

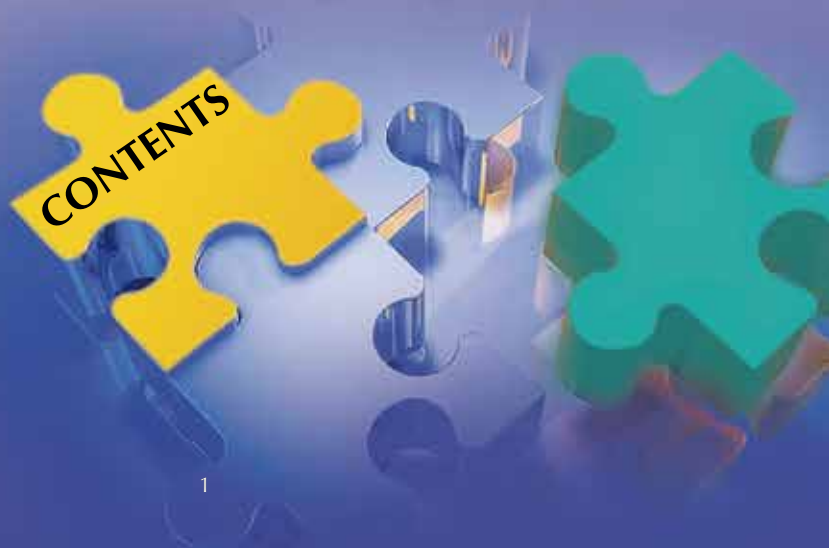


Annual Report 2022



Ygl Convergence Berhad
200401010510 (649013-W)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting of Ygl Convergence Berhad (“Ygl” or “the Company”) will be held at Bayu 1, Level 2, Ascott Gurney Penang, No. 18, Gurney Drive, 10250 George Town, Penang on Thursday, 25 August 2022, 10.30 a.m. for the following purposes:-

As Ordinary Business:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who retire by rotation in accordance with Clause 76(3) of the Constitution of the Company and being eligible, have offered themselves for re-election:-
 - (a) Madam Tan Hoay Leng; and **Ordinary Resolution 1**
 - (b) Mr. Wong Khai Meng. **Ordinary Resolution 2**
3. To approve the payment of Directors’ fees of RM90,000.00 for the financial year ended 31 March 2022. **Ordinary Resolution 3**
4. To approve the payment of benefits payable to the Directors up to an amount RM20,000.00 for the period commencing from 26 August 2022 until the next Annual General Meeting of the Company to be held in year 2023. **Ordinary Resolution 4**
5. To re-appoint Messrs. Moore Stephens Associates PLT as the Company’s Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**
6. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

As Special Business:-

7. Ordinary Resolution:-

Authority to issue shares pursuant to the Companies Act 2016

Ordinary Resolution 6

"THAT subject always to the Companies Act 2016 (the "Act"), the Company's Constitution, Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements and any relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be 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 Securities; AND FURTHER 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."

By Order of the Board,

YEOW SZE MIN (SSM PC No. 201908003120, MAICSA 7065735)

LOW SEOW WEI (SSM PC No. 202008000437, MAICSA 7053500)

Company Secretaries

Penang

Date: 27 July 2022

(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 **19 August 2022**. 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. If two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

5. Where a member of the Company is an authorised nominee, as defined in the Securities Industry (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.
6. 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.
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 ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this notice will be put to vote by way of a poll.

(B) Explanatory Notes:

1. Item 1 of the Agenda: Audited Financial Statements for the financial year ended 31 March 2022

The first agenda of this meeting is meant for discussion only, as Section 304(1) of the Companies Act 2016 ("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. Ordinary Resolutions 1 and 2: 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 as a whole and all Board Committees; and
- (ii) For Independent and 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 6.1 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 2022 and the Corporate Governance Report of the Company.

Madam Tan Hoay Leng and Mr. Wong Khai Meng, who retire in accordance with Clause 76(3) of the Company's Constitution, have offered themselves for re-election at the 18th AGM and abstained from deliberation as well as decision on their own eligibility to stand for re-election.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Ordinary Resolutions 3 and 4: Payment of Directors' fee and benefits made payable to the Directors

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:-

Ordinary Resolution 3 on the payment of Directors' fees for the financial year ended 31 March 2022;

Ordinary Resolution 4 on the payment of benefits to the Directors of the Company for the period commencing from 26 August 2022 until the date of the next AGM of the Company.

The proposed Directors' fees of RM90,000.00 to be paid to all Directors (except for the Chief Executive Officer who is also a Director of the Company) for the financial year ended 31 March 2022 are based on the annual fee of RM20,000.00 for each Director.

Under Ordinary 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 Directors of the Company, which recognises that the benefits payable is 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 of the Annual Report 2022 and the Corporate Governance Report of the Company.

4. Ordinary Resolution 5: Re-appointment of Auditors

The Board and the Audit and Risk Management Committee have considered the re-appointment of Messrs. Moore Stephens Associates PLT as auditors of the Company, are satisfied with the performance, competency, audit approach and independence of Messrs. Moore Stephens Associates PLT and viewed that they have met the relevant criteria prescribed by Rule 15.21 of AMLR of Bursa Securities.

5. Ordinary Resolution 6: Authority to issue shares pursuant to Companies Act 2016

The Ordinary Resolution 6 is primarily to seek for renewal of a Previous Mandate (as defined herein) to give flexibility to the Board of Directors to issue and allot shares up to 10% of the total number of issued share (excluding treasury shares) of the Company for the time being, at any time in its absolute discretion without convening a general meeting (hereinafter referred to as the "General Mandate"). The General Mandate will enable the Directors to take swift action for allotment of shares 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, and avoid delay and cost in convening general meetings to approve such issue of shares. 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 Company has been granted a general mandate by its shareholders at the last AGM held on 23 December 2021 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the Previous Mandate and hence, no proceeds were raised therefrom.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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.

Important Notes on Precautionary Measures:-

The Board of Directors of the Company is cognisant of the outbreak Coronavirus Disease ("COVID-19"). Despite Malaysia transitioning into endemic phase of COVID-19, the health and safety of the Company's shareholders, Directors, staff and other stakeholders are of paramount concern for the Company.

The Company will be closely monitoring the COVID-19 situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the 18th AGM and/or its stakeholders. Any material developments will be announced on the Bursa Securities and members are advised to check the Company's announcement(s) made via Bursa Securities regularly for updates in respect of the 18th AGM and/or material developments.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the AMLR 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 AMLR 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 18th AGM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yeap Kong Chean
Chief Executive Officer

Tan Hoay Leng
Executive Director

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

Wong Khai Meng
Independent & Non-Executive Director

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Wong Khai Meng
Chairman

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

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

NOMINATING COMMITTEE

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

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

Wong Khai Meng

REMUNERATION COMMITTEE

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

Wong Khai Meng

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

COMPANY SECRETARIES

Yeow Sze Min (MAICSA 7065735)
(SSM PC No. 201908003120)
Low Seow Wei (MAICSA 7053500)
(SSM PC No. 202008000437)

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

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

AmInvestment Bank Berhad
Level 3, No. 37, Jalan Sultan Ahmad Shah,
10050 George Town, Penang.
Tel: 04-226 1818
Fax: 04-226 7324

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 60, Male, Malaysian*



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

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

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

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

He attended all the five (5) Board of Directors' Meetings held in the financial year ended 31 March 2022.

TAN HOAY LENG

*Executive Director
Aged 55, Female, Malaysian*



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

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

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

She has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

She attended all the five (5) Board of Directors' Meetings held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS (cont'd)

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

*Non-Independent &
Non-Executive Director
Aged 49, Male, Malaysian*



Dato' Lee Wai Mun, D.I.M.P., J.P. ("Dato' Lee") 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.

Dato' Lee graduated with an Advanced Diploma, Business Administration from ATC College in 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 Ygi iBay International Group of Companies. Dato' Lee has thirty (30) years of experience as a businessman with diverse expertise in mining, construction, property development, trading, plantation and logistic.

Dato' Lee is instrumental in the marketing of Malaysian iron ores to China based steel manufacturers. He 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 2013. In 2017, he was appointed as Jaksa Pendamai (J.P.) by the Sultan of Kelantan.

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

Dato' Lee has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

He attended all the five (5) Board of Directors' Meetings held in the financial year ended 31 March 2022.

WONG KHAI MENG

*Independent &
Non-Executive Director
Aged 44, Male, Malaysian*



Wong Khai Meng was appointed to the Board on 12 May 2020. Mr. Wong was re-designated as Chairman of the Audit and Risk Management Committee and as a member of Nominating Committee of the Company on 23 December 2021. He is also a member of Remuneration Committee of the Company.

Mr. Wong is a member of MIA and a Certified Financial Planner with Financial Planning Association of Malaysia.

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

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

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

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

He attended all the five (5) Board of Directors' Meetings held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS (cont'd)

MUHAMED ALI BIN HAJAH MYDIN
Independent & Non-Executive Director
Aged 51, Male, Malaysian



Muhamed Ali Bin Hajah Mydin was appointed to the Board on 12 July 2021. He is a member of the Audit and Risk Management Committee and Remuneration Committee of the Company. Encik Muhamed Ali was re-designated as Chairman of Nominating Committee of the Company on 23 December 2021.

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

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

He has clocked twenty-seven (27) years of working experience in various disciplines covering deployment of ICT systems, hardware and software integration, advisory roles, panel of policy development and driver of Industry 4.0 transformation.

He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

He attended three (3) Board of Directors' Meetings held in the financial year ended 31 March 2022 as his appointment to the Board was on 12 July 2021.

i. Family Relationships with Director and/or Major Shareholders

Directors	Relationship
Yeap Kong Chean	Spouse of Madam Tan Hoay Leng, an 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, an Executive Director, Chief Executive Officer and major shareholder of the Company.

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

ii. Directors' Shareholdings

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

PROFILE OF KEY SENIOR MANAGEMENT

YONG CHENG YEW

Innovation Manager

Aged 44, 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 three (3) years as Programmer. He spent another three (3) years in Platronix Sdn. Bhd. as 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 year 2015 and led his team in the development of ePortal and ERP solutions with Industry 4.0 capability.

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

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any other 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 year ended 31 March 2022.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

YEAP KAH PHAIK

Project Manager

Aged 57, 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 year 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, a 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, an Executive Director of the Company.

She holds 1.625 million ordinary shares in the Company which is 0.64% shareholding. She does not hold any directorships in any other public listed companies. She has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2022.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)**HO SOO WEE***Group Marketing Manager**Aged 54, 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 Ygi own marketing department by planning and implementing marketing strategies in alignment with the Company's brand objectives. He gained good experience working with public relation companies to launch investor relation events and establish rapport with members of the media and customers.

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

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any other 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 year ended 31 March 2022.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

ONG CHEE KEONG

R & D Manager

Aged 35, Male, Malaysian

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

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

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

He has no family relationship with other directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He does not hold any directorships in any other 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 year ended 31 March 2022.

CHIEF EXECUTIVE OFFICER'S STATEMENT, MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors and the Management team of Ygi Convergence Berhad ("Ygi" or "the Company"), I would like to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 March 2022 ("FYE2022").

We should be looking beyond the pandemic and seeing the new market environment with different lenses. Business models have since changed tremendously, work culture moots work-life integration and organisations are expected to function ethically for the good and prosperity of the society and planet. The environmental, social and governance ("ESG") factors have become mainstream and all aspects of commercial transactions and entities essentially have to incorporate the ESG qualities towards long-term sustainability.

At Ygi, we are expanding our smart warehouse, business analytics and machine integration solutions to complement our Enterprise Resource Planning ("ERP") software to enable small and medium sized manufacturers ("SMEs") to optimise their utilisation of resources by elevating their operation efficiency and productivity. Ygi's solar installation segment has been installing solar panels for the industrial and residential houses. Resource optimisation and reduction of wastage coupled with harnessing renewable energy are our missions where we would be able to contribute to ESG through sustainable manufacturing and sustainable life.

Post-pandemic market scenario sees acute shortage of manpower across industries and one of the goals of the national policy on the Fourth Industrial Revolution ("National 4IR Policy") is to lower local industries' dependence on low-skilled workers through digitalisation and automation of manufacturing processes. Ygi is taking proactive role in the digitalisation and automation process of local SMEs so as to be in tandem with the Malaysian government's effort in driving local SMEs' business transformation.

We are strengthening our foothold in ERP for the manufacturing sector where our domain ERP forms the core to digitalisation and integration with e-commerce, cloud computing, artificial intelligence, robotic and Internet of Things ("IoT"). In the renewable energy sector, we are gaining headway and steadfastness in transforming our customers from traditional fossil energy to solar power.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Impact of the Pandemic

Malaysia government imposed movement restriction from 11 January 2021 and extended it till 14 June 2021 then implemented National Recovery Plan from 15 June 2021 until the fully opening of the economy on 1 October 2021. There were a number of months before the opening of the market on 1 October 2021 where our sales teams were not able to go on-site to engage customers as face-to-face meetings were vital for them to build trust in us. As such, certain new deals were delayed and existing projects were slowed down during the restricted period. Our engineering team was unable to install solar system for customers and projects were postponed. During this period, material and transportation costs went up and affected our margin. After the opening of the economy on 1 October 2021, we were grateful that projects started to come in and implementation and installation works were resumed.

