735	-	-
Interest income	(26,939)	(44,662)	(381,880)	(401,320)
Lease liabilities interest	10,629	-	-	-
Property, plant and equipment written off	39,527	-	-	-
Share of results of associates	115,939	(468,108)	-	-
Unrealised (gain)/loss on foreign exchange	-	(5,694)	26,994	-
Waiver of debts	(7,263)	-	-	-
Operating loss before working capital changes	(234,219)	(289,276)	(460,495)	(60,893)
Changes in working capital:				
Trade and other receivables	(469,695)	1,874,745	(42,585)	16,837
Trade and other payables	(39,364)	(466,557)	30,273	156
Contract liabilities	110,641	(1,705)	-	-
Cash (used in)/generated from operating activities	(659,637)	1,117,207	(472,807)	(43,900)
Dividends received	85,046	86,148	109,490	86,148
Interest received	26,939	44,662	23,321	42,761
Tax paid	(90,465)	(62,938)	(65,743)	(54,408)
Net cash (used in)/from operating activities	(638,117)	1,185,079	(405,739)	30,601

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (cont'd)

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Cash Flows from Investing Activities				
Acquisition of subsidiaries	(54,518)	-	(60,800)	-
Advance to subsidiaries	-	-	(2,618,431)	(1,390,298)
Purchase of property, plant and equipment	(15,147)	(50,878)	-	-
Software development costs	(1,816,490)	(1,446,867)	-	-
Net cash used in investing activities	(1,886,155)	(1,497,745)	(2,679,231)	(1,390,298)
Cash Flows from Financing Activities				
Dividend paid to non-controlling interest	(20,000)	-	-	-
Interest income from subsidiaries	-	-	358,559	358,559
Interest paid	(11,267)	(31,735)	-	-
Proceeds from issuance of shares in a subsidiary	200	10,695	-	-
Proceeds from private placement	3,182,236	-	3,182,236	-
Payment of lease liabilities	(205,710)	-	-	-
Repayment of term loan	-	(657,092)	-	-
Net cash from/(used in) financing activities	2,945,459	(678,132)	3,540,795	358,559
Net increase/(decrease) in cash and cash equivalents	421,187	(990,798)	455,825	(1,001,138)
Foreign currency translation differences	(43,153)	3,608	-	-
Cash and cash equivalents at beginning of the financial period/year	4,581,191	5,568,381	3,510,196	4,511,334
Cash and cash equivalents at end of the financial period/year	4,959,225	4,581,191	3,966,021	3,510,196

Note:

Group

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

	At 1.1.2019 (previously reported) RM	Effect of adoption of MFRS 16 RM	At 1.1.2019 (restated) RM	Net cash changes RM	At 31.3.2020 RM
Lease liabilities	-	266,270	266,270	(205,710)	60,560

	At 1.1.2018 RM	Net cash changes RM	At 31.3.2018 RM
Term loan	657,092	(657,092)	-

(ii) Total operating and financing cash outflows arising from leases as a lessee during the financial period was RM221,596.

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

1. CORPORATE INFORMATION

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

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

The financial year end of the Company was changed from 31 December 2019 to 31 March 2020. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 15 July 2020.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

New and Revised MFRSs, Amendments/Improvements to MFRSs and IC Interpretations ("IC Int")

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int

The Group and the Company have adopted the following new MFRSs, Amendments/ Improvements to MFRSs and IC Int that are mandatory for the current financial period:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Venture
IC Int 23	Uncertainty over Income Tax Treatments

Annual Improvements to MFRSs 2015-2017 Cycle

2. BASIS OF PREPARATION (cont'd)

(a) Statement of Compliance (cont'd)

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int (cont'd)

Initial application of the above standards did not have any significant effect on the financial statements of the Group and of the Company, except as described below:

MFRS 16 Leases

The Group has applied *MFRS 16* for the first time for the financial period beginning on 1 January 2019.

MFRS 16 replaces *MFRS 117 Leases, IC Int 4 Determining whether an Arrangement contains a Lease, IC Int 115 Operating Lease-Incentives and IC Int 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16* sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under *MFRS 117*. The Group has an operating lease arising from leasing of an office premise.

For lessee, *MFRS 16* requires the recognition of a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of *MFRS 116 Property, Plant and Equipment* whereas lease liability is accreted to reflect interest and is reduced to reflect lease payment made.

The Group applied the requirements of *MFRS 16* retrospectively with the cumulative effect recognised at the date of initial application i.e. 1 January 2019. As such, comparative information was not restated and continues to be reported under *MFRS 117* and related interpretations.

The Group has elected to recognise the ROU assets at the amount equal to the lease liabilities. There were no prepaid or accrued lease payment recognised prior to the date of initial application. The ROU assets and lease liabilities recognised at date of initial application is RM266,270.

As permitted by the *MFRS 16*, the Group has adopted the practical expedient whereby leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in profit or loss on a straight-line basis over the life of the lease.

The following table explains the differences between operating lease commitments disclosed under MFRS 117 on 31 December 2018 and lease liabilities recognised at the date on initial application i.e.1 January 2019:

	RM
Operating lease commitments as disclosed at 31 December 2018	275,959
Foreign currency translation	1,544
Effects from discounting at the incremental borrowing rate of 5%	(11,233)
Lease liabilities recognised as at 1 January 2019	266,270

2. BASIS OF PREPARATION (cont'd)

(a) Statement of Compliance (cont'd)

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

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

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16	Covid-19 Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020 Cycle

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above standards when they become effective in the respective financial periods. These standards are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

2. BASIS OF PREPARATION (cont'd)

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Significant Accounting Estimates and Judgements

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

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

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

(i) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these plant and equipment to be between 2 and 20 years.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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

2. BASIS OF PREPARATION (cont'd)

(d) Significant Accounting Estimates and Judgements (cont'd)

(ii) Impairment of non-financial assets

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

(iii) Impairment of goodwill

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

(iv) Impairment of trade receivables - expected credit loss model ("ECL")

The policy for allowance for impairment loss of the Group is based on the ECL model as required by MFRS 9. Significant judgements are required in determining the impairment of trade receivables under the ECL model. Impairment losses measured based on ECL model are based on assumptions on the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL model based on past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

(v) Significant influence over the investee

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Arising from the adoption of MFRS 16, there are changes to the accounting policies applied to lease contracts entered by the Group as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 2(a)(i).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Business combination

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Subsidiaries

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

Non-controlling Interests

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

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

Associates

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Transactions eliminated on consolidation

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

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

(b) Foreign Currencies

Translation of foreign currency transactions

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

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

Translation of foreign operations

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign Currencies (cont'd)

Translation of foreign operations (cont'd)

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

(c) Property, Plant and Equipment

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

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment (cont'd)

(iii) Depreciation (cont'd)

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

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

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

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

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

(iv) Derecognition

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

(d) Investment Property

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

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

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

Office lot is depreciated on a straight-line basis over its remaining useful life of 50 years.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investment Property (cont'd)

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

(e) Intangible Assets

Goodwill

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

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

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

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 statement of financial position, otherwise they are recognised in profit or loss as incurred. Cost represents staff costs and other expenditures incurred directly attributable to the development of the computer software.

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

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 of 5 to 10 years. The carrying amount of these costs is reviewed annually and will be written down when its value had deteriorated or when it ceases to have any economic useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 3(i)(ii).

Club memberships

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Cash and Cash Equivalents

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

(g) Financial Instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Amortised cost

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Instruments (cont'd)

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

Financial liabilities

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

Amortised cost

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

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

(iii) Offsetting of financial instruments

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

(iv) Financial guarantee contracts

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

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

(a) the amount of the loss allowance; and

(b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of *MFRS 15 Revenue from Contracts with Customers.*

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(h) Contract Liabilities

Contract liabilities in services contract represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract liabilities are the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of services contract, contract liabilities are the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(i) Impairment of Assets

(i) Financial assets

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

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

(a) 12-month ECLs - represents the ECLs that result from default events that are possible within the next 12 months after the end of the reporting period (or for a shorter period if the expected life of the instrument is less than 12 months); or

(b) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

(i) Financial assets (cont'd)

Simplified approach - trade receivables

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

General approach - other financial instruments

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (eg. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

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

(ii) Non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

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

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

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(j) Equity Instruments

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

Ordinary shares

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

(k) Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue and Other Income Recognition

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

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

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

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

- The customer simultaneously received and consumes the benefits provided by the Group's performance as the Group performs;

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue and Other Income Recognition (cont'd)

Revenue from contracts with customers (cont'd)

Sales of goods

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

Service contracts

The Group recognises revenue from service contracts over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Rental income

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

Management Fee

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

Dividend income

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

Interest income

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

(m) Employee Benefits

(i) Short term employee benefits

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee Benefits (cont'd)

(ii) Defined contribution plans

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

(iii) Shared-based payment transactions

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

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

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

(n) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Borrowing Costs (cont'd)

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

(o) Income Taxes

Current tax

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

Deferred tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Leases

Current financial period

As a lessee

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Leases (cont'd)

Current financial period (cont'd)

As a lessor

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

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

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

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

Previous financial year

As a 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Operating Segments

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

(r) Contingencies

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

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

(s) Related Parties

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Fair Value Measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
31.3.2020						
At cost						
Balance at beginning	1,038,825	415,164	1,037,720	830,078	4,637,547	7,959,334
Additions	-	-	10,346	4,801	-	15,147
Written off	-	-	(422)	(37,384)	(50,029)	(87,835)
Foreign currency translation	-	-	(41,290)	(5,300)	(88)	(46,678)
Balance at end	1,038,825	415,164	1,006,354	792,195	4,587,430	7,839,968
Accumulated depreciation						
Balance at beginning	80,256	264,698	1,014,799	786,655	1,290,934	3,437,342
Current charge	6,270	62,694	29,019	20,633	283,882	402,498
Written off	-	-	(231)	(20,561)	(27,516)	(48,308)
Foreign currency translation	-	-	(41,118)	(5,467)	(35)	(46,620)
Balance at end	86,526	327,392	1,002,469	781,260	1,547,265	3,744,912
Carrying amount	952,299	87,772	3,885	10,935	3,040,165	4,095,056
31.12.2018						
At cost						
Balance at beginning	1,038,825	415,164	969,848	838,731	4,639,238	7,901,806
Additions	-	-	44,978	5,900	-	50,878
Foreign currency translation	-	-	22,894	(14,553)	(1,691)	6,650
Balance at end	1,038,825	415,164	1,037,720	830,078	4,637,547	7,959,334
Accumulated depreciation						
Balance at beginning	75,240	214,544	966,834	757,797	1,060,146	3,074,561
Current charge	5,016	50,154	25,056	42,570	231,248	354,044
Foreign currency translation	-	-	22,909	(13,712)	(460)	8,737
Balance at end	80,256	264,698	1,014,799	786,655	1,290,934	3,437,342
Carrying amount	958,569	150,466	22,921	43,423	3,346,613	4,521,992

The freehold land and office lot of the Group are pledged to a licensed bank for overdraft facility granted to a subsidiary. However, as at the end of the reporting period, the subsidiary has not utilised the facility.