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

FINANCIAL PERFORMANCE REVIEW

Ygl recorded revenue of RM13.853 million for the FYE2022 while gross profit was RM2.963 million at 21.39%, as compared to the revenue of RM5.473 million and gross profit of RM1.411 million at 25.78% recorded in the financial year ended 31 March 2021 ("FYE2021"). This was mainly due to higher revenue recorded in FYE2022.

Net loss attributable to ordinary equity holders of the parent was RM0.078 million and this was mainly due to different project margin and the increase in material costs of solar system for FYE2022. For FYE2021 there was a net profit attributable to ordinary equity holders of the parent of RM0.192 million. This was mainly due to the reversal of impairment loss on investment in an associated company and share of results, totalling RM1.724 million for FYE2021.

Software Implementation Segment

The software implementation segment recorded a revenue of RM5.578 million for FYE2022 as compared to revenue of RM4.583 million for FYE2021. Net loss from operations was RM0.162 million for FYE2022 as compared to net loss from operations of RM0.033 million for FYE2021. This was mainly due to the reversal of impairment loss on investment in an associated company and share of results, totalling to RM1.724 million for FYE2021.

Solar Installation Segment

The solar installation segment recorded a revenue of RM8.275 million for FYE2022 as compared to revenue of RM0.890 million for FYE2021. Net loss from operations was RM0.296 million for FYE2022 as compared to net profit from operations of RM0.119 million for FYE2021. This was mainly due to the increase in solar panels prices during the pandemic period where contracts were already committed with customers in FYE2022.

Net loss per share of the Group for the FYE2022 was 0.03 sen as compared to net earnings per share of 0.08 sen for the FYE2021.

RESEARCH AND DEVELOPMENT ("R&D")

For FYE2022, Ygl Group invested RM1.312 million in the R&D of Ygl's proprietary products as compared to the R&D expenditure of RM1.010 million for FYE2021. Such investment is necessary for Ygl to continuously keeping abreast with the advancement in technology and to improve the quality of Ygl's proprietary products.

STRATEGIES AND INITIATIVES

Ygl's proprietary Smart Manufacturing and Smart Warehouse have been proven solutions to Ygl's customers. There are competitive advantages against similar solutions from overseas. Ygl intends to enlarge its market share in Malaysia and establishes its enterprise solution as a more suitable solution to Asian businesses.

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

STRATEGIES AND INITIATIVES (cont'd)

Our subsidiary, namely Ai Solar Sdn. Bhd. has established its name in the renewable energy market. We intend to synergise Ygl's solar installation segment with Ygl's Smart Manufacturing and Smart Warehouse segment to provide green and sustainable solution to our customers.

Ygl will continue its R&D effort on smart solutions. An open and fully integrated system with third-party software applications and hardware robotics is the future for enterprise and mankind.

FUTURE AND PROSPECTS OF YGL GROUP

We are cautiously optimistic of the future with market sentiments and spending improved post pandemic. The world has seen some challenges from the war and the increase in prices. Ygl has the advantage in providing cost-effective and green solutions to the industries looking forward to minimising the utilisation of materials and human resources.

We are confident that our solution will gain popularity in Malaysia and the Asia region.

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.

Yeap Kong Chean
Chief Executive Officer

Date: 12 July 2022

SUSTAINABILITY STATEMENT

At Ygl Convergence Berhad (“Ygl”), we conduct our business operations in a responsible and sustainable manner to deliver long-term positive values to all stakeholders and the community. We continue to chart our strategic sustainability direction based on the principle that “we want to meet our present needs without compromising the ability of future generations to meet theirs”. The foundation of this principle comes from our commitment to conservation and protection of the environment, upholding human rights and nurturing human asset and embracing good corporate governance.

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

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



OUR COMMITMENT TO SUSTAINABILITY

Core values

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

Governance

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

SUSTAINABILITY STATEMENT (cont'd)

Products and Services

We continue to develop Enterprise Resource Planning (“ERP”) solutions benchmarked against world class software, product innovation accustomed to local business needs and upskilling of local workforce in the adoption of Industry Revolution 4.0 (“IR4.0”) technology such as Smart Manufacturing and Smart Warehouse.

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

Environment	How Ygl assumes its role as a steward of nature conservation	<ul style="list-style-type: none"> • optimise use of resources • minimise wastage of resources • consumption of renewable energy
Social	How Ygl manages its relationships with employees, customers, suppliers, investors and community	<ul style="list-style-type: none"> • protection of data security • employee health and safety • equality and inclusiveness • employee engagement • community service • quality products and services
Governance	How the leadership in Ygl maintains transparency and accountability	<ul style="list-style-type: none"> • values and code of conduct • responsible and ethical practices • business growth and profits • timely announcements • compliance with relevant law and regulations

SUSTAINABILITY STATEMENT (cont'd)

Our stakeholders

Ygl is committed to establish shared value among our stakeholders who are pivotal in our long-term success and identifies sustainability related issues by taking into account their expectations and interests which may directly or indirectly impact on the Group's business as below:-

Stakeholders	Concerns	Engagement approach
Customers	<ul style="list-style-type: none"> • Product deliverables • Service and support quality • Confidentiality 	<ul style="list-style-type: none"> • Customers' feedback • Support website • Non-disclosure arrangement
Employees	<ul style="list-style-type: none"> • Health and safety • Self and career development • Compensation, benefits and welfare • Code of conduct 	<ul style="list-style-type: none"> • Review of remuneration package • Open internal communication channel • Performance assessment and training • Sporting activities
Investors	<ul style="list-style-type: none"> • Business strategy and governance • Group financial performance • Use of company resources 	<ul style="list-style-type: none"> • Annual General Meeting ("AGM") • Quarterly reporting of financial results • Annual reports
Suppliers	<ul style="list-style-type: none"> • Pricing and quality of services • Information security 	<ul style="list-style-type: none"> • Vetting of suppliers • Restricted access
Statutory and regulatory bodies	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements 	<ul style="list-style-type: none"> • Relevant laws and regulations • Guidelines and standards • Warning letters or feedback from respective regulatory bodies
Communities	<ul style="list-style-type: none"> • Community service activities • Aids and support 	<ul style="list-style-type: none"> • Social contribution • Employee engagement in charitable activities • Re-skilling program

SUSTAINABILITY STATEMENT (cont'd)

OUR FOOTPRINT IN FINANCIAL YEAR ENDED 31 MARCH 2022 (“FYE2022”)

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

COMMUNITY

Ygl is committed to continuing its “Circle of Love” endeavor as a part of its CSR activities in contributing to the society. Ygl’s annual CSR calendar of events aims to promote healthy living and ecological preservation, while paying special attention to the community it operates in.

During the year, we raised fund through the “Circle of Love” coin box and coffee from our employees and visitors to support local charitable organisations. We encouraged employees’ participation in CSR activities to instill humility and love among our employees to build a grateful and happy working place. We look forward to improve and share further on our sustainability efforts in the years to come.

SUSTAINABILITY STATEMENT (cont'd)

Ygl Gives Back Through CSR Programme

Sponsored meals to
The Cerebral Palsy (Spastic) Children's
Association of Penang



The headmistress of The Cerebral Palsy (Spastic) Children's Association of Penang received meals on behalf of the association.

SUSTAINABILITY STATEMENT (cont'd)

Preparing enticing vegetarian meals

Ygi's employees volunteered help to prepare vegetarian meals. They had the opportunity to explore how to cut, cook and packed vegetarian meals and they also had to deliver the ready lunch boxes to charitable children's home and old-folk centre.



Volunteers prepared, cooked and delivered vegetarian meals to charitable homes.

SUSTAINABILITY STATEMENT (cont'd)



MARKET PLACE



Ygl became the HUAWEI CLOUD Partner Network (“HCPN”) Consulting Partner of HUAWEI on 17 February 2022. The HCPN Consulting Partners programme enrolled professional firms such as system integrators, strategic consultants, managed service providers, value-added resellers and telecom operators to help customers of all sizes particularly small and medium sized enterprises to design, architect, migrate, or build new applications or perform daily customer service operations on HUAWEI CLOUD.

SUSTAINABILITY STATEMENT (cont'd)

Webinars and Seminars

Ygl had organised a series of webinars on the education about IR4.0 to the public in FYE2022. This was in view that there were many small and medium sized manufacturers who were uncertain of digital transformation for their businesses.

The pace of digital transformation has been relentless and revealed strong emerging currents to reshape the way traditional factories work. Ygl through these webinars shared the key stages, resources and tasks for effective digital transformation strategies.



On 1 April 2021, Ygl organised a seminar titled *“Challenge of having an Effective ERP System for Businesses in particular the Pharmaceutical Sector by Ygl”* at the Malaysian Association of Pharmaceutical Suppliers (MAPS).

The seminar showcased the ERP System and its application with Handheld Palm Order System, Data Analytics, Smart Warehouse and Web Portal.

SUSTAINABILITY STATEMENT (cont'd)



INDUSTRIAL DIGITAL TRANSFORMATIONS MANUFACTURING IT OT CONVERGENCE WEBINAR SERIES

15 June 2021, 11am - 1pm

TECHNOLOGY PARTNERS:



CLOUD PARTNER:



SUSTAINABILITY STATEMENT (cont'd)



On 15 June 2021, Ygl, as a Technology Partner, participated in the webinar organised by HUAWEI to present the uptrend solutions and insights on “*Industrial Digital Transformations Manufacturing IT OT Convergence*” which include deployment and real application cases of Internet of Things (“IoT”) in the manufacturing industry. This webinar helped manufacturers to stay abreast of the digital transformation journey.



On 23 September 2022, Ygl conducted the webinar on topic “*Digitalise the Manufacturer and Startup Towards Smart Manufacturing & Industry 4.0*” with guest speakers from HUAWEI and MDEC.

SUSTAINABILITY STATEMENT (cont'd)



LIVE WEBINAR

Presented By **YglWORLD**

How Manufacturers Minimise Stock Holding Costs, Maximise Machine Utilisation And Improve Customer Deliveries Through Advanced Planning & Scheduling (APS) Tools: A Key Element to Digital Transformation

Learn how we can provide assistance to manufacturers to save time by eliminating tedious tasks and improve on-time analysis with smart planning in this webinar.

**THURSDAY
OCT 28th
FROM 10:30 - 11:40 AM**

LET'S JOIN THE CONVERSATION AT
<https://bit.ly/Yglwebinar>

ZOOM WEBINAR

FOR MORE INFO & REGISTRATION:
info@yglworld.com

Speaker:

- Yeap Kong Chean**
CEO of YGL Group
- Goel Chye Seong**
Senior Consultant of SIRIM Berhad
- Isaac Yong**
Senior R&D Manager Of YGL Group

On 28 October 2021, there were 70 participants registered for this webinar on “How Manufacturers Minimise Stock Holding Costs, Maximise Machine Utilistion and Improve Customer Deliveries Through Advanced Planning & Scheduling (APS) Tools: A Key Element to Digital Transformation”. The guest speaker from SIRIM touched on the “full readiness assessment report” for IR4.0 grant application.



ZOOM WEBINAR

Structured Industry Transformation
– People, Process & Technology

09th DECEMBER 2021
(THURSDAY) 10.30 AM - 11.40 AM

Register today at
bit.ly/yglwebinar7

ZOOM Meeting

Email or call:
info@yglworld.com / +604 229 0819

Speakers:

- Muhammad Ali Bin Fajriah Mydin**
Managing Director, SIRIM Berhad
- Hassan Fadi (Bin Ahmad) Marzuki**
General Representative of SIRIM, Chairman of SIRIM Berhad, Chairman of SIRIM Group of Companies

Presented By:
YglWORLD

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Ygl organised a 3-series webinars on the topic of “Structured Industry Transformation – People, Process & Technology”. Series 1, Series 2 and Series 3 were held in December 2021, January 2022 and March 2022 respectively. Series 1 was conducted together with SIRIM.

SUSTAINABILITY STATEMENT (cont'd)



YglWORLD FOLLOW US   

NAVIGATE YOUR SMART WAREHOUSE INDUSTRY 4.0 SEMINAR

 **08 MARCH 2022
(TUESDAY)**
10:30 AM - 12:00 PM

 **YGL CONVERGENCE BERHAD
PENANG (HEADQUARTERS)**
No. 35, Jalan Scotland,
10450 George Town,
Penang.

**REGISTER AT
BIT.LY/YGLSEMINAR**

OUR SPEAKERS



**MR. YEAP
KONG CHEAN**



**MR. ISAAC YONG
CHENG YEW**

SEMINAR AGENDA

- 10:30 am - 11:00 am : Registration
- 11:00 am - 11:30 am : Conceptual Design & Simulation of Smart Warehouse
- 11:30 am - 12:00 pm : Demo of Smart Warehouse
- 12:00 pm - 12:20 pm : Q&A session
- 12:20 pm : Lunch

 (+604) 229 0619  HUMPHREYH@YGLWORLD.COM  WWW.YGLWORLD.COM

Ygl organised a face-to-face seminar on 8 March 2022 on the topic “Navigate Your Smart Warehouse Industry 4.0” where participants were engaged in conceptual design and simulation of Smart Warehouse and learned about key characteristics of Smart Warehouse.