The Group's motor vehicle with a carrying amount of RM87,772 (2018: RM150,466) is held in trust by a Director of the company.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

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

COMPANY

	Computer equipment RM	Furniture and fittings RM	Renovation RM	Total RM
31.3.2020				
At cost				
Balance at beginning/end	27,917	82,491	4,422,054	4,532,462
Accumulated depreciation				
Balance at beginning	27,916	82,489	1,105,514	1,215,919
Current charge	-	-	276,378	276,378
Balance at end	27,916	82,489	1,381,892	1,492,297
Carrying amount	1	2	3,040,162	3,040,165
31.12.2018				
At cost				
Balance at beginning/end	27,917	82,491	4,422,054	4,532,462
Accumulated depreciation				
Balance at beginning	27,916	68,889	884,410	981,215
Current charge	-	13,600	221,104	234,704
Balance at end	27,916	82,489	1,105,514	1,215,919
Carrying amount	1	2	3,316,540	3,316,543

5. RIGHT-OF-USE ASSET

	GROUP 31.3.2020 RM	GROUP 31.12.2018 RM
Office		
At cost		
At 1 January 2019 (previously stated)	-	-
Effect of adoption of MFRS 16	266,270	-
At 1 January 2019 (restated)	266,270	-
Foreign currency translation	12,626	-
At 31 March 2020	278,896	-
Accumulated depreciation		
At 1 January 2019 (previously stated)	-	-
Current charge	210,213	-
Foreign currency translation	9,968	-
At 31 March 2020	220,181	-
Carrying amount	58,715	-

Rights-of-use asset comprises lease of an office of a subsidiary. The subsidiary entered into a lease contract for the period from 1 August 2018 to 31 July 2020, with an option to renew the lease after the expiry date. Therefore, the rights-of-use asset is depreciated over the period of the lease term of two years, commencing from the date of initial application of *MFRS 16*.

The expenses charged to profit or loss are as follows:

	GROUP 1.1.2019 TO 31.3.2020 RM
Depreciation of right-of-use asset	210,213
Interest expense on lease liabilities	10,629
Expenses relating to short-term leases	2,950
Expenses relating to low value assets	12,936

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

6. INVESTMENT PROPERTY

	GROUP	
	31.3.2020 RM	31.12.2018 RM
Shop lot, at cost		
Balance at beginning/end	290,000	290,000
Accumulated depreciation		
Balance at beginning	5,723	5,247
Current charge	596	476
Balance at end	6,319	5,723
Carrying amount	283,681	284,277
Fair value	550,000	782,626

The investment property is held to earn rental income and for capital appreciation.

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

	GROUP	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Rental income	67,500	54,000
Direct operating expenses	7,052	5,190

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

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

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 31.3.2020 RM	COMPANY 31.12.2018 RM
Unquoted shares, at cost		
Balance at beginning	8,981,820	8,981,820
Additions	60,800	-
Balance at end	9,042,620	8,981,820
Less: Accumulated impairment loss		
Balance at beginning	6,281,608	-
Additions	2,600,209	6,281,608
Balance at end	(8,881,817)	(6,281,608)
	160,803	2,700,212

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest 31.3.2020 %	Effective Equity Interest 31.12.2018 %	Principal Activities
Ygl Convergence Malaysia Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of computer software and hardware and the provision of professional services.
Ygl Multimedia Resources Sdn. Bhd.	Malaysia	100	100	Developing and selling of software systems.
Ygl Convergence (HK) Limited [1]	Hong Kong	100	100	Trading of computer equipment and software and provision of related services.
Ygl Convergence (China) Limited [1]	Hong Kong	60	60	Investment holding.
Ygl Convergence (Asia Pacific) Pte. Ltd. [2]	Singapore	60	60	Provision of software and consultancy and computer systems integrated services.
Ygl Technologies Sdn. Bhd.	Malaysia	55	55	Provision of computer, automation solution and electronic commerce services.

7. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest 31.3.2020 %	Effective Equity Interest 31.12.2018 %	Principal Activities
Ygl Technologies Pte. Ltd. [2]	Singapore	100	100	Provision of software and related services.
Ygl Intelligent Technology Sdn. Bhd. (formerly known as Ygl E Manufacturing Sdn. Bhd.)	Malaysia	100	100	Provision of software consultancy and implementation services.
NS Infotech Sdn. Bhd.	Malaysia	80	-	Dormant.
Ai Solar Sdn. Bhd.	Malaysia	60	-	Installation of solar panels.
Subsidiary of Ygl Convergence (HK) Limited				
Ygl Suzhou Information Technology Co. Ltd [2]	The People's Republic of China ("The PRC")	55	55	Research and development of portal and provision of industry software and related services.
Subsidiary of Ygl Convergence (China) Limited				
King's System (Shanghai) Co. Ltd. [2]	The PRC	-	60	Provision of consultancy services and trading of computer equipment and software.

[1] Audited by overseas affiliate of Moore Stephens Associates PLT.
[2] Not audited by Moore Stephens Associates PLT.

(a) Incorporation of a subsidiary

On 6 March 2019, the Company incorporated a subsidiary, NS Infotech Sdn. Bhd. ("NS Infotech") with a paid-up capital of 1,000 ordinary shares, totalling RM1,000 of which the Company holds 80% equity interest. NS Infotech has not commenced operations since its incorporation.

(b) Acquisition of a subsidiary

On 10 March 2020, the Company acquired 60,000 ordinary shares in Ai Solar Sdn. Bhd. ("Ai Solar"), representing 60% equity interest in Ai Solar for a total consideration of RM60,000. Upon completion of the acquisition, Ai Solar became a subsidiary of the Company.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group's results for the financial period ended 31 March 2020.

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Bank balance	5,482
Other payables	(47,120)
Net identifiable liabilities	(41,638)
Goodwill arising from acquisition (Note 10)	84,983
Non-controlling interest at fair value	16,655
Fair value of consideration transferred	60,000

Net cash outflow arising from acquisition of a subsidiary:

	RM
Purchase consideration settled in cash	60,000
Less: Cash and cash equivalents acquired	(5,482)
	54,518

(c) Deconsolidation of a subsidiary

During the financial period ended 31 March 2020, the Group has written off its investment in King's System (Shanghai) Co. Ltd. ("Kings System") as it has lost the power to govern the operating policies and access to the financial records of Kings System. The management is also unable to locate the director, who is also the legal representative of Kings System, namely Mr. To King. The effects of deconsolidation of Kings System during the financial period is as follows:

	RM
Net assets deconsolidated	348,210
Deemed loss on deconsolidation	(17,193)
Non-controlling interests	(331,017)
Cash flows from deconsolidation of subsidiary	-

(d) Non-controlling interests ("NCI")

The Group's subsidiary, namely Ygl Convergence (Asia Pacific) Pte. Ltd. ("YGLAP") has material NCI as follows:

	31.3.2020	31.12.2018
NCI percentage of ownership and voting interest	40%	40%
Carrying amount of NCI (RM)	(241,803)	(233,586)
(Loss)/Profit allocated to NCI (RM)	(9,009)	43,472
Total comprehensive income allocated to NCI (RM)	85,785	43,472

7. INVESTMENT IN SUBSIDIARIES (cont'd)

(d) Non-controlling interests ("NCI") (cont'd)

The summarised financial information before intra-group elimination are as follows:

	31.3.2020 RM	31.12.2018 RM
Current assets	57,917	40,523
Current liabilities	(662,424)	(624,489)
Net liabilities	(604,507)	(583,966)

	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Revenue	39,214	180,142
Net (loss)/profit for the financial period/year	(22,523)	108,680
Total comprensive income for the financial period/year	214,463	108,680
Net cash generated from operating activities	13,476	33,594
Dividend paid to NCI	-	-

(e) Impairment loss

The Company carried out a review of the recoverable amount of its investment in subsidiaries which resulted in impairment loss of RM2,600,209 (31.12.2018: RM6,281,608) being recognised in the Company's profit or loss as the recoverable amounts calculated for certain subsidiaries were less than their carrying amounts. The recoverable amounts were derived based on fair values less costs of disposal which were measured based on net assets of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020 (cont'd)

8. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Unquoted shares, at cost	1,475,010	1,475,010	1,475,000	1,475,000
Less: Written off	10	-	-	-
Less: Impairment loss	(1,475,000)	-	(1,475,000)	-
	-	1,475,010	-	1,475,000
Share of post-acquisition results				
Balance at beginning	115,929	(352,179)	-	-
Additions	(115,939)	468,108	-	-
Written off	10	-	-	-
Balance at end	-	115,929	-	-
	-	1,590,939	-	1,475,000

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Effective Equity Interest 31.3.2020 %	Effective Equity Interest 31.12.2018 %	Principal Activities
Ygl iBay International Sdn. Bhd.	Malaysia	9.60	9.60	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. [1]	Thailand	-	39	Marketing and distribution of computer software and provision of related services.

[1] Not audited by Moore Stephens Associates PLT.

The financial year end of the associates was coterminuos with that of the Company in the previous financial year. During the current financial period, the financial year end of the associates remains at 31 December 2019 notwithstanding that the financial year of the Company has changed to 31 March 2020. However, the associates have prepared financial statements as of the same date of the Company for the purpose of applying equity method of accounting.

8. INVESTMENT IN ASSOCIATES (cont'd)

Ygl Consulting (Thailand) Co., Ltd. ("Ygl Thailand")

The Group has discontinued the recognition of its share of losses in Ygl Thailand as the share of losses has exceeded the Group's interest in the said associate i.e. RM10. The Group's unrecognised share of losses for the previous financial year and cumulative years were RM5,820 and RM112,350 respectively. The Group has written off its investment in Ygl Thailand during the financial period 31 March 2020.

Ygl iBay International Sdn. Bhd. ("Ygl iBay")

During the financial period, the Group has discontinued the recognition of its share of losses in Ygl iBay as the share of losses has exceeded the Group's interest in the said associate. The Group's unrecognised share of losses for the current financial period is RM2,902,525.

The Group does not have any share of the associate's contingent liabilities incurred jointly with other investors or any share of contingent liabilities that arises whereby the Group is severally liable for all or part of the liabilities of the associate.

The summarised financial information of the associates are as follows:

	GROUP	
		(Restated)
	31.3.2020	**31.12.2018**
	RM	**RM**
Assets and liabilities		
Non-current assets	1,402,515	45,168,505
Current assets	38,254,389	39,528,682
Current liabilities	(49,583,607)	(63,719,634)
Net (liabilities)/assets	(9,926,703)	20,977,553
Results for the financial period/year		
Revenue	25,379,046	9,867,320
Net (loss)/profit	(31,442,337)	3,453,408
Other comprehensive income	538,081	186,633
Total comprehensive (loss)/income	(30,904,256)	3,640,041

Impairment loss

The Group and the Company carried out a review of the recoverable amount of its investment in Ygl iBay which resulted in impairment loss of RM1,475,000 (31.12.2018: RM Nil) being recognised in the Group's and the Company's profit or loss as the recoverable amount derived for Ygl iBay was less than its carrying amount. The recoverable amount was derived based on net liabilities of the associate as at 31 March 2020. The net liabilities arose following a material impairment adjusted on the debts owing from debtors during the financial period as the management is of the view that the recoverability of the debts is uncertain at this juncture.

9. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	31.3.2020 RM	**31.12.2018 RM**
Non-trade and unsecured		
Interest bearing at BLR - 1.90% per annum (Note 9a)	-	8,026,062
Non-interest bearing (Note 9b)	10,617,499	-
	10,617,499	8,026,062
Analysed as:		
Current assets	10,617,499	-
Non-current assets	-	8,026,062
	10,617,499	8,026,062

The currency profile of the amount due from subsidiaries is as follows:

	31.3.2020 RM	**31.12.2018 RM**
Ringgit Malaysia	8,554,705	6,454,400
Hong Kong Dollar	2,062,794	1,571,662
	10,617,499	8,026,062

(a) The amount is repayable within 5 years.

(b) During the financial period, the Company has waived the repayment terms of the amount due from subsidiaries and henceforth, the amount became non-interest bearing and is repayable on demand. Consequently, the amount is presented as current assets as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

10. INTANGIBLE ASSETS

GROUP

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
31.3.2020				
At cost				
Balance at beginning	19,514,759	2,272,892	50,000	21,837,651
Additions	1,816,490	84,983	-	1,901,473
Written off	-	(1,038,592)	-	(1,038,592)
Foreign currency translation	(2,067)	-	-	(2,067)
Balance at end	21,329,182	1,319,283	50,000	22,698,465
Accumulated amortisation				
Balance at beginning	15,832,254	-	11,320	15,843,574
Current charge	2,001,675	-	2,020	2,003,695
Foreign currency translation	(1,457)	-	-	(1,457)
Balance at end	17,832,472	-	13,340	17,845,812
Accumulated impairment loss				
Balance at beginning	-	-	2,000	2,000
Addition	-	1,234,146	-	1,234,146
Balance at end	-	1,234,146	2,000	1,236,146
Carrying amount	3,496,710	85,137	34,660	3,616,507

10. INTANGIBLE ASSETS (cont'd)

GROUP

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
31.12.2018 (Restated)				
At cost				
Balance at beginning	18,037,561	2,272,892	50,000	20,360,453
Additions	1,446,867	-	-	1,446,867
Foreign currency translation	30,331	-	-	30,331
Balance at end	19,514,759	2,272,892	50,000	21,837,651
Accumulated amortisation				
Balance at beginning	14,162,770	-	9,704	14,172,474
Current charge	1,649,665	-	1,616	1,651,281
Foreign currency translation	19,819	-	-	19,819
Balance at end	15,832,254	-	11,320	15,843,574
Accumulated impairment loss				
Balance at beginning/end	-	-	2,000	2,000
Carrying amount	3,682,505	2,272,892	36,680	5,992,077

(a) Software development costs

Additions for the financial period/year include the following:

	31.3.2020 RM	31.12.2018 RM
Capitalised from profit or loss:		
Employee benefits expense (Note 20b)	1,786,490	1,422,867
Rental of premise (Note 20c)	30,000	24,000

The amortisation of software development costs is included in cost of sales.

10. INTANGIBLE ASSETS (cont'd)

(b) Goodwill

For the purpose of impairment test, goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating units ("CGUs") that are expected to benefit from the business combinations. The Group considers each subsidiary acquired as a single CGU and the carrying amounts of goodwill were allocated to the respective subsidiaries.

The goodwill on consolidation of the previous financial year mainly arose from the acquisition of two (2) subsidiaries, namely Ygl Convergence (Asia Pacific) Pte. Ltd. and King's System (Shanghai) Co. Ltd., whilst the addition for this financial period relates to the acquisition of Ai Solar Sdn. Bhd.

The recoverable amounts of the CGUs for this current financial period were derived based on value-in-use calculations and fair value less costs to sell (i.e. net assets), whereas in the previous financial year, the recoverable amounts were derived based on value-in-use calculations. The value-in-use calculations were determined using projected cash flows for a five-year period and by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective industries.

The key assumptions used in the preparation of the projected cash flows are as follows:

(i) Budgeted gross margin

The budgeted gross margin is determined based on the margin achieved in the year immediately before the budgeted year and is increased by growth rate to cater for expected improvements in efficiency.

(ii) Growth rate

The weighted average growth rate used is consistent with the long-term average growth rate for the industry.

(iii) Pre-tax discount rate

The pre-tax discount rates of 11.70% (31.12.2018: 10.83%) is applied to the calculations in determining the recoverable amount of the CGUs. The discount rate used is based on the weighted average cost of capital of the Company.

Sensitivity to changes and assumptions

With regard to the assessment of value-in-use, the Directors believe that no reasonable possible changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

The Group performed goodwill impairment testing and an impairment loss of RM1,234,146 (31.12.2018: RM Nil) is recognised in the Group's profit or loss as the recoverable amount is lower than the carrying amount. During the previous financial year, no impairment loss was required to be recognised as the recoverable amount was higher than the carrying amount.

The Group has written off goodwill amounting to RM1,038,592 (31.12.2018: RM Nil) during the financial period following the deconsolidation of Kings System (Note 7c).

10. INTANGIBLE ASSETS (cont'd)

(c) Club memberships

The club memberships are amortised over the membership tenure of 24 years and 38 years. The amortisation is included in general and administrative expenses.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
		(Restated)		
	31.3.2020	31.12.2018	31.3.2020	31.12.2018
	RM	RM	RM	RM
Balance at beginning	4,466	4,329	1,714	852
Recognised in profit or loss	(4,498)	137	(1,746)	862
Balance at end	(32)	4,466	(32)	1,714

The deferred tax assets/(liabilities) are in respect of the deductible/(taxable) temporary differences of property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.3.2020	31.12.2018	31.3.2020	31.12.2018
	RM	RM	RM	RM
Trade				
Gross amount	3,912,018	3,158,864	44,025	8,170
Less: Allowance for impairment loss (Note 12a)	(2,290,445)	(1,652,744)	-	-
Trade receivables, net	1,621,573	1,506,120	44,025	8,170
Non-trade				
Other receivables	42,635	386,135	6,000	6,000
Related parties (Note 12b)	7,295	-	6,605	-
Refundable deposits	65,225	63,131	10,000	10,000
Prepayments	48,533	25,264	125	-
Deferred expenses	-	16,961	-	-
	163,688	491,491	22,730	16,000
	1,785,261	1,997,611	66,755	24,170

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Ringgit Malaysia	1,604,050	1,517,917	66,755	24,170
Hong Kong Dollar	174,186	124,714	-	-
Chinese Renminbi	-	341,038	-	-
Singapore Dollar	7,025	13,942	-	-
	1,785,261	1,997,611	66,755	24,170

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2018: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in the gross amount is an amount of RM124,656 (31.12.2018: RM Nil) due from an associate of the Company.

(a) The movements in impairment loss during the financial period/year were:

	GROUP	
	31.3.2020 RM	31.12.2018 RM
Balance at beginning	1,652,744	1,326,459
Additions		
- Individually assessed	-	399,047
- Collectively assessed	638,482	-
Foreign currency translation	(781)	(72,762)
Balance at end	2,290,445	1,652,744

(b) The amount is due from companies in which certain Directors of the Company have substantial financial interests. The amount relates to cost sharing which is unsecured and non-interest bearing. The credit term granted to the related parties is 30 days.

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Fixed deposits	500,000	825,056	500,000	825,056
Short term investment	3,050,930	2,448,195	3,050,930	2,448,195
Cash and bank balances	1,408,295	1,307,940	415,091	236,945
	4,959,225	4,581,191	3,966,021	3,510,196

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Ringgit Malaysia	4,475,262	3,861,835	3,966,021	3,510,196
Hong Kong Dollar	137,449	176,440	-	-
Chinese Renminbi	-	203,502	-	-
Singapore Dollar	346,514	339,414	-	-
	4,959,225	4,581,191	3,966,021	3,510,196

The effective interest rate of fixed deposits with a licensed bank is 2.30% (31.12.2018: 2.80% to 3.65%) per annum.

Short term investment represents investment in money market fund managed by a licensed financial institution, which is tax exempt and allows prompt redemption at any time.

The cash and cash equivalents denominated in Chinese Renminbi is not freely convertible into foreign currencies. Under The PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the China subsidiaries are permitted to exchange Chinese Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

14. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of ordinary shares		Amount	
				(Restated)
	31.3.2020 Unit	31.12.2018 Unit	31.3.2020 RM	31.12.2018 RM
Issued and fully paid:				
Balance at beginning	232,286,540	232,286,540	27,218,132	27,218,132
Private placement	23,228,000	-	3,182,236	-
Balance at end	255,514,540	232,286,540	30,400,368	27,218,132

During the financial period, the Company increased its issued and paid-up capital from RM27,218,132 to RM30,400,368 via a Private Placement which entails the issuance of 23,228,000 new ordinary shares of RM0.137 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

15. OTHER RESERVES

	GROUP		COMPANY	
		(Restated)		(Restated)
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Non-distributable reserve:				
Exchange translation reserve (Note 15a)	638,974	463,653	-	-
ESOS reserve (Note 15b)	154,110	192,734	154,110	192,734
	793,084	656,387	154,110	192,734

15. OTHER RESERVES (cont'd)

(a) Exchange translation reserve

This reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

(b) ESOS reserve

The fair value of equity-settled share options granted was estimated using Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The expected life of the option is based on historical date and is not necessarily indicate of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

The Company's ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 27 May 2017, and the ESOS will be in force for a duration of 5 years.

The salient feature of the ESOS are as follows:

(i) The total number of new ordinary shares which are available to be issued under the ESOS shall not in aggregate exceed thirty percent (30%) of the total issued and fully paid-up share capital (excluding treasury shares, if any) of the Company at any point in time during the duration of the scheme.

(ii) A person shall be eligible to participate in the ESOS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; be a director of the Group or be a full-time employee confirmed in service and served at least six (6) continuous months within the Group and has not served a notice to resign prior to the date of offer ("Eligible Person"). Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESOS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESOS Committee.

(iii) At the Directors' absolute discretion, upon recommendation of the ESOS Committee, the scheme may be extended for a further five (5) years or such shorter period from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting.

(iv) The option price at which the grantee is entitled to subscribe for each new ordinary share shall be fixed based on the five (5)-day volume weighted average market price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, immediately preceding the offer date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities.

15. OTHER RESERVES (cont'd)

(b) ESOS reserve (cont'd)

The salient feature of the ESOS are as follows (cont'd):

(v) The new ordinary shares to be allotted and issued upon any exercise of the option will, upon such allotment and issuance, rank pari passu in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of the new ordinary shares.