SUSTAINABILITY STATEMENT (cont'd)

Re-Skilling Programme with Malaysian Productivity Corporation (“MPC”)

MyRESKILL IoT Programme was launched by MPC to re-skill the workforce of local industries to reach a higher level of productivity through the adoption of technology. This programme is a five and a half days virtual workshop plus one week handholding in developing Proof-of-Concept (“POC”) where data gathered from the connected sensors will be displayed using Node-RED to enable visualisation and remote monitoring.

Ygl was appointed as one of the Training Centres (“TCs”) of MPC for the MyRESKILL IoT Programme. This programme was in line with our sustainability goal of human capital development.



Launching Of
MyRESKILL
IoT Programme

MyReskill IoT Program is a five half-day virtual workshop plus 1 week handholding in developing Proof of Concept (POC) where participants will learn about Raspberry Pi and Arduino hardware.

NOW OPEN FOR REGISTRATION !

Benefits of the Programme:

- Company will receive a complimentary IoT starter kit
- Company will receive certificate after completing the programme
- Free monitoring sessions and technical support in developing Proof of Concept (PoC)

OBJECTIVES

- To assist companies in the adoption of Industry 4.0 among the local industries.
- To train the Industry IoT knowledge and skill set for the non coding workforce so that they can remain relevant in the job market; and
- To support, coach, prepare and enable 5,000 participating companies to carry out IOT project within their companies.

For More Info info@yglworld.com [+6043290699](tel:+6043290699) / [+6032665928](tel:+6032665928)



Objectives

- To assist companies in the adoption of Industry 4.0 among the local industries ;
- To train Industry IoT knowledge & skill set for the non coding workforce so that they can remain relevant in the job market ;
- To support, coach, prepare and enable 5,000 participating companies to carry out IOT project within their companies.

SUSTAINABILITY STATEMENT (cont'd)



ENVIRONMENT

Ygi's core segments of business are ERP solutions with strong focus on Smart Manufacturing and Smart Warehouse and installation of solar energy system. Our businesses are in alignment with our sustainability vision of optimising resources and reducing carbon emission.

Over production and wastage of materials can account for a considerable amount of wastes. Poor inventory management and unnecessary transport of goods or pointless stock movements will increase the carbon footprint in the supply chain. However, this can be avoided.

How ERP software can help?

1. ERP solutions synchronise supply with demand and monitor production process thus reducing losses and wastages.
2. ERP solutions improve communication among the various departments within an organisation improve business processes from sales to delivery, optimising transport and in turn reduce fuel consumption and carbon emission.
3. ERP solutions with barcode scanning and electronic document storage cut down the need for paper and allow businesses to generate, store and retrieve information as needed.
4. ERP solutions with lot tracking function allow monitoring of specific group of products including expiry date. This eliminates unnecessary spoilage and wastage.
5. Cloud-based ERP solutions cut down energy consumption of multiple servers and reduce electricity usage. Cloud-based system allows flexible and remote working which lead to fewer journeys and less consumption of fuel.

Renewable energy

1. Harnessing solar energy to reduce dependency on fossil fuels and carbon emission.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report which provides insights into the manner in which the ARMC discharged its functions for the Group for the financial year ended 31 March 2022 (“FYE2022”).

INTRODUCTION

The ARMC was established by the Board of the Company 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.

COMPOSITION

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

- Chairman** - Wong Khai Meng
(Independent Non-Executive Director)
- Members** -
- i) Dato’ Lee Wai Mun, D.I.M.P., J.P.
(Non-Independent Non-Executive Director)
 - ii) Muhamed Ali Bin Hajah Mydin
(Independent Non-Executive Director)
(Appointed on 12 July 2021)

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

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 AMLR, which stipulates that at least one member of the ARMC must be a member of MIA.

The Nominating Committee (“NC”) had on 27 May 2022 reviewed the terms of office of the ARMC and assessed their performance for FYE2022. The NC was satisfied that the ARMC and its members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference (“TOR”) of the ARMC in supporting the Board to ensure that Yg! Group upholds appropriate Corporate Governance standards.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

AUTHORITY AND DUTIES OF THE ARMC

The ARMC is governed by its TOR, which is available on the Company's website at www.ygiworld.com.

MEETINGS

The ARMC has held five (5) ARMC meetings during the FYE2022 with full attendance. The details of attendance of the ARMC members are as follow:-

Members	Attended	%
Wong Khai Meng	5/5	100
Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	5/5	100
Muhammed Ali Bin Hajah Mydin (<i>appointed on 12 July 2021</i>)	3/3	100
Dr. Ch'ng Huck Khoon (<i>retired on 23 December 2021</i>)	4/4	100

The ARMC met quarterly and as when required. The dates of the quarterly meetings were preset prior to FYE2022. The meetings were of adequate length to allow the ARMC to accomplish its agenda with sufficient time to discuss emerging issues.

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

The Chairman of ARMC verbally briefed the Board on the proceedings of the ARMC 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 are 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 FYE2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The ARMC carried out the following activities during the FYE2022:-

1. Financial Reporting

- 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 AMLR at its meetings held on 11 June 2021, 12 July 2021, 24 August 2021, 26 November 2021, and 24 February 2022 before recommending the same to the Board for consideration and approval.
- Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 March 2021 and provide a true and fair view of the financial position of the Group, prior to submission to the Board of Directors for consideration and approval.
- Reviewed and deliberated on the audit issues raised by the external auditors and the action plans required to address those issues.

2. External Audit

- Reviewed and discussed with the external auditors of their audit planning memorandum, audit approach and reporting requirements for FYE2022 prior to the commencement of audit work.
- Reviewed and discussed the observations, recommendations and the Management’s comments in respect of the issues raised by the external auditors on their evaluation of the system of internal controls.
- Met with the external auditors without the presence of the Management on 24 August 2021 and 24 February 2022 to discuss issues of concern to the external auditors arising from the annual statutory audit.
- Evaluated the performance of the external auditors for the financial year under review, covering areas such as caliber, quality processes, audit team experience, audit scope, audit governance and independence, and external auditors’ audit fees. The Group’s external auditors also confirmed their independence. The ARMC, having satisfied with the independence, stability, and performance of the external auditors, made recommendations to the Board for approval on the external auditors’ re-appointment.

3. Internal Audit

- Reviewed and approved the IA plan for the FYE2022 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.
- Met with the internal auditors without the presence of Management on 26 November 2021 to ensure there was no restriction on internal auditor's scope of work and to discuss any other matters that internal auditors wish to escalate to the ARMC.
- Evaluated the effectiveness and independence of the IA function in carrying out its responsibilities regarding risk management, internal control, and governance. Overall, the ARMC was satisfied with the performance of the internal auditors function for the FYE2022.

4. Internal Control and Risk Management

- Reviewed the adequacy and effectiveness of risk management and internal control system instituted within the Group 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; and
- Received updates on the ongoing associated impacts and challenges of COVID-19.

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. Corporate Governance

- Reviewed and confirmed the minutes of the ARMC meetings;
- Reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group; and
- Reviewed and recommended the Statement of Risk Management and Internal Control and ARMC Report for inclusion in the Annual Report to ensure the contents therein were accurate and in compliance with the AMLR to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION

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

During the FYE2022, the internal auditors conducted two cycles of IA relating to the implementation of internal controls by the Group and the Company and provided 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.

The activities carried out by the IA team for FYE2022 included the following:-

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 FYE2022 amounted to approximately RM10,812.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Ygl Convergence Berhad (“Ygl” or “the Company”) is pleased to present this Corporate Governance Overview Statement (the “Statement”) to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company under the stewardship of the Board during the financial year ended 31 March 2022 (“FYE2022”) 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 Statement is to be read in conjunction with the CG Report for the FYE2022. The CG Report details the application of each Practice as set out in the MCCG, which is published on the Company’s website at www.yglworld.com and Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

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

The position of 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 FYE2022, the Non-Executive Directors (“NEDs”) have 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 a clear division of responsibilities between the Executive Directors (“EDs”) and NEDs of the Board. The EDs 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

I. Board Responsibilities (cont'd)

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

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 five (5) Board of Directors Meeting held during FYE2022 with full attendance.

Directors' Training

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

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

Yeap Kong Chean

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
National Tax Conference 2021	Seminar	20 hours
2022 Budget Seminar	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)

Tan Hoay Leng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Cash Flow Management Masterclass: Managing the Lifeblood of a Business in a Volatile World	Webinar	8 hours
Seminar Percukaian Kebangsaan 2021	Webinar	8 hours
2022 Budget Seminar	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
MIA Webinar Series: Sustainability Management & Reporting	Webinar	4 hours

Wong Khai Meng

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
MIA Virtual Conference Series: Capital Market Conference 2021	Webinar	1 day
MIA Webinar Series: A Comprehensive Review of Latest Developments in MFRS	Webinar	2 days

Muhamed Ali Bin Hajah Mydin

Title of Seminar/Workshop/Courses	Mode of Training	No. of Hours/ Days Spent
Mandatory Accreditation Programs	Webinar	10.5 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 ED, and Independent and Non-Independent NED. The Board Charter is subject to review periodically so as to ensure alignment of the Board's strategic commitment with the relevant principles of CG. The Board Charter is available on the Company's website at www.ygiworld.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

I. Board Responsibilities (cont'd)

Code of Conduct

The Code of Conduct and Ethics for Directors defines the mindset and behavior 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.

Whistleblowing Policy

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

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

Anti-Bribery and Corruption Policy

The Company has put in place the Anti-Bribery and Corruption Policy in compliance with the requirement of S17A of the Malaysian Anti-Corruption Commission Act 2009 which stipulates the guidelines and procedures for all Directors and employees to prevent bribery and corruption acts as well as 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.

The Company Secretaries

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

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

- Statutory duties as required under the Companies Act 2016 ("CA 2016"), ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("AMLR"), 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 Committee Meetings respectively are properly convened and the proceedings are properly recorded;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

I. Board Responsibilities (cont'd)

The Company Secretaries (cont'd)

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks (cont'd):-

- 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 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 restrictions in dealing with the securities of the Company during closed period and updates on the latest developments in legislations and regulatory framework affecting the Group. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.

Access to information, advice and meeting materials

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

I. Board Responsibilities (cont'd)

Access to information, advice and meeting materials (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

Currently, the Board consists of five (5) Directors, comprising two (2) EDs, two (2) Independent NEDs and one (1) Non-Independent NED. A brief profile of each Director is set out in this Annual Report.

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

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

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

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

As the Company operates in the highly evolving information technology sector, the thoughts and perspectives of a younger generation may provide the Company with a boost of new concepts and approaches. The woman representation on the Board is 20% with one (1) woman ED.

Based on the review of the Board composition in FYE2022, the Board is of the view that the current Board size is appropriate and facilitates effective decision-making, taking into consideration the scope and nature of the Group's operation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

II. Board Composition (cont'd)

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

En. Muhamed Ali Bin Hajah Mydin (*Independent NED*)

(*appointed on 12 July 2021 and re-designated as Chairman on 23 December 2021*)

Committee Members

Mr. Wong Khai Meng (*Independent NED*)

(*re-designated as Member on 23 December 2021*)

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

The NC has adopted a formal set of TOR approved by the Board. The TOR of the NC can be found on the Company's website at www.yglworld.com.

Directors' Fit and Proper Policy

The Board adopted the Directors' Fit and Proper Policy on 27 May 2022 to set criteria and provide guidance for the NC in their review and assessment of candidates who are to be appointed to the Board of the Company and the Group as well as directors who are seeking re-election.

The details of the Directors' Fit and Proper Policy are available for reference on the Company's website at www.yglworld.com.

A summary of key activities undertaken by the NC during FYE2022, are as follows:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

II. Board Composition (cont'd)

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

The retiring Directors at the forthcoming AGM pursuant to Clause 76(3) of the Company's Constitution are Madam Tan Hoay Leng and Mr. Wong Khai Meng. Both of them have consented to continue in office and accordingly will be offering themselves for re-election at the forthcoming AGM. After assessing the contribution by Madam Tan Hoay Leng and Mr. Wong Khai Meng in terms of guidance and time devoted to the Board affairs and in virtue of their skills and experience respectively, the NC has recommended the re-election of Madam Tan Hoay Leng and Mr. Wong Khai Meng at the forthcoming AGM.

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

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

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merit.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

III. Remuneration

Human asset forms the backbone of an organisation and play the vital role of driving the long-term growth of an organisation. 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 EDs and Independent NEDs. The philosophy and principles underpinning the Remuneration Policy are designed to maintain competitiveness for short-term business objectives and drive individual growth in line with the long-term goals of the Group.

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

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

Chairman

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

Committee Members

Mr. Wong Khai Meng (Independent NED)

En. Muhamed Ali Bin Hajah Mydin (Independent NED)

(appointed on 12 July 2021)

For the FYE2022, the RC carried out the annual review of the overall remuneration for Directors and key senior management personnel. In addition, the RC had also deliberated on the Directors' fees for FYE2022 which are subject to the shareholders' approval at the forthcoming AGM. Further to the deliberations, the RC had reported to the Board its recommendation and findings.

The summary of the Directors' remuneration in the Company and its subsidiaries for the FYE2022 are as follows:-

Directors	Company				Group			
	Salary RM	Bonus RM	Fee RM	Share based payment transaction RM	Salary RM	Bonus RM	Fee RM	EPF RM
Executive								
Yeap Kong Chean	-	-	-	27,020	240,000	10,000	-	25,800
Tan Hoay Leng	-	-	20,000	12,159	96,000	4,000	-	12,000
Non-Executive								
Dr. Ch'ng Huck Khoon (retired on 23 December 2021)	-		15,000	-	-	-	-	-
Dato' Lee Wai Mun, D.I.M.P., J.P.	-	-	20,000	-	-	-	-	-
Wong Khai Meng	-	-	20,000	-	-	-	-	-
Muhamed Ali Bin Hajah Mydin	-	-	15,000	-	-	-	-	-
Total	-	-	90,000	39,179	336,000	14,000	-	37,800

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

III. Remuneration (cont'd)

We have four (4) Senior Management whose remuneration falls within the following bands as below:

Range of Remuneration	Name of Senior Management
RM50,001 – RM100,000	Ho Soo Wee; Yeap Kah Phaik
RM100,001 – RM150,000	Ong Chee Keong
RM150,001 – RM200,000	Yong Cheng Yew

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

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

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

The relevant resolutions in relation to the Directors' fees and benefits payable to the Directors are to be presented to the shareholders for approval at the coming Eighteenth ("18th") AGM of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee and External Auditors

The ARMC comprises three (3) NEDs, of whom two (2) are Independent Directors.

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

The Company complied with Practice 9.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

The ARMC is chaired by an Independent NED, Mr. Wong Khai Meng, who is not the Chairman of the Board.

Practice 9.2 of the MCCG requires the Audit Committee to have a policy that requires a former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) to observe a cooling-off period of at least 3 years before appointed as a member of the ARMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

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

The TOR of the ARMC has been updated accordingly in order for the ARMC to formalise such policy. However, none of the ARMC members were former key audit partners of the Company's existing auditing firm.

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

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

Suitability, objectivity and independence of the external auditors

The ARMC annually evaluates the suitability, objectivity and independence of the external auditors based on the guidelines of the external auditors' performance and independence checklist. The ARMC held two (2) private dialogues with the external auditors in FYE2022 without the presence of the Management.

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

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

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

II. Risk Management and Internal Control Framework

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

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 2022, the total number of personnel in the internal audit firm was 18. The name and qualification of the person responsible for the 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 and Institute of Internal Auditors Malaysia.
2. Sugantharan, senior in charge, Graduated with a Bachelor of Accounting from Anglia Ruskin University, United Kingdom in 2016.

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

The ARMC had on 27 May 2022 conducted a review and assessment on the adequacy and independence of the Company's internal audit function for FYE2022 in compliance with Rule 15.12 (1)(f) of AMLR. The ARMC is satisfied that the internal auditors have sufficient resources, staffed by suitably qualified and experienced personnel and have to the best of its independence in carrying out the IA function.

PRINCIPLE C: INTEGRITY 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 FYE2022 except for the Seventeenth ("17th") AGM held on 23 December 2021. At the 17th AGM, the Directors and external auditors were present to answer any relevant questions that were posed by the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II. Conduct of General Meetings

In compliance with Practice 13.1 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 17th AGM was issued more than twenty-eight (28) days prior to the AGM date to provide the shareholders sufficient time to consider the proposed resolutions that would be discussed and decided at the 17th AGM. The notice of AGM of the 17th AGM provided further explanation beyond the minimum content stipulated in the AMLR for the resolution proposed along with any background information and reports or recommendation that were relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

The notice of the 17th AGM was also published in the nationally circulated daily newspaper within the mandatory period and the Company's announcements via Bursa Securities' as well as the Company's website.

All voting 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 adhered to the practice set out in MCCG during the FYE2022. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Ygl Convergence Berhad (“Ygl” or “the Company”) is committed to the Malaysian Code on Corporate Governance (“MCCG”) which requires the Board to maintain and ensure that a sound system of internal control exists and operates effectively within the Company and its subsidiaries (“the Group”) and is pleased to provide this Statement on Risk Management and Internal Control (“Statement”) outlining the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2022 pursuant to Paragraph 15.27 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“AMLR”).

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

BOARD RESPONSIBILITY

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

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

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

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the interest 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.

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

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

RISK MANAGEMENT FRAMEWORKS

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 has established an Audit and Risk Management Committee ("ARMC") that comprises the majority of Independent NEDs to support the Board in reviewing the risk management methodology and the effectiveness of the internal control. The ARMC assists and advises the EDs in fulfilling its oversight responsibilities regarding the effectiveness of the design, operation and effectiveness of internal control systems of the Group, including supervising the enforcement of relevant legislation and regulations. Furthermore, the ARMC regularly reviews the Group's risk exposures as they relate to capital, earnings, liquidity and compliance with risk management policies.

The Whistleblower Policy and Anti-Bribery and Corruption Policy are published on the Company's website 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 ARMC on a quarterly basis for review to formulate action plans to address any areas of concern;
- Involvement of the EDs in the weekly operational meetings attended by respective senior management to highlight significant matters arising on a timely basis;
- Maintain a demanding recruitment standards and employee competency programmes to ensure competent personnel are employed for the operating units to function efficiently;
- Adopting the Capability Maturity Model Integration (CMMI) quality assurance processes to appraise the development of software development and implementation;
- Constant monitoring of work performance by an effective reporting system; and
- Maintain strong internal information and data integrity in compliance with the Personal Data Protection Act, 2010.

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

ARMC & INTERNAL AUDIT

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

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

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

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

CONCLUSION

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

The Board is of the opinion that the monitoring, review and reporting arrangements provide reasonable assurance that the internal control measures in place are effective. Pursuant to rule 15.23 of the AMLR, the external auditors have 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' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

In accordance with the Companies Act 2016 ("Act"), the Board of Directors ("the Board") is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their financial results and cash flows for the financial year then ended.

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

In preparing the financial statements for the financial year ended 31 March 2022, the Board has:-

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

During the financial year ended 31 March 2022, the Company did not raise any funds through any corporate proposal/shareholders' mandate under Sections 75 and 76 of the Act.

AUDIT AND NON-AUDIT FEES

The amount audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Company and the Group for the financial year ended 31 March 2022 are as follows:

	Company RM	Group RM
Audit fees	43,000	137,158
Non-audit fees	4,000	4,000
Total fees	47,000	141,158

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Other than those disclosed in Note 24 to the audited financial statements in this Annual Report, there were no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors, chief executive who is not a director and its major shareholders either still subsisting as at 31 March 2022 or entered into since the end of the previous financial year ended 31 March 2021.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

EMPLOYEES' SHARES OPTION SCHEME ("ESOS")

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

The total number of options granted to the eligible Directors and employees of the Group and outstanding options under ESOS as at 31 March 2022 are set out in the table below:-

Description	Number of Options
Granted in the previous year/At 1 April 2021	1,178,000
Granted during the financial year	1,215,000
Exercised during the financial year	-
Lapsed during the financial period	(171,000)
Outstanding options exercisable as at 31 March 2022	2,222,000

The total number of options granted to the Directors and Senior Management, and outstanding options under ESOS as at 31 March 2022 are set out in the table below:-

Description	Number of Options	
	Directors	Senior Management
Granted in the previous year/At 1 April 2021	200,000	480,000*
Granted during the financial year	290,000	340,000
Exercised during the financial year	-	-
Lapsed during the financial period	-	-
Outstanding options exercisable as at 31 March 2022	490,000	820,000

**Note: adjustment was made for one employee who had been promoted to senior management level.*

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

	Since commencement up to 31 March 2022
Aggregate maximum allocation applicable to Directors and Senior Management	50%
Actual percentage granted	17.87%

The options granted to Independent Non-Executive Directors pursuant to ESOS in respect of financial year ended 31 March 2022 are nil.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

The principal activities and other information of its subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss after tax for the financial year	(245,413)	(3,903,931)
Attributable to:		
Owners of the Company	(77,568)	(3,903,931)
Non-controlling interests	(167,845)	-
	(245,413)	(3,903,931)

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 year loss and accumulated losses at the end of the reporting period.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

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

Grant date	Exercise price RM	Number of options over ordinary shares				
		At 1.4.2021	Granted and accepted	Exercised	Lapsed	At 31.3.2022
6 November 2017	0.1612	1,178,000	-	-	(171,000)	1,007,000
21 April 2021	0.1904	-	1,215,000	-	-	1,215,000

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

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

DIRECTORS OF THE COMPANY

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

Yeap Kong Chean*
 Tan Hoay Leng*
 Dato' Lee Wai Mun, *D.I.M.P., J.P.*
 Wong Khai Meng
 Muhamed Ali Bin Hajah Mydin
 Dr. Ch'ng Huck Khoon (retired on 23.12.2021)

* Also a Director of certain subsidiaries

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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

Y.T.M. Dato' Muhammed Bin Haji Abdullah
 Dato' Abdul Aziz Bin Ismail, *D.I.M.P., J.P.*
 Tan Wei Keat
 Ho Siew Bee
 Lee Ming Chieh (removed on 27.6.2022)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

DIRECTORS' INTERESTS

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

	At 1.4.2021	Number of ordinary shares		At 31.3.2022
		Bought	Sold	
The Company				
Direct Interest:				
Yeap Kong Chean	40,666,668	-	-	40,666,668
Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	8,678,600	-	-	8,678,600
Indirect Interest:				
Tan Hoay Leng #	40,666,668	-	-	40,666,668

Deemed interested through her spouse.

	At 1.4.2021	Number of options over ordinary shares			At 31.3.2022
		Granted and accepted	Exercised	Lapsed	
The Company					
Direct Interest:					
Yeap Kong Chean	120,000	200,000	-	-	320,000
Tan Hoay Leng	80,000	90,000	-	-	170,000

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

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM	Subsidiaries RM
Fee	90,000	-
Salary and bonus	-	350,000
Share-based payment transactions	39,179	-
Contributions to defined contribution plan	-	37,800
Benefits-in-kind	-	-
Total fees and other benefits	129,179	387,800

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

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 year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Company and its subsidiaries for the current financial year are disclosed in Note 19 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

SIGNIFICANT EVENT

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

SUBSEQUENT EVENT

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

AUDITORS

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

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

YEAP KONG CHEAN

TAN HOAY LENG

Penang

Date: 15 July 2022

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 68 to 146 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

YEAP KONG CHEAN

TAN HOAY LENG

Penang

Date: 15 July 2022

STATUTORY DECLARATION

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

I, TAN HOAY LENG, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 68 to 146 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 George Town in the State of Penang
on 15 July 2022

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

Before me,

Wong Yuee Harn (P189)
Commissioner for oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YGL CONVERGENCE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ygl Convergence Berhad, which comprise the statements of financial position as at 31 March 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 146.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

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

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

Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
<p>Impairment review of intangible assets <i>(Note 8 to the financial statements)</i></p> <p>As at 31 March 2022, the carrying amount of software development costs amounted to RM2,692,885, representing approximately 96% of the total intangible assets and 15% of the Group's total assets.</p> <p>We identified the valuation of software development costs as a key audit matter as the impairment assessment of the intangible assets involves significant judgement by the Group in estimating the recoverable amount based on value-in-use calculations and assumptions supporting the underlying cash flow projections, including forecast growth rates, pre-tax discount rates and gross profit margin, as well as considering the impact of Covid-19 pandemic.</p>	<p>Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:</p> <ul style="list-style-type: none"> • 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, as well as taking into consideration the impact of Covid-19 pandemic; • Testing the mathematical accuracy of the cash flow projections; • Performing sensitivity analysis on the key assumptions used in the cash flow projections; and • Assessing the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

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

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

Key Audit Matters (cont'd)

Key Audit Matters (cont'd)

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

Impairment review of the Company's investment in subsidiaries

(Note 6 to the financial statements)

As at 31 March 2022, the carrying amount of the Company's investment in subsidiaries amounted to RM8,679,810 after adjusting for additional impairment losses of RM3,453,000 during the financial year.