(vi) The new ordinary shares allotted and issued pursuant to the exercise of an ESOS option will not be subjected to any retention period or restriction on transfer. However, an eligible Director who is a non-executive Director in the Group shall not sell, transfer or assign the Company's shares obtained through the exercise of the ESOS options granted to him within one (1) year from the offer date.

The table below lists the inputs to the Black Scholes model for the ESOS granted:

	27.5.2017
Fair value (RM)	0.13
Expected volatility (%)	85.31
Risk-free interest rate (% p.a.)	3.76
Dividend yield (%)	-
Expected life of option (years)	5
Weighted average share price (RM)	0.18

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicate of future trends, which may not necessarily be the actual outcome.

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Trade				
Trade payables (Note 16a)	59,830	25,651	25,938	2,058
Non-trade				
Other payables	285,486	349,936	-	7,187
Accruals	374,098	337,413	50,384	36,804
Directors (Note 16b)				
- Director of the Company	592,096	592,096	-	-
- Director of a subsidiary	25,178	23,904	-	-
Related party (Note 16c)	45,120	-	-	-
Refundable deposits	10,500	83,212	-	-
	1,332,478	1,386,561	50,384	43,991
	1,392,308	1,412,212	76,322	46,049

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

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Ringgit Malaysia	1,000,258	935,976	76,322	46,049
Hong Kong Dollar	375,927	331,285	-	-
Chinese Renminbi	-	129,301	-	-
Singapore Dollar	16,123	15,650	-	-
	1,392,308	1,412,212	76,322	46,049

(a) Trade payables are normally settled within 30 to 90 days (31.12.2018: 30 to 90 days) credit terms.

(b) The amounts are unsecured, non-interest bearing and are repayable on demand.

(c) The amount is due to a sole proprietorship belonging to a director of a subsidiary. The amount relates to consulting fees payable to the related party, which is unsecured, non-interest bearing and is normally settled within 30 days credit term.

17. CONTRACT LIABILITIES

Contract liabilities comprise technical support, maintenance and subscription income billed in advance to customers which will be recognised in profit or loss when performance obligations are satisfied over time and are expected to be recognised as revenue within a period of 12 months.

18. LEASE LIABILITIES

	GROUP	
	31.3.2020 RM	**31.12.2018 RM**
Minimum lease payments due:		
Not later than 1 year	61,192	-
Less: Unexpired finance charges	(632)	-
Present value of minimum lease payments	60,560	-

The lease liabilities are measured at the present value of the remaining lease payments, discounted at the subsidiary's incremental borrowing rate of 5.00% (31.12.2018: Nil) per annum.

19. REVENUE

Revenue represents the Group's and the Company's revenue from contracts with customers which are recognised at point in time and over time.

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Software implementation services:				
- Sale of user license	44,067	26,864	-	-
- Consultancy services	227,462	312,405	-	-
- Software installation, commissioning, post-contract support and maintenance services	4,121,932	3,056,978	-	-
Sale of hardware	51,325	33,896	51,325	33,196
Management fees	-	-	10,000	10,000
Dividend income	-	-	24,444	-
	4,444,786	3,430,143	85,769	43,196

(a) **Disaggregation of revenue**

	Group		Company	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Primary geographical markets				
- Malaysia	3,448,064	1,996,912	85,769	43,196
- Hong Kong	948,027	1,242,915	-	-
- Others	48,695	190,316	-	-
	4,444,786	3,430,143	85,769	43,196
Timing of recognition				
- At a point in time	322,854	373,165	75,769	33,196
- Over time	4,121,932	3,056,978	10,000	10,000
	4,444,786	3,430,143	85,769	43,196

19. REVENUE (cont'd)

(b) Nature of goods and services

The following information reflects the typical transactions of the Group and of the Company:

Sale of user license

The Group provides option for its customers to purchase additional user licenses as part of the software solutions package. Revenue is recognised at a point in time when the performance obligation ("PO") is satisfied upon the delivery of the additional user licenses to the customers. Payment is generally due within 30 days from invoice date.

Consultancy services

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

Software installation, commissioning, support and maintenance services

(i) Software installation and commissioning

The Group provides integrated software solutions to its customers which involve customisation, implementation, data conversion, software design or development, testing and go-live processes. These services are considered as a single PO as they are interdependent on one another and transaction price is based on stand-alone selling price. Revenue is recognised over time when the PO is satisfied over the period of the contract by reference to the progress towards complete satisfaction of the agreed PO stipulated in the contract. Payment is generally due within 30 to 60 days from invoice date.

(ii) Support and maintenance services

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

Sale of hardware

The Group's revenue from selling of hardware is recognised when the PO is satisfied upon delivery, installation and upon acknowledgment of acceptance by the customers. Payment is generally due within 30 to 90 days from invoice date.

Management fees

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

20. LOSS BEFORE TAX

This is arrived at after charging/(crediting):

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Amortisation of intangible assets	2,003,695	1,651,281	-	-
Auditors' remuneration:				
- Statutory audit				
- Company's auditors	78,000	42,000	38,000	32,000
- affiliated auditors			-	-
- current year	28,149	20,752	-	-
- prior year	(3,187)	-	-	-
- other auditors	14,522	24,142	-	-
- Non-audit services	-	-		
- Company's auditors	4,000	-	4,000	-
Bad debts	13,257	-	-	-
Deemed loss on deconsolidation of a subsidiary	17,193	-	-	-
Depreciation:				
- property, plant and equipment	402,498	354,044	276,378	234,704
- investment property	596	476	-	-
- right-of-use asset	210,213	-	-	-
Directors' remuneration (Note 20a)	509,229	387,111	100,000	75,000
Dividend income	(85,046)	(86,148)	(109,490)	(86,148)
Employee benefits expense (Note 20b)	2,380,689	1,736,202	-	-
Expenses related to leases				
- Total cash outflows				
- leases of low value assets	12,936	-	-	-
- short-term leases (Note 20c)	2,950	-	-	-
Goodwill written off	1,038,592	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

20. LOSS BEFORE TAX (cont'd)

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Impairment loss:				
- goodwill	1,234,416	-	-	-
- trade receivables	638,482	399,047	-	-
- investment in subsidiaries	-	-	2,600,209	6,281,608
- investment in an associate	1,475,000	-	1,475,000	-
Interest expense:				
- bank overdraft	638	-	-	-
- lease liabilities	10,629	-	-	-
- term loan	-	31,735	-	-
- other bank charges	1,666	-	-	-
Interest income:				
- amount due from subsidiaries	-	-	(358,559)	(358,559)
- others	(26,939)	(44,662)	(23,321)	(42,761)
Property, plant and equipment written off	39,527	-	-	-
Realised (gain)/loss on foreign exchange	(76,236)	33	-	-
Rental income:				
- investment property	(67,500)	(54,000)	-	-
- others	(52,500)	(42,000)	-	-
Rental of premises (Note 20c)	-	219,657	-	-
Unrealised (gain)/loss on foreign exchange	-	(5,694)	26,994	-
Waiver of debts	(7,263)	-	-	-

(a) Directors' remuneration

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Fee	100,000	75,000	100,000	75,000
Salary and bonus	365,375	278,625	-	-
Contributions to defined contribution plan	43,854	33,486	-	-
	509,229	387,111	100,000	75,000

20. LOSS BEFORE TAX (cont'd)

(b) Employee benefits expense

	GROUP	
	1.1.2019 TO 31.3.2020 RM	**1.1.2018 TO 31.12.2018 RM**
Salary, wages, allowances and bonus	3,646,791	2,763,709
Contributions to defined contribution plans	374,211	277,260
Other staff related benefits	146,177	118,100
	4,167,179	3,159,069
Less: Capitalised as software development costs (Note 10)	(1,786,490)	(1,422,867)
	2,380,689	1,736,202

(c) Rental/Lease expenses

	GROUP	
	1.1.2019 TO 31.3.2020 RM	**1.1.2018 TO 31.12.2018 RM**
Short-term lease	32,950	-
Rental of premise	-	243,657
	32,950	243,657
Less: Capitalised as software development costs (Note 10)	(30,000)	(24,000)
	2,950	219,657

21. TAX EXPENSE

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Income tax expense comprise:				
Malaysian income tax:				
Current tax				
- Current period/year	(112,056)	(58,794)	(74,688)	(41,460)
- Under provision in prior year	(8,025)	(747)	(7,785)	(906)
	(120,081)	(59,541)	(82,473)	(42,366)
Deferred tax (Note 11)				
- Current period/year	(1,747)	4,464	(1,746)	1,714
- Under provision in prior year	(2,751)	(4,327)	-	(852)
	(4,498)	137	(1,746)	862
	(124,579)	(59,404)	(84,219)	(41,504)

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Loss before tax	(7,315,376)	(2,121,247)	(4,347,706)	(6,089,737)
Income tax as Malaysian statutory tax rate of 24%	1,755,690	509,099	1,043,449	1,461,537
Different tax rates in foreign jurisdictions	(68,930)	23,773	-	-
Tax effects on share of results of associates	27,825	(112,346)	-	-
Non-taxable income	239,458	102,753	28,197	86,148
Expenses not deductible for tax purposes	(1,926,006)	(582,074)	(1,147,600)	(1,589,145)
Utilisation of unutilised capital allowances and unutilise tax losses	116,163	-	-	-
Deferred tax assets not recognised	(308,003)	4,465	(480)	1,714
	(113,803)	(54,330)	(76,434)	(39,746)
Under provision in prior year	(10,776)	(5,074)	(7,785)	(1,758)
	(124,579)	(59,404)	(84,219)	(41,504)

21. TAX EXPENSE (cont'd)

As at the end of the reporting period, the estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows (stated at gross):

	GROUP		COMPANY	
		(Restated)		
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Property, plant and equipment	(84,000)	(117,000)	1,000	-
Unutilised tax losses	(10,282,000)	(10,017,000)	(3,000)	-
Unabsorbed capital allowances	(409,000)	(755,000)	-	-
Unutilised pioneer loss	(1,345,000)	(640,000)	-	-
	(12,120,000)	(11,529,000)	(2,000)	-

The availability of tax losses and pioneer loss will be subject to the Inland Revenue Board's discretion and approval to offset against future taxable profit.

A subsidiary has been granted pioneer status in principle by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act 1986 which exempts 100% of the statutory income of the subsidiary from Malaysian taxation for a period of five years commencing from 28 June 2013 which was further extended to another 5 years, expiring 27 June 2023.

As announced in the Malaysian Budget 2019, effective from the period of assessment 2019, the unutilised tax losses can only be carried forward up to a maximum of 7 years from the year in which the loss is generated, whilst the unutilised capital allowances may still be carried forward indefinitely.

22. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the financial period/year is calculated by dividing the loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

	GROUP	
	31.3.2020	**31.12.2018**
Loss after tax attributable to owners of the Company (RM)	(7,352,011)	(2,289,441)
Weighted average number of shares		
Issued shares at beginning of the financial period/year	232,286,540	232,286,540
Effect of Private Placement	1,429,415	-
	233,715,955	232,286,540
Basic loss per share (sen)	(3.15)	(0.99)

(b) Diluted loss per share

Diluted loss per share for the financial period/year is calculated by dividing the loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/year and adjusted for the effects of dilutive potential ordinary shares.

	GROUP	
	31.3.2020	**31.12.2018**
Loss after tax attributable to owners of the Company (RM)	(7,352,011)	(2,289,441)
Weighted average number of shares (Note 22a)	233,715,955	232,286,540
Effect of ESOS	*	*
	233,715,955	232,286,540
Diluted loss per share (sen)	(3.15)	(0.99)

* Anti-dilutive in nature.

23. SEGMENT INFORMATION

(a) Business segment

The management determines the business segments based on the reports reviewed and used by the Directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment, i.e. marketing and distribution of computer software and hardware and the provision of maintenance and services. As such, no operating segment information is prepared.

(b) 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.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3(q). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(c) Information about major customers

Total revenue from 2 (31.12.2018: 1) major customers which individually contributed more than 10% of the Group's total revenue amounted to RM1,316,595 (31.12.2018: RM613,172).

23. SEGMENT INFORMATION (cont'd)

	Malaysia RM	Asia Pacific RM	Total RM
1.1.2019 TO 31.3.2020			
Revenue			
Total revenue	3,683,268	996,722	4,679,990
Less: Inter-segment revenue	(235,204)	-	(235,204)
External revenue	3,448,064	996,722	4,444,786
Results			
Segment results	(6,515,852)	(670,652)	(7,186,504)
Finance costs	(638)	(12,295)	(12,933)
Share of results of associates	(115,939)	-	(115,939)
Loss before tax			(7,315,376)
Tax expense			(124,579)
Loss for the financial period			(7,439,955)
Material non-cash expenses			
Amortisation and depreciation	2,308,869	308,133	2,617,002
Goodwill written off	1,038,592	-	1,038,592
Impairment loss on:			
Goodwill	1,234,146	-	1,234,146
Investment in associate	1,475,000	-	1,475,000
Trade receivables	638,482	-	638,482
31.3.2020			
Assets and liabilities			
Additions to non-current assets	1,916,620	-	1,916,620
Segment assets	13,910,109	895,864	14,805,973
Current tax assets	7,528	-	7,528
Segment liabilities	1,693,248	657,856	2,351,104
Current and deferred tax liabilities	22,941	-	22,941

23. SEGMENT INFORMATION (cont'd)

	Malaysia RM	Asia Pacific RM	Total RM
1.1.2018 TO 31.12.2018			
Revenue			
Total revenue	2,433,421	996,722	3,430,143
Less: Inter-segment revenue	-	-	-
External revenue	2,433,421	996,722	3,430,143
Results			
Segment result	(2,344,723)	(212,897)	(2,557,620)
Finance costs	(31,735)	-	(31,735)
Share of results of associates	468,108	-	468,108
Loss before tax			(2,121,247)
Tax expense			(59,404)
Loss for the financial year			(2,180,651)
Material non-cash expenses			
Amortisation and depreciation	1,917,877	87,924	2,005,801
Impairment loss on trade receivables	399,047	-	399,047
31.12.2018 (Restated)			
Assets and liabilities			
Additions to non-current assets, other than deferred tax assets	1,497,745	-	1,497,745
Segment assets	17,482,956	1,509,137	18,992,093
Investment in associates	1,590,939	-	1,590,939
Current and deferred tax assets	24,006	-	24,006
Segment liabilities	1,467,593	714,555	2,182,148
Current and deferred tax liabilities	5,305	-	5,305

24. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

The Group and the Company have related party relationships with their subsidiaries, associates, key management personnel, companies in which certain Directors of the Company and persons connected to certain Directors to the Company have substantial financial interests and a sole proprietorship belonging to a Director of a subsidiary.

24. RELATED PARTIES DISCLOSURES (cont'd)

(b) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and Company have the following related party transactions during the financial period/year:

	GROUP		COMPANY	
	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM	1.1.2019 TO 31.3.2020 RM	1.1.2018 TO 31.12.2018 RM
Transactions with an associate				
- Sales	117,600	107,600	-	-
- Rental income	52,500	42,000	-	-
Transactions with related parties				
- Cost sharing	93,525	-	51,333	-
- Professional fees and disbursements paid	26,801	17,173	6,643	-
- Sales	200	-	-	-
- Rental expenses paid	30,000	24,000	-	-
Transactions with subsidiaries				
- Dividend income	-	-	24,444	-
- Interest income	-	-	358,559	358,559
- Management fee received	-	-	10,000	10,000

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and of the Company are disclosed in Note 20a.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020 (cont'd)

24. RELATED PARTIES DISCLOSURES (cont'd)

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

The remuneration of other members of key management personnel during the financial period/year is as follows:

	GROUP 1.1.2019 TO 31.3.2020 RM	GROUP 1.1.2018 TO 31.12.2018 RM
Salary, allowances and bonus	601,183	483,810
Contributions to defined contribution plan	70,429	56,896
	671,612	540,706

25. 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 2 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.

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

	GROUP 31.3.2020 RM	GROUP 31.12.2018 RM
Future minimum lease payments		
- payable not later than 1 year	-	174,290
- payable later than 1 year and not later than 2 years	-	101,669
	-	275,959

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	GROUP		COMPANY	
	31.3.2020 RM	31.12.2018 RM	31.3.2020 RM	31.12.2018 RM
Financial assets				
Amortised cost				
Trade and other receivables	1,736,728	1,955,386	66,630	24,170
Amount due from subsidiaries	-	-	10,617,499	8,026,062
Cash and cash equivalents	4,959,225	4,581,191	3,966,021	3,510,196
	6,695,953	6,536,577	14,650,150	11,560,428
Financial liabilities				
Amortised cost				
Trade and other payables	1,392,308	1,412,212	76,322	46,049
Lease liabilities	60,560	-	-	-
	1,452,868	1,412,212	76,322	46,049

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks of the Group include credit and liquidity risks, whereas the key financial risks of the Company are credit, foreign currency, interest rate and liquidity risks.

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables. The Company's exposure to credit risk arises principally from trade receivables and advances to subsidiaries. There are no significant changes as compared to prior periods.

26. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit Risk (cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating.

At the end of each reporting period, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to the previous financial year.

Credit risk concentration profile

As at the end of the reporting period, the Group and the Company have significant concentration of credit risk arising from the amounts owing from 2 (31.12.2018: 3) and 2 (31.12.2018: Nil) customers respectively, constituting 44% (31.12.2018: 42%) and 100% (31.12.2018: Nil) of the Group's and of the Company's respective trade receivables, net of individual impairment.

Exposure to Credit Risk

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the notes to the financial statements.

Recognition and measurement of impairment loss

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses ("ECLs"). The Group and the Company assess impairment of trade receivables on collective basis. In previous financial year, the Group and the Company assessed impairment on individual basis.

For collective impairment, the Group and the Company determine the ECLs on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Consistent with the debt recovery process, the Group has set an observation period of 210 to 270 days from credit terms granted. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency after the observation period and up to 365 days from date of invoices. Those balances exceeding 365 days from date of invoices will be considered as credit impaired.

Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

For individual assessment, the trade receivables that are determined to be credit impaired relate to receivables that are in significant financial difficulties and have defaulted on payments.

26. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit Risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM	Loss Allowance RM	Net RM
Group			
31.3.2020			
Current (not past due)	797,094	-	797,094
1 to 30 days past due	49,829	-	49,829
31 to 60 days past due	20,835	-	20,835
61 to 90 days past due	-	-	-
More than 90 days past due	1,137,576	(500,453)	637,123
	2,005,334	(500,453)	1,504,881
Credit impaired:			
Exceeding observation period	1,906,684	(1,789,992)	116,692
	3,912,018	(2,290,445)	1,621,573
31.12.2018			
Current (not past due)	353,004	-	353,004
1 to 30 days past due	358,159	-	358,159
31 to 60 days past due	302,237	(5,951)	296,286
61 to 90 days past due	494	(494)	-
More than 90 days past due	7,170	(2,833)	4,337
	1,021,064	(9,278)	1,011,786
Credit impaired:			
Exceeding observation period	2,137,800	(1,643,466)	494,334
	3,158,864	(1,652,744)	1,506,120
Company			
31.3.2020			
Current (not past due)	44,025	-	44,025
31.12.2018			
Current (not past due)	8,170	-	8,170

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year period/year.

26. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit Risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents of the Group are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These licensed banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for impairment is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Intra-group loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the notes to the financial statements.

Recognition and measurement of impairment loss

Generally, the Company considers the loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the period/year end, there were no indications of impairment loss in respect of these loans and advances.

Financial guarantees

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service the loans on an individual basis. However, as at the end of the reporting period, there was no outstanding balance owing to the said licensed bank.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020 (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

All the Company's financial liabilities at the end of the reporting period will mature within one year.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets.

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on the carrying amount as at the end of the reporting period is as follows:

	COMPANY	
	31.3.2020 RM	31.12.2018 RM
Floating rate instrument:		
Financial assets	-	8,026,062

Interest rate risk sensitivity analysis

<u>Cash flow sensitivity analysis for variable rate instruments</u>

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	COMPANY	
	31.3.2020 RM	31.12.2018 RM
Effects on loss after tax		
Increase by 25 basis point	-	15,250
Decrease by 25 basis point	-	(15,250)

26. FINANCIAL INSTRUMENTS (cont'd)

(iv) Foreign Currency Risk

The objectives of the Group's and the Company's foreign exchange policies are to allow the Group and the Company to manage exposure that arise from trading activities effectively within a framework of controls that does not expose the Group and the Company to unnecessary foreign exchange risks.

The Group's exposure to foreign currency risk is minimal as its business transactions, receivables, payable and cash and bank balances are denominated in the respective functional currencies of the Group entities. Presently the Group has no intention of hedging its foreign exchange risk profile. The Company is exposed to foreign currency risk mainly on intercompany balances that are denominated in Hong Kong Dollar ("HKD").

The Group is not exposed to any foreign currency risk as at the end of the reporting period.

The Company's exposure to foreign currency risk, based on the carrying amount as at the end of the reporting period is as follows:

	Denominated in HKD	
	31.3.2020	**31.12.2018**
	RM	**RM**
Amount due from a subsidiary	2,062,794	1,571,662

Sensitivity analysis for foreign currency risk

A 10% (31.12.2018: 10%) strengthening of RM against the foreign currency at the end of the reporting period would have increased loss after tax by RM156,772 (31.12.2018: RM119,446) and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period.

27. FAIR VALUE INFORMATION

Fair value measurement of non-financial assets

The fair value measurement hierarchies used to measure non-financial asset at fair value in the statements of financial position are disclosed in Note 6 to the financial statements.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial period.

27. FAIR VALUE INFORMATION (cont'd)

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain shareholders', stakeholders' and market confidence and to sustain future development of the business.

The Group manages and determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objectives, policies and processes during the financial period under review as compared to the previous financial year.

The Group is not subject to any externally imposed capital requirements. The Group manages capital by regularly monitoring its liquidity requirements rather than using debt/equity ratio.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) Cooperation Agreement ("Agreement") with Hongtian Intelligent Technology (Tianjin) Co. Ltd. ("Tianjin Hongtian")

On 10 December 2019, the Company entered into an Agreement with Tianjin Hongtian to establish a Research and Education collaboration under the proposed cooperation vehicle, to be known as MCITEC Sdn. Bhd. ("MCITEC") in Malaysia to bridge resources of the Government, Enterprise, School Research Institute and People between Malaysia and China under China's "One Belt, One Road" initiative.

The Company and Tianjin Hongtian will incorporate MCITEC whereby MCITEC's issued share capital will be 1,250,000 ordinary shares amounting to RM1,250,000. The Company will hold 65% equity interest in MCITEC with the remaining equity interest being held by Tianjin Hongtian. As at the date of this report, the collaboration is yet to be completed.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (cont'd)

(b) Collaboration arrangement

On 26 July 2019, the Company received a Letter of Award from Negeri Sembilan Skills Development Centre ("NSSDC") in relation to the collaboration arrangement between the Company through its newly incorporated subsidiary, NS Infotech on the development of Industrial Revolution 4.0 Smart Manufacturing, Smart Warehouse and Intelligent Technology Research and Education Centre in the state of Negeri Sembilan.

The collaboration effort on industrial training and smart technology has been delayed due to the Movement Control Order ("MCO") following onset of Covid-19 and the new standard of procedures including social distancing which hinder the subsidiary from holding offline training, conference and promotion of its activities. There will be further planning on its future operations.

(c) Coronavirus ("Covid-19")

The Covid-19 outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020. Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in Malaysia and markets in which the Group operates.

The lockdown of non-essential services during the MCO which happened towards the reporting date, has affected the Group's sales cycle and collection from customers. The Group's business operation came to almost a standstill except for the support and maintenance provided to customers who were allowed to operate during the MCO. The deals which the Group was following prior to MCO halted and the sales teams were unable to make site visits and follow up on their leads. The Hong Kong government shut down for two months and the Group's semi-government projects stalled. Collection from customers dwindled as businesses conserved their cash flows and deferred spending in software system. The Group would have to double its effort to catch up on sales as businesses came to realise the relevance of digitalisation of their operations in the new era after Covid-19.

The Group is unable to reasonably estimate the financial impact of Covid-19 for the current financial period under review and for the financial year ending 31 March 2021 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Group will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

30. COMPARATIVE FIGURES

(a) Employee Share Options Scheme ("ESOS")

On 6 November 2017, the Company granted share options to eligible Directors and employees of the Group subject to fulfilling certain conditions attached to the share options.

Pursuant to MFRS 2 Share-based Payment Transactions, share-based payment awards shall be recognised in the financial statements based on fair value when the services are received, which is determined at the grant date for share-based payments issued to eligible employees. *MFRS 2* requires an expense to be recognised for the services received with the corresponding increase in share option reserve within equity, over the vesting period.

However, such expense was omitted during the financial year ended 31 December 2017 as the volatility input was erroneously estimated in the fair value calculation which resulted in the fair value per option to be negligible. The management revisited the fair value calculation during the financial period and thereafter updated the input. This has resulted in an ESOS expense of RM204,489 being recognised in the ESOS reserve on 1 January 2018, with a corresponding increase in the accumulated losses.

(b) "No Par Value" regime

In the previous financial year, the share capital and share premium of the Group and of the Company as at 1 December 2018 have been erroneously stated. The new Companies Act 2016 ("CA 2016"), which came into effect on 31 January 2017, introduces the "no par value" regime and accordingly, the concept of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of CA 2016, the amount standing to the credit of the share premium account shall become part of share capital. These changes should take effect during the financial year ended 31 December 2017 instead of 31 December 2018.

As a result, the Group's and the Company's entire share premium amounted to RM2,247,330 is transferred to share capital at 1 January 2018.

(c) Reclassifications

Certain comparative figures have been reclassified to conform with current financial period's presentation.

30. COMPARATIVE FIGURES (cont'd)

(d) Reconciliation of statements of financial position

	As previously reported RM	Adjustment RM	Reclassification RM	As restated RM
GROUP				
Consolidated statement of financial position				
At 1.1.2018				
Equity attributable to owners of the Company				
Share capital	24,970,802	2,247,330	-	27,218,132
Other reserves	2,708,294	(2,042,841)	-	665,453
Accumulated losses	(8,661,690)	(204,489)	-	(8,866,179)
At 31.12.2018				
Non-current assets				
Deferred tax assets	-	-	4,466	4,466
Current assets				
Current tax assets	24,316	-	(4,776)	19,540
Non-current liabilities				
Deferred tax liabilities	(310)	-	310	-
Equity attributable to owners of the Company				
Other reserves	463,653	192,734	-	656,387
Accumulated losses	(10,951,131)	(192,734)	-	(11,143,865)

30. COMPARATIVE FIGURES (cont'd)

(d) Reconciliation of statements of financial position

	As previously reported RM	Adjustment RM	Reclassification RM	As restated RM
COMPANY				
Statement of financial position				
At 1.1.2018				
Equity attributable to owners of the Company				
Share capital	24,970,802	2,247,330	-	27,218,132
Other reserves	2,247,330	(2,042,841)	-	204,489
Accumulated losses	(2,075,503)	(204,489)	-	(2,279,992)
At 31.12.2018				
Equity attributable to owners of the Company				
Other reserves	-	192,734	-	192,734
Accumulated losses	(8,206,744)	(192,734)	-	(8,399,478)

(e) Reconciliation of consolidated statement of comprehensive income

	As previously reported RM	Adjustment RM	Reclassification RM	As restated RM
1.1.2018 TO 31.12.2018				
Cost of sales	4,015,362	-	(622,422)	3,392,940
General and administrative expenses	580,576	-	2,379,728	2,960,304
Other expenses	1,757,306	-	(1,757,306)	-

LIST OF PROPERTIES

Location	Description and Existing Use	Tenure	Land area/ Built-up area (sq ft)	Date of acquisition/ Completion	Approximate age of Building (Years)	Carrying Amount (RM)
Unit 9-10, 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	20	952,299
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	12	283,681

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2020

Issued Share Capital	:	255,514,540 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Issued Shares	%
4	Less than 100	208	*
494	100 - 1,000	95,800	0.04
367	1,001 - 10,000	2,473,900	0.97
472	10,001 to 100,000 shares	18,073,700	7.07
129	100,001 to less than 5% of issued shares	118,832,400	46.51
4	5% and above of issued shares	116,038,532	45.41
1,470	**Total**	**255,514,540**	**100.00**

* Negligible

30 Largest Securities Account Holders based on Record of Depositors
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	YEAP KONG CHEAN	40,666,668	15.92
2	YEAP KONG TAI (Deceased)	32,786,664	12.83
3	TAI KAU @ TAI FAH CHONG	23,228,000	9.09
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE*	19,357,200	7.58
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ENG GING KIAT*	9,678,600	3.79
6	LEE WAI MUN	9,678,600	3.79
7	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEONG YEN YOON*	7,144,600	2.80
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP KONG TAI*	6,680,000	2.61
9	CHAN LI KHENG	6,597,000	2.58
10	YEAP CHOR BENG & SONS SDN BHD	5,500,000	2.15
11	TRICOR SERVICES (MALAYSIA) SDN. BHD.	4,930,000	1.93
12	TAN LAN WAH	4,707,800	1.84
13	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP KONG YEOW*	4,060,000	1.59
14	SEAW KENG SENG	3,900,000	1.53
15	WONG AH YONG	3,630,000	1.42

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2020 (cont'd)

30 Largest Securities Account Holders based on Record of Depositors (cont'd)
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
16	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOO CHEE BOON*	3,260,000	1.28
17	YEAP KONG YEOW	2,433,000	0.95
18	TAN LAN WAH	2,362,000	0.92
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM*	2,050,000	0.80
20	NG CHENG GUAN	1,604,100	0.63
21	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG*	1,100,000	0.43
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE CHEE CHIANG*	1,086,500	0.43
23	NG CHING SIONG	1,030,100	0.40
24	DATIN LEUNG KIT MAN	1,000,000	0.39
25	ENG GING KIAT	1,000,000	0.39
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN WEI THENG*	1,000,000	0.39
27	YEAP KAH PHAIK	1,000,000	0.39
28	ANG LAY MOOI	900,000	0.35
29	YEAP KING JIN	888,000	0.35
30	YEAP KONG YEOW	868,400	0.34

Substantial Shareholders' Shareholdings based on Register of Substantial Shareholders

		No. of Shares beneficially held				
No.	**Name of Substantial Shareholders**	**Direct Interest**	**%**	**Indirect Interest**	**%**	**Note**
1	Yeap Kong Chean	40,666,668	15.92	-	-	
2	Tan Hoay Leng	-	-	40,666,668	15.92	a
3	Yeap Kong Tai (Deceased)	39,466,664	15.45	-	-	
4	Dato' Woo Swee Lian	19,357,200	7.58	-	-	
5	Dato' Tai Kau @ Tai Fah Chong	23,228,000	9.09	-	-	

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2020 (cont'd)

Directors' Shareholdings based on Register of Directors' Shareholdings

		No. of Shares beneficially held				
No.	**Name of Directors**	**Direct Interest**	**%**	**Indirect Interest**	**%**	**Note**
1	Yeap Kong Chean	40,666,668	15.92	-	-	
2	Tan Hoay Leng	-	-	40,666,668	15.92	a
3	Dr. Ch'ng Huck Khoon	-	-	-	-	
4	Dato' Lee Wai Mun	9,678,600	3.79	-	-	
5	Wong Khai Meng	-	-	-	-	

Note:
a) Deemed interested through her spouse, Mr. Yeap Kong Chean

Interests in the related corporations

Save as disclosed above, none of the Directors had any interest in shares in the related corporations.