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

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

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matter

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

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

Penang

Date: 15 July 2022

THAM SHIEN HONG
03266/04/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	3,767,428	4,027,546	2,597,959	2,819,062
Investment property	5	282,727	283,204	-	-
Investment in subsidiaries	6	-	-	8,679,810	11,864,803
Investment in an associate	7	2,006,624	1,723,978	1,475,000	1,475,000
Intangible assets	8	2,809,450	3,011,636	-	-
		<u>8,866,229</u>	<u>9,046,364</u>	<u>12,752,769</u>	<u>16,158,865</u>
Current assets					
Inventories	9	479,837	-	-	-
Trade and other receivables	10	4,589,589	2,601,731	15,302	14,505
Amount due from subsidiaries	11	-	-	1,388	316,277
Current tax assets		165,927	15,770	46,895	-
Cash and bank balances	12	3,519,602	3,423,610	2,333,856	2,406,498
		<u>8,754,955</u>	<u>6,041,111</u>	<u>2,397,441</u>	<u>2,737,280</u>
TOTAL ASSETS		<u>17,621,184</u>	<u>15,087,475</u>	<u>15,150,210</u>	<u>18,896,145</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	30,400,368	30,400,368	30,400,368	30,400,368
Other reserves	14	1,032,394	882,441	294,229	152,172
Accumulated losses		(18,318,803)	(18,263,324)	(15,599,238)	(11,717,396)
		<u>13,113,959</u>	<u>13,019,485</u>	<u>15,095,359</u>	<u>18,835,144</u>
Non-controlling interests		(399,446)	(229,795)	-	-
Total equity		<u>12,714,513</u>	<u>12,789,690</u>	<u>15,095,359</u>	<u>18,835,144</u>
Non-current liabilities					
Contract liabilities	15	98,465	-	-	-
Current liabilities					
Trade and other payables	16	2,187,671	1,423,332	53,116	57,978
Amount due to a subsidiary	11	-	-	1,735	-
Contract liabilities	15	1,357,391	862,223	-	-
Borrowings	17	1,260,506	-	-	-
Current tax liabilities		2,638	12,230	-	3,023
		<u>4,808,206</u>	<u>2,297,785</u>	<u>54,851</u>	<u>61,001</u>
Total liabilities		<u>4,906,671</u>	<u>2,297,785</u>	<u>54,851</u>	<u>61,001</u>
TOTAL EQUITY AND LIABILITIES		<u>17,621,184</u>	<u>15,087,475</u>	<u>15,150,210</u>	<u>18,896,145</u>

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	18	13,852,548	5,472,986	10,000	281,762
Cost of sales		(10,889,410)	(4,062,036)	-	(236,887)
Gross profit		2,963,138	1,410,950	10,000	44,875
Other income		159,301	1,931,210	44,080	1,543,844
General and administrative expenses		(3,574,092)	(3,249,293)	(3,958,011)	(436,515)
(Loss)/Profit from operations		(451,653)	92,867	(3,903,931)	1,152,204
Finance costs		(48,104)	(610)	-	-
Share of results of an associate	7	274,483	248,978	-	-
(Loss)/Profit before tax	19	(225,274)	341,235	(3,903,931)	1,152,204
Tax expense	20	(20,139)	(134,703)	-	(78,759)
(Loss)/Profit for the financial year		(245,413)	206,532	(3,903,931)	1,073,445
Other comprehensive (loss)/ income, net of tax					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(2,073)	92,845	-	-
Share of other comprehensive income of an associate		8,163	-	-	-
Realisation of foreign currency translation differences upon deconsolidation of foreign subsidiaries		-	(6,363)	-	-
Total other comprehensive/ income for the financial year		6,090	86,482	-	-
Total comprehensive (loss)/ income for the financial year		(239,323)	293,014	(3,903,931)	1,073,445

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit for the financial year attributable to:					
Owners of the Company		(77,568)	191,990	(3,903,931)	1,073,445
Non-controlling interests		(167,845)	14,542	-	-
		<u>(245,413)</u>	<u>206,532</u>	<u>(3,903,931)</u>	<u>1,073,445</u>
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the Company		(69,672)	283,285	(3,903,931)	1,073,445
Non-controlling interests		(169,651)	9,729	-	-
		<u>(239,323)</u>	<u>293,014</u>	<u>(3,903,931)</u>	<u>1,073,445</u>
(Loss)/Earnings per share					
Basic (sen)	22	<u>(0.03)</u>	<u>0.08</u>		
Diluted (sen)	22	<u>(0.03)</u>	<u>0.08</u>		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company						
	Non-distributable						
	Share capital RM	Exchange translation reserve RM	ESOS reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
2022							
Balance at beginning	30,400,368	730,269	152,172	(18,263,324)	13,019,485	(229,795)	12,789,690
Foreign currency translation differences for foreign operations	-	(267)	-	-	(267)	(1,806)	(2,073)
Share of other comprehensive income of an associate	-	8,163	-	-	8,163	-	8,163
Total other comprehensive income for the financial year	-	7,896	-	-	7,896	(1,806)	6,090
Loss for the financial year	-	-	-	(77,568)	(77,568)	(167,845)	(245,413)
Total comprehensive income/(loss) for the financial year	-	7,896	-	(77,568)	(69,672)	(169,651)	(239,323)
Transactions with owners of the Company:							
Share-based payment transactions:							
- Granted	-	-	164,146	-	164,146	-	164,146
- Lapsed due to resignation	-	-	(22,089)	22,089	-	-	-
Total transactions with owners	-	-	142,057	22,089	164,146	-	164,146
Balance at end	30,400,368	738,165	294,229	(18,318,803)	13,113,959	(399,446)	12,714,513

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

Note	<div style="text-align: center;"> <div style="display: flex; justify-content: space-between; align-items: center;"> ← Attributable to owners of the Company → </div> <div style="display: flex; justify-content: space-between; align-items: center;"> ← Non-distributable → </div> </div>					Non-controlling interests RM	Total equity RM
	Share capital RM	Exchange translation reserve RM	ESOS reserve RM	Accumulated losses RM	Total RM		
2021							
Balance at beginning	30,400,368	638,974	154,110	(18,457,252)	12,736,200	(281,331)	12,454,869
Foreign currency translation differences for foreign operations	-	97,658	-	-	97,658	(4,813)	92,845
Realisation upon deconsolidation of a foreign subsidiary	-	(6,363)	-	-	(6,363)	-	(6,363)
Total other comprehensive income	-	91,295	-	-	91,295	(4,813)	86,482
Profit for the financial year	-	-	-	191,990	191,990	14,542	206,532
Total comprehensive income for the financial year	-	91,295	-	191,990	283,285	9,729	293,014
Transactions with owners of the Company:							
Deconsolidation of subsidiaries	-	-	-	-	-	41,807	41,807
Share-based payment transactions:							
- Lapsed due to resignation	-	-	(1,938)	1,938	-	-	-
Total transactions with owners	-	-	(1,938)	1,938	-	41,807	41,807
Balance at end	30,400,368	730,269	152,172	(18,263,324)	13,019,485	(229,795)	12,789,690

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

	← Non-distributable →			
	Share capital RM	ESOS reserve RM	Accumulated losses RM	Total equity RM
2022				
Balance at beginning	30,400,368	152,172	(11,717,396)	18,835,144
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(3,903,931)	(3,903,931)
Transactions with owners of the Company:				
Share-based payment transactions:				
- Granted	-	164,146	-	164,146
- Lapsed due to resignation	-	(22,089)	22,089	-
Total transactions with owners	-	142,057	22,089	164,146
Balance at end	30,400,368	294,229	(15,599,238)	15,095,359
2021				
Balance at beginning	30,400,368	154,110	(12,792,779)	17,761,699
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,073,445	1,073,445
Transaction with owners of the Company:				
Share-based payment transactions:				
- Lapsed due to resignation	-	(1,938)	1,938	-
Balance at end	30,400,368	152,172	(11,717,396)	18,835,144

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
(Loss)/Profit before tax	(225,274)	341,235	(3,903,931)	1,152,204
Adjustments for:				
Amortisation of intangible assets	1,513,987	1,553,395	-	-
Bad debts	138	350,171	-	2,000
Depreciation of:				
Investment property	477	477	-	-
Property, plant and equipment	290,259	294,224	221,103	221,103
Right-of-use asset	-	56,709	-	-
Dividend income	(28,767)	(59,492)	(28,767)	(59,492)
Gain on deconsolidation of subsidiaries	-	(64,194)	-	(10)
Impairment loss on:				
Intangible assets	-	64,211	-	-
Investment in subsidiaries	-	-	3,453,000	-
Trade receivables	85,342	78,229	-	-
Interest expense	48,104	610	-	-
Interest income	(5,541)	(7,479)	(14,825)	(9,164)
Property, plant and equipment written off	-	14	-	-
Reversal of impairment loss on:				
Investment in an associate	-	(1,475,000)	-	(1,475,000)
Trade receivables	(6,360)	(76,623)	-	-
Share-based payment transactions	164,146	-	39,178	-
Share of results of an associate	(274,483)	(248,978)	-	-
Unrealised loss on foreign exchange	21,016	77	-	-
Operating profit/(loss) before working capital changes	1,583,044	807,586	(234,242)	(168,359)
Changes in working capital:				
Inventories	(479,837)	-	-	-
Trade and other receivables	(2,065,680)	(1,174,654)	(797)	52,250
Trade and other payables	763,455	279,480	(4,862)	(18,344)
Contract liabilities	592,721	(5,389)	-	-
Cash generated from/(used in) operations	393,703	(92,977)	(239,901)	(134,453)
Dividends received	28,767	59,492	28,767	59,492
Interest received	5,541	7,479	4,525	6,585
Tax paid	(179,888)	(153,656)	(49,918)	(88,958)
Net cash from/(used in) operating activities	248,123	(179,662)	(256,527)	(157,334)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from investing activities					
Repayment from/ (Advance to) subsidiaries		-	-	171,850	(1,404,778)
Interest income from subsidiaries		-	-	10,300	2,579
Net cash (outflow)/inflow from disposal of a subsidiary	6c	-	(134,060)	-	10
Placement of fixed deposit pledged		(1,004,285)	-	(1,004,285)	-
Purchase of property, plant and equipment		(30,141)	(226,728)	-	-
Software development costs		(1,311,619)	(1,010,499)	-	-
Net cash used in investing activities		(2,346,045)	(1,371,287)	(822,135)	(1,402,189)
Cash flows from financing activities					
Advance from a subsidiary		-	-	1,735	-
Drawdown of trust receipts		90,542	-	-	-
Interest paid		(48,104)	(610)	-	-
Payment of lease liabilities		-	(58,491)	-	-
Net cash from/(used in) financing activities		42,438	(59,101)	1,735	-
Net decrease in cash and cash equivalents		(2,055,484)	(1,610,050)	(1,076,927)	(1,559,523)
Foreign currency translation differences		(22,773)	74,435	-	-
Cash and cash equivalents at beginning of the financial year		3,423,610	4,959,225	2,406,498	3,966,021
Cash and cash equivalents at end of the financial year	(i)	1,345,353	3,423,610	1,329,571	2,406,498
Note:					
(i) Cash and cash equivalents are represented by:					
Fixed deposit	12	1,004,285	-	1,004,285	-
Short term investment	12	1,002,721	2,205,665	1,002,721	2,205,665
Cash on hand and at banks	12	1,512,596	1,217,945	326,850	200,833
Bank overdraft	17	(1,169,964)	-	-	-
		2,349,638	3,423,610	2,333,856	2,406,498
Less: Pledged fixed deposit		(1,004,285)	-	(1,004,285)	-
		1,345,353	3,423,610	1,329,571	2,406,498

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (cont'd)

Note:

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

Group

	At 1.4.2021 RM	Net cash changes RM	Non-cash changes RM	At 31.3.2022 RM
Trust receipts	-	90,542	-	90,542

	At 1.4.2020 RM	Net cash changes RM	Non-cash changes RM	At 31.3.2021 RM
Lease liabilities	60,560	(58,491)	(2,069)	-

Company

	At 1.4.2021 RM	Net cash changes RM	Non-cash changes RM	At 31.3.2022 RM
Amount due to a subsidiary	-	1,735	-	1,735

- (iii) Total operating and financing cash outflows arising from leases as a lessee during the financial year was RM130,196 (2021: RM119,070).

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

1. CORPORATE INFORMATION

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

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

The Company is principally involved in the provision of management services, investment holding and sale of computer hardware. The principal activities and other information of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 15 July 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

New and Revised MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments to MFRSs

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

Amendment to MFRS 16	Covid-19 Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

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

Effective for financial periods beginning on or after 1 January 2022

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

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

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

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

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

(i) Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

2. BASIS OF PREPARATION (cont'd)

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

(ii) Impairment of goodwill

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

(iii) Impairment of financial assets

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

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

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

(iv) Significant influence over the investee

As disclosed in Note 7 to the financial statements, the Company holds 9.6% equity interest in Ygl iBay International Sdn. Bhd. The Company is able to demonstrate significant influence over the financial and operating policies as it has representation on the board of the investee. On this basis, the Company treats the investee as an associate.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Consolidation

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

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

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

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

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

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

Business combination

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Business combination (cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Subsidiaries

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

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future, is, in substance, considered as part of the Company's investment in subsidiaries.