PROXY FORM

CDS account no.	
No. of shares held	

I/We ____ Tel: ____________________

[Full name in block, NRIC/Passport/Company No.]

of ____

being member(s) of Ygl Convergence Berhad, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at **Function Room, Sunway Hotel Georgetown, No. 33, Lorong Baru, 10400 George Town, Penang** on **Monday, 24 August 2020** at **10.30 a.m.** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	**Resolution**	**For**	**Against**
Re-election of Madam Tan Hoay Leng as Director of the Company.	Ordinary Resolution 1		
Re-election of Mr. Wong Khai Meng as Director of the Company.	Ordinary Resolution 2		
Approval of payment of Directors' fees for the 15 months financial period ended 31 March 2020.	Ordinary Resolution 3		
Approval of payment of benefits payable to Directors under Section 230(1)(b) of the Companies Act 2016.	Ordinary Resolution 4		
Re-appointment of Messrs. Moore Stephens Associates PLT as Auditors for the ensuing year and to authorise Directors to fix their remuneration.	Ordinary Resolution 5		
Authority to the Directors to issue and allot shares.	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _______________ day of ______________ 2020

____

Signature*
Members

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 August 2020. Only a depositor whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at this General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. Where a member of the Company is an authorised nominee, as defined in the Central Depositories Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 35, Scotland Road, 10450 Penang, not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment at which the person named in the appointment proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice will be put to vote by way of a poll.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

Affix Stamp

To:

The Company Secretaries

Ygl Convergence Behad

Registration No. 200401010510 (649013-W)

No. 35, Scotland Road

10450 Penang

Malaysia

Ygl Convergence Berhad 200401010510 (649013-W)

Penang (HQ)
35, Scotland Road
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Tel: +604 229 0619

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Kwun Tong, Kowloon
Hong Kong
Tel: +852 2609 1338

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Singapore
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Singapore 049513
T: +65 6670 6881

www.yglworld.com

YGL CONVERGENCE BERHAD
(Registration No. 200401010510 [649013-W])
(Incorporated in Malaysia)

CORPORATE GOVERNANCE ("CG") REPORT 2019/2020

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0086
COMPANY NAME : YGL CONVERGENCE BERHAD
FINANCIAL YEAR : 31 March 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board is entrusted with the stewardship of the Company in charting future corporate direction, achieving sustainable growth, discharging its social responsibilities, safeguarding the interests of its shareholders and stakeholders in addition to optimizing the Group's resources. The Board has also delegated specific matters to various Board Committees which operates within their respective approved Terms of Reference. There is division of function between the Board and the Management, whereby the former focuses more on the Company's governance; the latter on management in accordance with the direction of and delegation by the Board. Thus, the Board leads the Group and plays a strategic role in overseeing the overall activities of the Management in carrying out the delegated duties in achieving the Group's corporate objectives and long term strategic plans of the business. The Board consists of five (5) Directors, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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 in the Annual Report 2019/2020 of the Company. The Board complies with Rule 15.02 of Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market 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 clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board. The Executive Directors are responsible for the implementation of the Board's decisions and policies, overseeing of day-to-day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. The Executive Directors, Mr. Yeap Kong Chean and Madam Tan Hoay Leng, 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 and Non-Independent Non-Executive Directors, are of sufficient calibre and experience to bring objectivity, balance and independent judgments to the Board's decision. In addition to statutory and fiduciary duties, the Board leads in decision making and retains ultimate control in the determining of the Group's strategies and policies over business directions and development. The principal focus of the Board includes the following: • steering business directions; • reviewing and adopting strategic plans for the Group; • overseeing the Group's business operations and financial performance; • approval of annual and quarterly results, budgets and long term business plans; • approval of acquisition and disposal of major assets; • identifying major risks and the implementation of appropriate risk management and mitigation measures; • reviewing the adequacy and integrity of the Group's internal control system; • reviewing action plans implemented by the Management to achieve targets; and • ensuring compliance with applicable laws, rules and regulations. The Board has entrusted the Nominating Committee ("NC") with the responsibility to give full consideration to succession planning for Directors in the course of its works, taking into account the challenges and opportunities facing by the Company and what skills and expertise are therefore needed on the Board in the future. The Board has also entrusted the Executive Directors with the responsibility to review candidates and compensation packages for key management positions. The Group believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavours to ensure that annual reports, quarterly results, press release and announcements are

	released on timely basis as a means of disseminating information of the Group's business activities and financial performance. The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The Board ensures that there is a sound framework of reporting on internal controls and regulatory compliance. Details relating to the internal control system and review of effectiveness are available in the Statement of Risk Management and Internal Control as set out in the Annual Report 2019/2020.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">The position of Chairman is currently vacant.

The Company is a relatively small sized company with only five members on the Board. Currently the Board deals with the Chief Executive Officer ("CEO") whose focus is on day to day operation of the business. The Board collectively makes decisions pertaining to governance matters and business strategies.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The position of Chairman is vacant while the position of CEO is assumed by Mr. Yeap Kong Chean. The Board has not appointed a Chairman for the Board. The Board has assessed the situation and taken action to look for a high calibre Chairman, a person who will bring new perspective, ideas and drive to the Group to be appointed as Chairman of the Company. The Board recognizes the importance of having a clearly accepted division of roles and responsibilities at the Head of the Company to ensure a balance of power and authority. Mr. Yeap Kong Chean as CEO is focusing on the business and day-to-day management of the Company. Executive Directors are responsible for the implementation of the Board's decision and policies, overseeing for day-to-day management and coordination of business and strategic decisions, while the Independent and Non-Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by qualified and competent Company Secretaries who are also members of a professional body. The Board has appointed Ms Thum Sook Fun and Ms Low Seow Wei as Company Secretaries. They are both qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They are member of Malaysian Institute of Accountants and Malaysian Institute of Chartered Secretaries and Administrators. The company secretaries:- • Manage all the Board meetings by ensuring attendance • Ensuring due processes and proceedings during AGM • Record and keep deliberations of meetings in minutes • Communicate outcome of meetings to relevant Management for follow up actions • Update the Board on decisions and recommendations • Update and apprise the Board regularly on new regulations issued by the regulatory authorities • Ensure the Board procedures comply with all other rules and regulations applicable to the Company • Advise the Board of the Company's constitution, Board policies, best practices, codes and guidance • Work closely with Management to ensure that there is timely and appropriate information flow within and to the Board and Board Committees • Support the Board in fulfilling its fiduciary duties and oversight role in achieving good corporate governance • Assist in induction programme of newly appointed Director, namely Wong Khai Meng who was appointed on 12 May 2020.
Explanation for departure	:	

<table>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:		
Explanation for departure	:	The Board meetings are held at quarterly intervals and additional meetings are held should the need arise. The Board is provided with notice of meetings that set out the agenda and minutes of previous meeting were circulate to the Board at least seven (7) days before the meetings. All relevant reports and board papers are distributed to all Directors before the Board Meeting. The proceedings at all Board meetings are duly minuted. The Minutes of these proceedings are kept at the registered office of the company. Upon conclusion of the meeting, the minutes are circulated in timely manner. The Company Secretary will communicate with the Management on the Board's decisions or recommendations or requests via circularisation of the minutes of meetings for follow up action to be taken. With reference to the previous minutes of meetings, these follow up actions will be recorded as matters arising in the minutes of meeting for updating the Board. For the financial period ended 31 March 2020, the Board had held six (6) meetings which were attended by the Directors with full attendance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The roles and responsibilities of the Board are outlined 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 are periodically reviewed and updated to meet the needs of the Company as well as changing requirements set by the authorities. The Board Charter is available on the Company's website at www.yglworld.com. There is division of function between the Board and the Management, whereby the former focuses more on the Company's governance; the latter on management in accordance with the direction of and delegation by the Board. Thus, the Board leads the Group and plays a strategic role in overseeing the overall activities of the Management in carrying out the delegated duties in achieving the Group's corporate objectives and long term strategic plans of the business. The Board has adopted a charter to provide the terms of reference for its members in relation to the roles and responsibilities, division of responsibilities among the Board and the Board Committees. The Board Charter is subject to review periodically so as to ensure alignment of the Board's strategic commitment with the relevant principles of corporate governance. In addition to statutory and fiduciary duties, the Board leads in decision making and retains ultimate control in the determining of the Group's strategies and policies over business directions and development.
Explanation for departure	:	

<table>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1
The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application :	Applied		
Explanation on application of the practice :	The Board views adherence to the best practices of corporate governance as the means to uphold high standard of corporate conduct. The Code of Ethics and Conducts of the Company set out the ethical standards and appropriate conduct at work adopted by the Group and applicable to all the employees and Board members. Areas covered by the Code of Ethics and Conducts encompass information confidentiality and security, conflict of interests, protection of asset, insider trading etc. The details of the Code of Ethics and Conduct are available for reference on the Company's website at www.yglworld.com . The Directors of the Group is guided by the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Board has formalized vide the Code of Conduct its expectation on time commitment for its members as well as the requirement to notify the Board prior to accepting new directorship in any entity's board.		
Explanation for departure :			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure :			
Timeframe :			

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied	
Explanation on application of the practice :	The Board has adopted its Whistleblower Policy on 26 August 2019 to provide protection for its Directors and employees in the event of reporting any wrongdoing within the Group as well as protect the interests of the Company. The details of the Whistleblower Policy are available for reference on the Company's website at www.yglworld.com .	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority of independent directors.

Application	:	Departure
Explanation on application of the practice	:	For financial period ended 31 March 2020, the Board consists of five (5) Directors, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. The Board complies with Rule 15.02 of Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market 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 clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board. The Executive Directors are responsible for the implementation of the Board's decisions and policies, overseeing of day-to-day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. The presence of the existing Independent Non-Executive Directors, are of sufficient calibre and experience to bring objectivity, balance and independent judgments to the Board's decision. The Board acknowledges the importance of independence and objectivity in its deliberations and decision making. The Board and its Nominating Committee ("NC") in their annual review concluded that each of the three Independent and Non-Independent Non-Executive Directors have upheld high standard of conduct and behaviour essentially traits of independence. Each of them continues to fulfill the definition and criteria of independence as set out by Bursa Securities.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders’ approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders’ approval through a two-tier voting process.

<table>
<tr><td>Application :</td><td colspan="2">Applied.</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Pursuant to recommendation 3.2 of MCCG 2017, the tenure of an Independent Director should not exceed a cumulative term of nine years. None of the independent non-executive directors has served tenure for more than nine years:-
<table><tr><td>Years of Service</td><td>< 5 years</td><td>> 5 years</td><td>> 9 years</td></tr><tr><td>Independent NEDs</td><td>1</td><td>1</td><td>-</td></tr></table></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Not adopted.	
Explanation on application of the practice :		
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	For financial period ended 31 March 2020, the Board consists of five (5) Directors, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. The Board has entrusted the Nominating Committee ("NC") which is chaired by an Independent Director with the responsibility to give full consideration to succession planning for Directors in the course of its works, taking into account the challenges and opportunities facing by the Company and what skills and expertise are therefore needed on the Board in the future.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Applied	
Explanation on application of the practice :	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. She is currently the only female Director out of a total 5 Board members.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:	The Board mostly rely on recommendations by third party/various independent sources in identifying candidates for appointment of directors. Independent Non-Executive Director, namely Wong Khai Meng was appointed on 12 May 2020. He was appointed to Ygl's Board based on his experience in growing technology start-ups, business network and trustworthy character.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	NC Chairman-Wong Khai Meng (Independent Non-Executive Director) The Board is satisfied with the composition of the NC and confident that this Committee discharges its functions efficiently and effectively with respect to the nomination matters.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied
Explanation on application of the practice :	The Board has established the NC on 23 April 2013 and currently comprises of Independent and Non-Independent Non-Executive Directors ("INED"). 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 comprises of the following Board members:- **Chairman** Wong Khai Meng (Independent Non-Executive Director) (Appointed as Chairman of NC on 12 May 2020) **Committee Members** Dr. Ch'ng Huck Khoon (Independent Non-Executive Director) Dato' Lee Wai Mun, D.I.M.P., J.P. (Non-Independent Non-Executive Director) The NC meets when necessary. During the financial period ended 31 March 2020, the NC met one (1) time with full attendance from its members. The key activities carried out by NC are summarised as follows:- The NC conducted the annual assessment of the performance of the Board as a whole for the financial period ended 31 March 2020 based on the following criteria:-

	• Board mix & composition • Quality of information & decision making • Boardroom activities • Board committee performance evaluation Arising therefrom, several actions were identified to improve Board operations. Based on the assessment of Board effectiveness as a whole, it was concluded that the Board has discharged its duties and responsibilities adequately. Further, in line with Principle 2 of MCCG, the NC conducted its annual assessment of the INED made its recommendations to the Board. The Board was satisfied with the level of independence demonstrated by each and every one of the Independent Directors on Board of the Company. The NC had duly considered and recommended the re-election of the Directors who were subject to retirement by rotation at the last AGM held on 27 May 2019. Apart from the qualifications and competencies of the said Director, the NC's review on the proposed re-election as Directors takes into account the mix of skill set, experience and contribution bring to the Board. Re-election of Directors of the Company is in accordance with the Company's Constitution. In accordance with Clause 76(3) of the Company's Constitution, one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. The NC and Board affirm their commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and capacity. The Board has not set any measure for boardroom diversity but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, marital status, education or geographic region, during the recruitment of new Board members. The NC adopts a transparent practice to access the suitability of an individual to be appointed to the Board. Recruitment is based on pre-set criteria such as the individual's skills, knowledge, expertise and experience, professionalism and integrity. The NC also ensures that the procedures for appointing new Director are transparent and that the appointments are made on the merit and against objective criteria for the purpose.

<table>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	There is a Remuneration Policy in place for all employees including Directors and senior management. The purpose of the Remuneration Policy is to set a formal and transparent process in determining fair and attractive packages to draw, retain and motivate quality people to become part of the team. The Remuneration Committee ("RC") reviews the remuneration policy for members of the Board including Committees of the Board prior to making recommendation to the Board for approval. Executive Directors' remuneration is based on corporate and individual performance while INEDs' fees are based on fiduciary duties, time commitment and company performance.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Remuneration Committee ("RC") on 28 November 2017 and the Terms of Reference are disclosed in the Company's website at www.yglworld.com . The RC is in charge of the implementation of policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board pursuant to the recommendations of MCCG. The RC comprises of the following Board members:- **Chairman** Dato' Lee Wai Mun, D.I.M.P.,J.P. (Non-Independent Non-Executive Director) (Re-designated as Chairman of RC on 12 May 2020) **Committee Members** Dr. Ch'ng Huck Khoon (Independent Non-Executive Director) Wong Khai Meng (Independent Non-Executive Director) (appointed with effective from 12 May 2020) Accordingly, the remuneration including fees and any benefits of the Directors are disclosed in the annual report and recommended to shareholder for their approval in annual general meeting ("AGM") pursuant to Section 230(1) of the Companies Act 2016.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	In line with the ACE Market Listing Requirements of Bursa Securities relating to corporate governance, the remuneration of Directors on named basis is disclosed in the Annual Report 2019/2020. The remuneration is structured to link rewards to corporate and individual performance as in the case for Executive Directors. As for INEDs, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the respective Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	For financial period ended 31 March 2020, due to one (1) senior management personnel resigned in December 2019, there are only four (4) senior management's remuneration instead of top five (5) (as requested under Practice 7.2 of MCCG), in bands of RM50,000.00 is made on named basis in the Annual Report 2019/2020.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not adopted.
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied.	
Explanation on application of the practice	:	Dr. Ch'ng Huck Khoon is the Chairman of the Audit and Risk Management Committee ("ARMC") and is not the Chairman of the Board.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The TOR of ARMC clearly set out that "No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years before being appointed as a member of the Committee". At present, none of the members of the ARMC was former key audit partner of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	For financial period ended 31 March 2020, the ARMC assists the Board in assessing, reviewing and supervising the suitability, objectivity, independence and overall performance of the external auditors – Messrs. CHENGCO PLT (formerly known as Messrs. Cheng & Co) ("Messrs. CHENGCO PLT"). On 25 February 2019, the ARMC had undertaken an annual assessment of the suitability, objectivity and independence of Messrs. CHENGCO PLT. The annual evaluation comprises of: - a) Calibre of External Audit Firm; b) Quality processes or performance; c) Audit team; d) Independence and objectivity; e) Audit fees; and f) Audit communication. The ARMC was satisfied with the results of the external auditors' annual performance evaluation, and the overall effectiveness of the external audit process. Upon considering the suitability, objectivity, and independence of the external auditors – Messrs. CHENGCO PLT, the ARMC has recommended the re-appointment of Messrs. CHENGCO PLT for the shareholders' approval in the AGM held in year 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Departure
Explanation on adoption of the practice	:	The ARMC of the Company comprises of INEDs and Non-Independent NED. For financial period ended 31 March 2020, the ARMC of the Company comprises of two (2) INEDs and one (1) Non-Independent NED. The ARMC is chaired by Dr. Ch'ng Huck Khoon. The NC reviews the composition of AC annually and recommends to the Board for its approval. Only NEDs who are financially literate or possess relevant business experience are appointed to ARMC. Even though a Non-Independent NED is appointed to ARMC, he is impartial in discharging his duty as an ARMC member. The NC reviews the effectiveness and performance of the ARMC through an annual evaluation.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied		
Explanation on application of the practice :	The ARMC is comprised of two (2) INEDs and one (1) Non-Independent NED who are financially literate and keep up to date with the relevant development in accounting and auditing standards, practices and rules. The ARMC is also well informed by the company secretary and external auditors of the applicability and impact of the changes in accounting and auditing requirements on the Company. The members of ARMC are expected to make sufficient effort to update their knowledge and skills through relevant continuing education programmes for meaningful deliberations.		
Explanation for departure :			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure :			
Timeframe :			

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application :	Applied	
Explanation on application of the practice :	The Board consider risk assessment and internal 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. The Board recognises the importance of continuous review and improvement to its risk management process to keep abreast with the industry requirements and adapt to changes in its business environment. The risk management and internal control policy is available for reference on the Company's website at www.yglworld.com .	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The risk management and internal control policy is available for reference on the Company's website at www.yglworld.com.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Applied	
Explanation on adoption of the practice :	The Audit Committee which has been assisting the Board amongst others, overseeing the Group's risk management was renamed as Audit and Risk Management Committee ("ARMC"). The ARMC, comprising of two (2) INEDs and one (1) Non-Independent NED, is chaired by Dr. Ch'ng Huck Khoon who is an Independent Non-Executive Director.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	The internal audit function of the Group is outsourced to a professional service firm to provide the ARMC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control. During the financial period ended 31 March 2020, the internal auditors performed two internal audit assignments in accordance with the internal audit plan approved by the ARMC. The findings and recommendations by the internal auditors together with Management's response are reported directly to the ARMC. This is to provide the ARMC with assurance in respect of continuity, adequacy and integrity of the system of internal controls within the Group. The Management would take appropriate actions to address and monitor the areas of weaknesses which would be followed by the ARMC. The ARMC, on behalf of the Board, reviews the internal control issues identified and recommendations in the reports prepared by the internal auditor on regular basis. None of these weaknesses identified had resulted in any material loss that would require disclosure in the Group's Annual Report 2019/2020.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	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 audit team possesses relevant auditing experience to discharge its role and responsibilities. The ARMC had conducted a review and assessment on the adequacy and independence of the Company's internal audit function on 25 February 2019 in compliance with Rule 15.12 (1)(e) of the ACE Market Listing Requirements of Bursa Securities. The standards and practices adopted by internal auditors are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 March 2020, the total number of personnel in internal audit firm was 30. The name and qualification of the person responsible for internal audit are as follows :- 1. Tan Yen Wooi, Managing Partner in Messrs. Tan & Loh. Obtained a Master of Science in Professional Accountancy from University of London in 2017. He is a member of the Malaysia Institute of Accountants, Malaysia Institute of Taxation, Institute of Internal Auditor and fellow of Association of Chartered Certified Accountants. 2. Taufiq Ali Bin Dasthagir PIC. Graduated with a Bachelor of Accounting from University Sains Malaysia in 2016.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the need for stakeholders and the broader investment community to make discerned decisions based on accurate, useful and timely disclosure of corporate information. Material information such as the Group's performance and major developments are disseminated via various channels. Annual reports and circulars are despatched to shareholders and published on the Company's and Bursa Securities' websites, release of announcements including quarterly financial results and convening of AGM. The Corporate website at www.yglworld.com, which is accessible to the public, contains all relevant information about the Company and the Group including all submissions to Bursa Securities. The Group has maintained an active and constructive communication policy with its shareholders and others stakeholders to keep them in tandem with the major developments and performance of the Group. The annual report is the main channel of communication between the Company and its stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group. The Board has set up appropriate corporate disclosure policy and exercise close monitoring of all price sensitive information required to be released to Bursa Securities and make material announcements to Bursa Securities in a timely manner. The Company conducts limited investor relation ("IR") functions except for certain seminars/talks on our domain expertise.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<table>
<tr><td>Application :</td><td colspan="2">Not applicable.</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The notice of Annual General Meeting (“AGM”) and Annual Report 2018 were sent to the shareholders twenty-eight (28) days before the AGM 2019 which is well in advance of the twenty one (21) day requirement set by the Companies Act, 2016 and Company’s Constitution. The notice of the AGM was also published in widely circulated newspaper namely The New Straits Times.

The additional days enables the shareholders additional time to peruse the resolutions and make discerned decision in casting their votes at the AGM. Each item of special business included in the Notice of the Meeting was accompanied by explanatory notes for the effects of a proposed resolution to facilitate full understanding and evaluation issues involved.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	The Board values the importance of high level accountability and corporate transparency between the Company and its shareholders. At the 15th AGM held on 27 May 2019, all the five (5) Directors were present in person to engage directly with the shareholders. The two (2) INEDs and one (1) Non-Independent NED were also Chairmen of the AC and NC respectively. The CEO, Executive Director and external auditors were in attendance to answer any question on operating and financial performance of the Group. At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed and to share viewpoints and acquire information on issues relevant to the Group's business operation in general.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As the Company does not have a large number of shareholders or conduct general meetings in remote location or more than one venue, there has been no usage of technology to facilitate voting in absentia or remote shareholders' participation in its general meetings. The Company adopted voting by poll in its most recent 15th AGM held on 27 May 2019 for all resolutions proposed where shareholders and proxy holders cast votes by way of voting slips.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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