Non-controlling interests

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

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

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

Associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Associates (cont'd)

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.

Transactions eliminated on consolidation

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

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

(b) **Foreign currencies**

Translation of foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currencies (cont'd)

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.

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

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

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

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

(iv) Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investment property

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

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

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

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

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

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

(e) Intangible assets

Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Club memberships

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

(f) **Cash and cash equivalents**

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

(g) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the original purchase price and directly attributable costs of bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 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 change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

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

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

Financial liabilities

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

Amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

(iii) Offsetting of financial instruments

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

(iv) Financial guarantee contracts

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

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

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

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

(v) Derecognition

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

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

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

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

Simplified approach - trade receivables

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

General approach - other financial instruments and financial guarantee contracts

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

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

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

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

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

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

Credit impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 240 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) **Equity instruments** (cont'd)

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

(l) **Revenue and other income recognition**

(i) Revenue from contracts with customers

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue and other income recognition (cont'd)

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

Software installation, commissioning, support and maintenance services

(a) Software installation and commissioning

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

(b) Support and maintenance services

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

Solar panel installation services

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

Other related services

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Revenue and other income recognition (cont'd)

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

Other related services (cont'd)

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

Contract liabilities

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

Incremental costs of obtaining a contract

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

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of that PO. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of "cost of sales" in profit or loss, based on the nature of the related costs, and not under amortisation expenses.

Management fee

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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 – Employees' share option scheme ("ESOS")

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Government grant/assistance

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

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

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

(o) Borrowing costs

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

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

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

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

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) **Income taxes** (cont'd)

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.

(q) **Leases**

As a lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Leases (cont'd)

As a lessee (cont'd)

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.

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".

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Contingencies

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

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

(t) 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Fair value measurements (cont'd)

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

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	Capital work-in- progress RM	Total RM
2022							
At cost							
Balance at beginning	1,038,825	415,164	677,733	487,450	4,437,355	201,837	7,258,364
Additions	-	-	23,741	6,400	-	-	30,141
Foreign currency translation	-	-	3,426	1,290	-	-	4,716
Balance at end	1,038,825	415,164	704,900	495,140	4,437,355	201,837	7,293,221
Accumulated depreciation							
Balance at beginning	91,543	377,547	670,334	473,101	1,618,293	-	3,230,818
Current charge	5,017	37,615	19,266	7,258	221,103	-	290,259
Foreign currency translation	-	-	3,426	1,290	-	-	4,716
Balance at end	96,560	415,162	693,026	481,649	1,839,396	-	3,525,793
Carrying amount	942,265	2	11,874	13,491	2,597,959	201,837	3,767,428
2021							
At cost							
Balance at beginning	1,038,825	415,164	1,006,354	792,195	4,587,430	-	7,839,968
Additions	-	-	14,791	10,100	-	201,837	226,728
Written off	-	-	(324,221)	(307,382)	(150,075)	-	(781,678)
Foreign currency translation	-	-	(19,191)	(7,463)	-	-	(26,654)
Balance at end	1,038,825	415,164	677,733	487,450	4,437,355	201,837	7,258,364
Accumulated depreciation							
Balance at beginning	86,526	327,392	1,002,469	781,260	1,547,265	-	3,744,912
Current charge	5,017	50,155	11,273	6,676	221,103	-	294,224
Written off	-	-	(324,217)	(307,372)	(150,075)	-	(781,664)
Foreign currency translation	-	-	(19,191)	(7,463)	-	-	(26,654)
Balance at end	91,543	377,547	670,334	473,101	1,618,293	-	3,230,818
Carrying amount	947,282	37,617	7,399	14,349	2,819,062	201,837	4,027,546

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

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

Company

	Computer equipment RM	Furniture and fittings RM	Renovation RM	Total RM
2022				
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	1,602,995	1,713,400
Current charge	-	-	221,103	221,103
Balance at end	27,916	82,489	1,824,098	1,934,503
Carrying amount	1	2	2,597,956	2,597,959
2021				
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	1,381,892	1,492,297
Current charge	-	-	221,103	221,103
Balance at end	27,916	82,489	1,602,995	1,713,400
Carrying amount	1	2	2,819,059	2,819,062

- The freehold land and office lot of the Group are pledged to a licensed bank for overdraft facility granted to a subsidiary as disclosed in Note 17 to the financial statements.
- The Group's motor vehicle with a carrying amount of RM2 (2021: RM37,617) is registered in the name of a Director, held in trust for the Group.
- Management has performed the impairment assessment on the Group's and the Company's property, plant and equipment by comparing the carrying amount with their recoverable amount. The recoverable amount of property, plant and equipment is determined based on value-in-use calculations using cash flow projections for a five-year period from the financial forecasts approved by the Directors.

Based on the impairment assessment, the management concluded that no impairment is required.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

5. INVESTMENT PROPERTY

	Group	
	2022 RM	2021 RM
At cost		
Balance at beginning/end	290,000	290,000
Accumulated depreciation		
Balance at beginning	6,796	6,319
Current charge	477	477
Balance at end	7,273	6,796
Carrying amount	282,727	283,204
Fair value	720,000	550,000

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

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

	Group	
	2022 RM	2021 RM
Rental income	6,000	31,500
Direct operating expenses (income generating)	1,327	10,802
Direct operating expenses (non-income generating)	3,981	2,890

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
Balance at beginning	8,656,815	9,042,620
Addition	-	900,000
Disposal	-	(1,285,805)
Balance at end	8,656,815	8,656,815
Capital contribution to subsidiaries		
Balance at beginning	10,804,000	-
Additions	540,000	10,804,000
Repayment	(396,961)	-
Balance at end	10,947,039	10,804,000
Allocated ESOS charge in respect of share options granted to the employees of the subsidiaries		
	124,968	-
	19,728,822	19,460,815
Accumulated impairment loss		
Balance at beginning	7,596,012	8,881,817
Additions	3,453,000	-
Disposal	-	(1,285,805)
Balance at end	(11,049,012)	(7,596,012)
	8,679,810	11,864,803

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2022	2021	
		%	%	
Ygl Convergence (HK) Limited ¹	Hong Kong	100	100	Trading of computer equipment and software and provision of related services.
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.
Ygl Technologies Pte. Ltd. ²	Singapore	100	100	Provision of software and related services.
NS Infotech Sdn. Bhd.	Malaysia	80	80	Dormant.
Ygl Intelligent Technology Sdn. Bhd.	Malaysia	100	100	Provision of software consultancy and implementation services.
Ai Solar Sdn. Bhd.	Malaysia	60	60	Provision of solar panel installation services which include engineering, procurement, construction and commissioning services in solar energy solution to customers and the provision of its related services.

¹ Audited by overseas affiliate of Moore Stephens Associates PLT.² Not audited by Moore Stephens Associates PLT.(a) Capital contribution

The capital contribution is in relation to advances to certain subsidiaries that are not expected to be repaid in foreseeable future and in substance, represents additional investments into the subsidiaries by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Additional subscription in a subsidiary

2021

The Company subscribed for additional 900,000 new ordinary shares in Ygl Intelligent Technology Sdn. Bhd. ("Ygl IT") as satisfaction of RM900,000 owing from Ygl IT. The additional subscription did not result in a change in the Company's effective equity interest in Ygl IT.

(c) Disposal/Deemed disposal of subsidiaries

2021

- (i) On 16 March 2021, the Company disposed of 2,760,000 ordinary shares in Ygl Convergence (China) Limited ("Ygl China") representing 60% equity interest in Ygl China to a third party for a consideration of RM10. The effects arising from the disposal during the previous financial year are as follows:

	RM
Bank balance	134,070
Other payables	(233,696)
	<hr/>
Net liabilities disposed	(99,626)
Non-controlling interests	39,850
Gain arising from disposal	59,786
	<hr/>
Proceeds from disposal	10
Less: Cash and cash equivalents	(134,070)
	<hr/>
Cash outflow from disposal	(134,060)
	<hr/>

- (ii) On 11 August 2020, the Group has struck off Ygl Suzhou Information Technology Co. Ltd. The effects arising from the deconsolidation during the financial year are as follows:

	RM
Gain on deconsolidation	4,408
Non-controlling interests	(4,408)
	<hr/>
Cash flow from deconsolidation	-
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

The subsidiaries of the Group, namely Ygl Convergence (Asia Pacific) Pte. Ltd. ("Ygl AP") and Ai Solar Sdn. Bhd. ("Ai Solar") have material NCI as follows:

	2022		2021	
	Ygl AP	Ai Solar	Ygl AP	Ai Solar
NCI percentage of ownership and voting interest	40%	40%	40%	40%
Carrying amount of NCI (RM)	(259,973)	(150,056)	(257,882)	16,410
(Loss)/Profit allocated to NCI (RM)	(284)	(166,466)	(11,265)	35,912
Total comprehensive (loss)/income allocated to NCI (RM)	(2,090)	(166,466)	(16,080)	35,912

The summarised financial information before intragroup elimination are as follows:

	2022		2021	
	Ygl AP RM	Ai Solar RM	Ygl AP RM	Ai Solar RM
<u>Assets and liabilities:</u>				
Non-current assets	-	7,599	-	-
Current assets	59,951	2,979,960	60,256	729,925
Non-current liabilities	-	(98,465)	-	-
Current liabilities	(709,883)	(3,264,233)	(704,962)	(688,899)
Net (liabilities)/assets	(649,932)	(375,139)	(644,706)	41,026
<u>Results:</u>				
Revenue	-	8,274,775	-	889,694
Net (loss)/profit for the financial year	(710)	(416,165)	(28,164)	89,780
Total comprehensive (loss)/income for the financial year	(5,225)	(416,165)	(40,199)	89,780
<u>Cash flows:</u>				
Net cash (used in)/from:				
Operating activities	(957)	(1,116,020)	(28,889)	(322,208)
Investing activities	-	(11,899)	-	-
Financing activities	-	1,450,600	30,577	344,555
Net (decrease)/increase in cash and bank balances	(957)	322,681	1,688	22,347
Dividends paid to NCI	-	-	-	-

(e) Impairment loss

During the financial year, the Company carried out a review of the recoverable amounts of its investment in subsidiaries that are in loss-making and significant accumulated losses position. An impairment loss of RM3,453,000 was recognised in the Company's profit or loss during the financial year ended 31 March 2022 as the recoverable amounts calculated for these subsidiaries were less than their carrying amounts. The recoverable amounts of these subsidiaries are derived based on value-in-use calculations using cash flow projections for a five-year period from the financial forecasts approved by the Directors.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares, at cost	1,475,000	1,475,000	1,475,000	1,475,000
Accumulated impairment loss				
Balance at beginning	-	1,475,000	-	1,475,000
Reversal	-	(1,475,000)	-	(1,475,000)
Balance at end	-	-	-	-
Share of post-acquisition results				
Balance at beginning	248,978	-	-	-
Additions	282,646	248,978	-	-
Balance at end	531,624	248,978	-	-
	<u>2,006,624</u>	<u>1,723,978</u>	<u>1,475,000</u>	<u>1,475,000</u>

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Ygl iBay International Sdn. Bhd.	Malaysia	9.60	9.60	Investment holding and in the business of iron ore and other related commodities supply chain management business solutions services.

The financial year end of the associate is 31 December. However, the associate has prepared financial statements as of the same date of the Company for the purpose of applying equity method of accounting. Appropriate adjustments have been made to account for significant transactions from the associate's financial year to 31 March, which is coterminous with the financial year end of the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

7. INVESTMENT IN AN ASSOCIATE (cont'd)

The summarised financial information of the associate are as follows:

	Group	
	2022 RM	2021 RM
Assets and liabilities		
Non-current assets	23,204,230	8,441,997
Current assets	18,724,372	68,889,469
Non-current liabilities	(105,320)	(115,426)
Current liabilities	(20,920,936)	(59,257,931)
Net assets	20,902,346	17,958,109
Results for the financial year		
Revenue	20,239,447	18,943,705
Net profit	2,859,203	28,063,817
Other comprehensive income/(loss)	85,034	(179,005)
Total comprehensive income	2,944,237	27,884,812

Impairment loss

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

The impairment loss of the same amount was reversed to the Group's and the Company's profit or loss as part of "other income" following the management's reassessment of the recoverable amount of Ygl iBay during the financial year ended 31 March 2021. The recoverable amount was derived based on fair value less costs of disposal which was measured based on net assets of Ygl iBay.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

8. INTANGIBLE ASSETS

Group

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
2022				
At cost				
Balance at beginning	22,351,876	1,319,283	50,000	23,721,159
Additions	1,311,619	-	-	1,311,619
Foreign currency translation	4,465	-	-	4,465
Balance at end	23,667,960	1,319,283	50,000	25,037,243
Accumulated amortisation				
Balance at beginning	19,393,646	-	14,956	19,408,602
Current charge	1,512,371	-	1,616	1,513,987
Foreign currency translation	3,830	-	-	3,830
Balance at end	20,909,847	-	16,572	20,926,419
Accumulated impairment loss				
Balance at beginning	64,775	1,234,146	2,000	1,300,921
Foreign currency translation	453	-	-	453
Balance at end	65,228	1,234,146	2,000	1,301,374
Carrying amount	2,692,885	85,137	31,428	2,809,450

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

Group (cont'd)

	Software development costs RM	Goodwill RM	Club memberships RM	Total RM
2021				
At cost				
Balance at beginning	21,329,182	1,319,283	50,000	22,698,465
Additions	1,010,499	-	-	1,010,499
Foreign currency translation	12,195	-	-	12,195
Balance at end	22,351,876	1,319,283	50,000	23,721,159
Accumulated amortisation				
Balance at beginning	17,832,472	-	13,340	17,845,812
Current charge	1,551,779	-	1,616	1,553,395
Foreign currency translation	9,395	-	-	9,395
Balance at end	19,393,646	-	14,956	19,408,602
Accumulated impairment loss				
Balance at beginning	-	1,234,146	2,000	1,236,146
Addition	64,211	-	-	64,211
Foreign currency translation	564	-	-	564
Balance at end	64,775	1,234,146	2,000	1,300,921
Carrying amount	2,893,455	85,137	33,044	3,011,636

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(a) Software development costs

Additions for the financial year include the following:

	Note	2022 RM	2021 RM
Purchase of software		90,000	-
Capitalised from profit or loss:			
Employee benefits expense	19b	1,197,619	986,499
Rental of premise	19c	24,000	24,000
		<hr/>	<hr/>
		1,311,619	1,010,499
		<hr/>	<hr/>

The amortisation and impairment of software development costs are included in cost of sales and general and administrative expenses respectively.

(b) Goodwill

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

As at 31 March 2021 and 31 March 2022, the remaining carrying amount of goodwill has been allocated to two individual CGUs, namely Ai Solar (RM84,982) and Ygl Technology Sdn. Bhd. (RM155).

The recoverable amounts of the CGUs for both the current financial year and previous financial year 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, expectation of market development in the respective industries, as well as considering the impact of Covid-19 pandemic.

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

(i) Budgeted gross margin

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(b) Goodwill (cont'd)

The key assumptions used in the preparation of the projected cash flows are as follows (cont'd):

(ii) Growth rate

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

(iii) Pre-tax discount rate

The pre-tax discount rate of 9.28% (2021: 13.08%) 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

Based on the sensitivity analysis performed 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 for the current and previous financial year. As a result of the analysis, management did not identify an impairment for the CGUs.

(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.

9. INVENTORIES

Group

Inventories comprise purchased materials for its provision of solar panel installation services and are stated at cost.

During the financial year, the inventories recognised in profit or loss as cost of sales is RM6,659,774 (2021: RM596,894).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Trade	(a)				
Gross amount		4,478,950	4,229,521	-	-
Allowance for impairment loss		(539,863)	(1,816,656)	-	-
Trade receivables, net		3,939,087	2,412,865	-	-
Non-trade					
Third parties		15,407	12,708	-	-
Related parties	(b)	5,754	4,833	5,173	4,380
Refundable deposits		38,477	38,546	10,000	10,000
Prepayments		128,967	63,309	129	125
Contract costs	(c)	461,897	69,470	-	-
		650,502	188,866	15,302	14,505
		4,589,589	2,601,731	15,302	14,505

- (a) Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 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 RM Nil (2021: RM89,104) due from an associate of the Company.

The movements in impairment loss during the financial year were:

	Group	
	2022 RM	2021 RM
Balance at beginning	1,816,656	2,290,445
Additions	85,342	78,229
Reversal due to recovered	(6,360)	(76,623)
Written off	(1,357,464)	(480,010)
Foreign currency translation	1,689	4,615
Balance at end	539,863	1,816,656

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

10. TRADE AND OTHER RECEIVABLES (cont'd)

- (b) Related parties refer to companies in which certain Directors of the Company have substantial financial interests. The amount relates to cost sharing which is unsecured and non-interest bearing. The credit term granted to the related parties is 30 days (2021: 30 days).
- (c) The contract costs represent the capitalised incremental costs to obtain a contract in relation to the Group's provision of solar panel installation services. These costs are subsequently expensed off as cost of sales by reference to the performance completed to date, consistent with the revenue recognition.

During the financial year, the total costs to obtain contracts recognised by the Group as cost of sales in profit or loss amounted to RM6,710,705 (2021: RM592,756).

11. AMOUNT DUE FROM/TO SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Non-trade and unsecured		
Due from		
Interest bearing at 3.47% per annum	-	316,277
Non-interest bearing	1,388	-
	<u>1,388</u>	<u>316,277</u>
Due to		
Non-interest bearing	1,735	-
	<u>1,735</u>	<u>-</u>

The amounts are repayable on demand.

12. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposit	1,004,285	-	1,004,285	-
Short term investment	1,002,721	2,205,665	1,002,721	2,205,665
Cash on hand and at banks	1,512,596	1,217,945	326,850	200,833
	<u>3,519,602</u>	<u>3,423,610</u>	<u>2,333,856</u>	<u>2,406,498</u>

The fixed deposit with a licensed bank is pledged as security for banking facilities granted to a subsidiary as disclosed in Note 17 to the financial statements. The effective interest rate of the fixed deposit is 1.70% per annum and having maturity period within one year.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

13. SHARE CAPITAL

	Number of ordinary shares with no par value		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid	255,514,540	255,514,540	30,400,368	30,400,368

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.

14. OTHER RESERVES

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable reserve:				
Exchange translation reserve (a)	738,165	730,269	-	-
ESOS reserve (b)	294,229	152,172	294,229	152,172
	<u>1,032,394</u>	<u>882,441</u>	<u>294,229</u>	<u>152,172</u>

(a) Exchange translation reserve

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

(b) ESOS reserve

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

14. OTHER RESERVES (cont'd)

(b) ESOS reserve (cont'd)

The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not in aggregate exceed thirty percent (30%) of the total issued and fully paid-up share capital (excluding treasury shares, if any) of the Company at any point in time during the duration of the scheme.
- (ii) A person shall be eligible to participate in the ESOS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; be a Director of the Group or be a full-time employee confirmed in service and served at least six (6) continuous months within the Group and has not served a notice to resign prior to the date of offer ("Eligible Person"). Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESOS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESOS Committee.
- (iii) At the Directors' absolute discretion, upon recommendation of the ESOS Committee, the scheme may be extended for a further five (5) years or such shorter period from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting.
- (iv) The option price at which the grantee is entitled to subscribe for each new ordinary share shall be fixed based on the five (5)-day volume weighted average market price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, immediately preceding the offer date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities.
- (v) The new ordinary shares to be allotted and issued upon any exercise of the option will, upon such allotment and issuance, rank pari passu in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of the new ordinary shares.
- (vi) The new ordinary shares allotted and issued pursuant to the exercise of an ESOS option will not be subjected to any retention period or restriction on transfer. However, an eligible Director who is a non-executive Director in the Group shall not sell, transfer or assign the Company's shares obtained through the exercise of the ESOS options granted to him within one (1) year from the offer date.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

14. OTHER RESERVES (cont'd)

(b) ESOS reserve (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2022		2021	
	Number of share option	WAEP RM	Number of share option	WAEP RM
Batch 1				
Grant date	6.11.2017		27.5.2017	
Balance at beginning	1,178,000	0.16	1,193,000	0.16
Lapsed due to resignation	(171,000)	0.16	(15,000)	0.16
	<hr/>		<hr/>	
Balance at end	1,007,000	0.16	1,178,000	0.16
	<hr/>		<hr/>	
Batch 2				
Grant date	21.4.2022			
Granted/Balance at end	1,215,000	0.19	-	-
	<hr/>		<hr/>	

Fair value of share options granted

The fair values of the share options granted were estimated at the grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

The table below lists the inputs to the Black-Scholes model for the ESOS granted:

	6.11.2017	21.4.2022
Fair value (RM)	0.129	0.135
Expected volatility (%)	85.31	62.66
Risk-free interest rate (% p.a.)	3.76	2.95
Dividend yield (%)	-	-
Expected life of option (years)	5	6.55
Weighted average share price (RM)	0.18	0.21

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

15. CONTRACT LIABILITIES

	Group	
	2022 RM	2021 RM
Current		
- software installation, commissioning, post-contract support and maintenance services	877,928	862,223
- solar panel installation services	479,463	-
	<hr/> 1,357,391	<hr/> 862,223
Non-current		
- solar panel installation services	98,465	-
	<hr/> 1,455,856	<hr/> 862,223

For software implementation services, the contract liabilities comprise advance billings or payments received before work is performed which are to be provided to customers and will be recognised as revenue when performance obligations are satisfied over the next 12 months.

For solar panel installation services, the contract liabilities comprise advance billings or payments received before work is performed as well as service-type warranty which are to be provided to customers and will be recognised as revenue when performance obligations are satisfied over several financial years as follows:

	2023 RM	2024 RM	2025 RM	2026 RM	2027 RM	More than 5 years RM	Total RM
2022	479,463	51,885	33,349	530	-	12,701	577,928

16. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Trade					
Third parties	(a)	811,223	102,347	-	-
Non-trade					
Third parties		374,073	152,137	293	3,922
Accruals		379,584	360,196	52,823	54,003
Director	(b)	592,096	592,096	-	-
Related party	(c)	-	2,428	-	53
Refundable deposits	(d)	30,695	214,128	-	-
		<hr/> 1,376,448	<hr/> 1,320,985	<hr/> 53,116	<hr/> 57,978
		<hr/> 2,187,671	<hr/> 1,423,332	<hr/> 53,116	<hr/> 57,978

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

16. TRADE AND OTHER PAYABLES (cont'd)

- (a) Trade payables are non-interest bearing and are normally settled within 30 to 90 days (2021: 30 to 90 days) credit terms.
- (b) The amount is unsecured, non-interest bearing and is repayable on demand.
- (c) The related party of the Group and of the Company refers to a company in which certain Directors of the Company have substantial financial interests. It was unsecured, non-interest bearing and was normally settled within 30 days credit term.
- (d) These deposits are in relation to the Group's solar panel installation services and are refundable to the customers should the application to Sustainable Energy Development Authority ("SEDA") be rejected, net of any cost incurred to date. Upon obtaining approval from SEDA, the amount will be recognised as revenue.

17. BORROWINGS

	Group	
	2022 RM	2021 RM
Secured:		
Bank overdraft	1,169,964	-
Trust receipts	90,542	-
	<hr/>	<hr/>
	1,260,506	-
	<hr/>	<hr/>

The effective interest rates per annum of the borrowings as at the end of the reporting period are as follows:

	Group	
	2022 %	2021 %
Bank overdraft	10.00	-
Trust receipts	6.65	-
	<hr/>	<hr/>

The borrowings are secured by way of:

- (a) The facility agreement,
- (b) Pledge of the Group's freehold land and office lot (Note 4),
- (c) Joint and several guarantee by certain Directors of the Company,
- (d) Corporate guarantee of the Company, and
- (e) Pledge of the Company's fixed deposit (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

18. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Software implementation services:				
- Sale of user license	6,934	2,600	-	-
- Consultancy services	46,711	57,474	-	-
- Software installation, commissioning, post-contract support and maintenance services	5,410,273	4,218,881	-	-
Solar panel installation services	8,274,775	889,694	-	-
Sale of hardware	113,855	304,337	-	271,762
Management fees	-	-	10,000	10,000
	<u>13,852,548</u>	<u>5,472,986</u>	<u>10,000</u>	<u>281,762</u>

Disaggregation of revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Primary geographical markets				
- Malaysia	12,226,554	4,558,304	10,000	281,762
- Hong Kong	1,620,188	907,038	-	-
- Singapore	5,806	7,644	-	-
	<u>13,852,548</u>	<u>5,472,986</u>	<u>10,000</u>	<u>281,762</u>
Timing of recognition				
- At a point in time	167,500	364,441	-	271,762
- Over time	13,685,048	5,108,545	10,000	10,000
	<u>13,852,548</u>	<u>5,472,986</u>	<u>10,000</u>	<u>281,762</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

19. (LOSS)/PROFIT BEFORE TAX

This is arrived at after charging/(crediting):

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Amortisation of intangible assets		1,513,987	1,553,395	-	-
Auditors' remuneration:					
- Statutory audit					
- Company's auditors					
- Current year		93,000	84,000	43,000	38,000
- Prior year		(800)	-	-	-
- affiliated auditors		26,818	22,566	-	-
- other auditors		17,340	17,122	-	-
- Non-audit services					
- Company's auditors		4,000	4,000	4,000	4,000
Bad debts		138	350,171	-	2,000
Depreciation:					
- property, plant and equipment		290,259	294,224	221,103	221,103
- right-of-use asset		-	56,709	-	-
- investment property		477	477	-	-
Directors' remuneration	(a)	814,369	642,940	129,179	80,000
Dividend income		(28,767)	(59,492)	(28,767)	(59,492)
Employee benefits expense	(b)	2,963,333	2,438,804	-	-
Expenses related to leases as a lessee					
- Total cash outflows					
- leases of low value assets		5,590	5,216	-	-
- short-term leases	(c)	124,606	54,753	-	-
Gain on deconsolidation of subsidiaries		-	(64,194)	-	(10)
Impairment loss:					
- intangible assets		-	64,211	-	-
- investment in subsidiaries		-	-	3,453,000	-
- trade receivables		85,342	78,229	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

19. (LOSS)/PROFIT BEFORE TAX (cont'd)

This is arrived at after charging/(crediting) (cont'd):

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense:				
- bank overdraft	40,183	-	-	-
- lease liabilities	-	610	-	-
- trust receipts	7,921	-	-	-
Interest income:				
- amount due from subsidiaries	-	-	(10,300)	(2,579)
- others	(5,541)	(7,479)	(4,525)	(6,585)
Property, plant and equipment written off	-	14	-	-
Realised loss/(gain) on foreign exchange	11,446	59,657	(88)	-
Rental income:				
- investment property	(6,000)	(31,500)	-	-
- others	(38,500)	(42,000)	-	-
Reversal of impairment loss:				
- investment in an associate	-	(1,475,000)	-	(1,475,000)
- trade receivables	(6,360)	(76,623)	-	-
Unrealised loss on foreign exchange	21,016	77	-	-
Wage subsidy/ Hiring incentive	(d) (66,800)	(214,536)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

19. (LOSS)/PROFIT BEFORE TAX (cont'd)

(a) Directors' remuneration

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Fee	90,000	80,000	90,000	80,000
Salary and bonus	350,000	281,750	-	-
Share-based payment transactions	39,179	-	39,179	-
Contributions to defined contribution plan	37,800	33,120	-	-
	<u>516,979</u>	<u>394,870</u>	<u>129,179</u>	<u>80,000</u>
Director of a subsidiary				
Salary	266,169	222,000	-	-
Contributions to defined contribution plan	31,221	26,070	-	-
	<u>297,390</u>	<u>248,070</u>	<u>-</u>	<u>-</u>
	<u>814,369</u>	<u>642,940</u>	<u>129,179</u>	<u>80,000</u>

(b) Employee benefits expense

	Group	
	2022 RM	2021 RM
Salary, wages, allowances and bonus	3,557,052	3,025,962
Share-based payment transactions	124,967	-
Contributions to defined contribution plans	377,034	314,241
Other staff related benefits	101,899	85,100
	<u>4,160,952</u>	<u>3,425,303</u>
Less: Capitalised as software development costs (Note 8a)	(1,197,619)	(986,499)
	<u>2,963,333</u>	<u>2,438,804</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

19. (LOSS)/PROFIT BEFORE TAX (cont'd)

(c) Lease expenses

	Group	
	2022 RM	2021 RM
Short-term lease	148,606	78,753
Less: Capitalised as software development costs (Note 8a)	(24,000)	(24,000)
	<u>124,606</u>	<u>54,753</u>

(d) Wage subsidy/Hiring incentive

Representing government assistance in relation to wage subsidies and hiring incentives for eligible employees.

20. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Malaysian income tax:</u>				
Income tax				
- Current year	(34,741)	(103,337)	-	(63,105)
- Over/(Under) provision in prior year	14,602	(31,398)	-	(15,686)
	<u>(20,139)</u>	<u>(134,735)</u>	<u>-</u>	<u>(78,791)</u>
Deferred tax				
- Over provision in prior year	-	32	-	32
	<u>(20,139)</u>	<u>(134,703)</u>	<u>-</u>	<u>(78,759)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

20. TAX EXPENSE (cont'd)

The reconciliation of tax expense of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(225,274)	341,235	(3,903,931)	1,152,204
Income tax at Malaysian statutory tax rate of 24%	54,066	(81,896)	936,943	(276,529)
Different tax rates in foreign jurisdictions	29,090	(21,201)	-	-
Tax effects on share of results of associates	(65,876)	(59,755)	-	-
Non-taxable income	8,700	388,637	6,904	368,280
Expenses not deductible for tax purposes	(218,921)	(279,442)	(943,747)	(154,856)
Utilisation of previously unrecognised tax losses, capital allowances and pioneer loss	139,700	1,440	-	-
Deferred tax assets not recognised	18,500	(51,120)	(100)	-
	(34,741)	(103,337)	-	(63,105)
Over/(Under) provision in prior year	14,602	(31,366)	-	(15,654)
	(20,139)	(134,703)	-	(78,759)

The amount and future availability of unutilised tax losses, capital allowances and pioneer loss for which the related tax effect has not been accounted for at the end of the reporting period are estimated as follows:

	Group (Restated)		Company (Restated)	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses	30,046,000	30,440,000	-	-
Unutilised capital allowances	337,000	328,000	1,000	1,000
Unutilised pioneer loss	865,000	1,363,000	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

20. TAX EXPENSE (cont'd)

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 2022, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

21. DEFERRED TAX ASSETS

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:

	Group		Company	
	(Restated)		(Restated)	
	2022	2021	2022	2021
	RM	RM	RM	RM
Property, plant and equipment	22,100	22,500	100	200
Unutilised tax losses	(7,211,200)	(7,305,600)	-	-
Unutilised capital allowances	(80,800)	(78,700)	(200)	(200)
Unutilised pioneer loss	(207,600)	(327,200)	-	-
Contract liabilities	(227,200)	(173,900)	-	-
	(7,704,700)	(7,862,900)	(100)	-

22. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the financial year is calculated by dividing the (loss)/profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
(Loss)/Profit after tax attributable to owners of the Company (RM)	(77,568)	191,990
Weighted average number of shares		
Issued shares at beginning of the financial year	255,514,540	255,514,540
Basic (loss)/earnings per share (sen)	(0.03)	0.08

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

22. (LOSS)/EARNINGS PER SHARE (cont'd)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the financial year is calculated by dividing the (loss)/profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year and adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2022	2021
(Loss)/Profit after tax attributable to owners of the Company (RM)	(77,568)	191,990
Weighted average number of shares	255,514,540	255,514,540
Effect of ESOS	733,643	100,332
	256,248,183	255,614,872
Diluted (loss)/earnings per share (sen)	(0.03)	0.08

23. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the reports reviewed and used by the Directors for strategic decisions making and resources allocation. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segment

The Group's reportable segments are now organised as follows:

- | | |
|-------------------------------|---|
| (i) Software implementation | Provision of software installation, commissioning, support and maintenance services and its related services. |
| (ii) Solar panel installation | Provision of engineering, procurement, construction and commissioning services in solar energy solution and its related services. |

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

23. SEGMENT INFORMATION (cont'd)

	Software implementation		Solar panel installation		Elimination		Note	Total	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM		2022 RM	2021 RM
Revenue									
External revenue	5,577,773	4,583,292	8,274,775	889,694	-	-		13,852,548	5,472,986
Inter-segment revenue	-	-	-	-	-	-	A	-	-
Total revenue	5,577,773	4,583,292	8,274,775	889,694	-	-		13,852,548	5,472,986
Results									
Segment results	(161,679)	(33,131)	(295,515)	118,519	-	-		(457,194)	85,388
Interest income								5,541	7,479
Interest expense								(48,104)	(610)
Share of results of an associate								274,483	248,978
(Loss)/Profit before tax								(225,274)	341,235
Tax expense								(20,139)	(134,703)
(Loss)/Profit for the financial year								(245,413)	206,532
Assets									
Segment assets	10,637,705	9,583,378	2,568,297	696,673	(1,276,971)	(355,934)		11,929,031	9,924,117
Investment in an associate								2,006,624	1,723,978
Current tax assets								165,927	15,770
Cash and bank balances								3,519,602	3,423,610
Total assets								17,621,184	15,087,475
Liabilities									
Segment liabilities	3,358,306	1,959,700	2,822,698	681,789	(1,276,971)	(355,934)		4,904,033	2,285,555
Current tax liabilities								2,638	12,230
Total liabilities								4,906,671	2,297,785
Other segment information									
Additions to non-current assets	1,329,861	1,237,227	11,899	-	-	-	B	1,341,760	1,237,227
Depreciation and amortisation	1,800,423	1,904,805	4,300	-	-	-		1,804,723	1,904,805
Non-cash expenses/(income) other than depreciation and amortisation	3,696,266	(1,123,115)	21,016	-	3,453,000	-	C	264,282	(1,123,115)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

23. SEGMENT INFORMATION (cont'd)

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment and intangible assets.
- C Other non-cash (income)/expenses consist of the following items:

	Group	
	2022 RM	2021 RM
Bad debts	138	350,171
Gain on deconsolidation of subsidiaries	-	(64,194)
Impairment loss on software development costs	-	64,211
Impairment loss on trade receivables	85,342	78,229
Property, plant and equipment written off	-	14
Reversal of impairment loss on investment in an associate	-	(1,475,000)
Reversal of impairment loss on trade receivables	(6,360)	(76,623)
Share-based payment transactions	164,146	-
Unrealised loss on foreign exchange	21,016	77
	<u>264,282</u>	<u>(1,123,115)</u>

Geographical segment

The Group operates mainly in Malaysia and other Asia Pacific countries. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total non-current assets and capital expenditure are based on the geographical location of the assets.

	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	12,226,554	4,558,304	8,866,229	8,999,566
Asia Pacific	1,625,994	914,682	-	46,798
	<u>13,852,548</u>	<u>5,472,986</u>	<u>8,866,229</u>	<u>9,046,364</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

23. SEGMENT INFORMATION (cont'd)

Geographical segment (cont'd)

Non-current assets information presented above which excludes financial assets, consist of the following items as presented in the Group's statement of financial position:

	2022 RM	2021 RM
Property, plant and equipment	3,767,428	4,027,546
Investment property	282,727	283,204
Investment in an associate	2,006,624	1,723,978
Intangible assets	2,809,450	3,011,636
	<hr/>	<hr/>
	8,866,229	9,046,364
	<hr/>	<hr/>

Information about major customers

Total revenue from 2 (2021: 1) major customers which individually contributed more than 10% of the Group's total revenue amounted to RM5,090,255 (2021: RM667,490).

24. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group and the Company have related party relationships with their subsidiaries, associate, key management personnel and companies in which certain Directors of the Company and persons connected to certain Directors of the Company have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

24. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following related party transactions during the financial year:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transactions with an associate				
- Sales	14,051	84,800	-	-
- Rental income	35,000	42,000	-	-
Transactions with related parties				
- Cost sharing	69,486	65,189	36,789	39,545
- Professional fees and disbursements paid	9,901	22,107	1,238	3,546
- Sales	6,073	3,275	-	3,275
- Rental expenses paid/ payable	24,000	24,000	-	-
- Clerical charges paid/ payable	31,200	29,600	-	-
Transactions with subsidiaries				
- Interest income	-	-	10,300	2,579
- Management fees received	-	-	10,000	10,000

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and of the Company are disclosed in Note 19(a).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

24. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

The remuneration of other members of key management personnel during the financial year is as follows:

	Group	
	2022 RM	2021 RM
Salary, allowances and bonus	414,375	408,300
Share-based payment transactions	45,934	-
Contributions to defined contribution plan	49,478	47,220
	<u>509,787</u>	<u>455,520</u>

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
<u>Amortised cost</u>				
Trade and other receivables	3,998,725	2,468,952	15,173	14,380
Amount due from subsidiaries	-	-	1,388	316,277
Cash and bank balances	3,519,602	3,423,610	2,333,856	2,406,498
	<u>7,518,327</u>	<u>5,892,562</u>	<u>2,350,417</u>	<u>2,737,155</u>
Financial liabilities				
<u>Amortised cost</u>				
Trade and other payables	2,187,671	1,423,332	53,116	57,978
Amount due to a subsidiary	-	-	1,735	-
Borrowings	1,260,506	-	-	-
	<u>3,448,177</u>	<u>1,423,332</u>	<u>54,851</u>	<u>57,978</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks of the Group include credit, liquidity, interest rate and foreign currency risks.

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing these risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating.

At the end of each reporting period, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to the previous financial year.

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the amount owing from 1 customer (2021: 2 customers), constituting 25% (2021: 37%) of the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECLs.

The Group assesses impairment of trade receivables on individual and collective basis. The Group uses a provision matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics.

Consistent with the debt recovery process, the Group has set an additional settlement period of 150 days. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency after the extended period. Those balances exceeding 240 days past due will be considered as credit impaired.

Loss rates are based on actual credit loss experienced throughout the period. The Group 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.

In response to the Covid-19 pandemic and to maintain good business relationship with the customers, the Group has also given some leeway to customers by giving temporary extension of credit terms upon request. Nevertheless, such request was minimal considering the additional settlement period allowed are fairly reasonable. However, such temporary extension of credit terms has not been included in calculating the ECL as the management does not foresee it will significantly impact the calculation.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

	Group	
	2022 RM	2021 RM
Gross amount		
Current (not past due)	1,755,163	1,362,961
1 to 60 days past due	1,344,473	559,586
61 to 120 days past due	271,769	272,570
121 to 180 days past due	458,631	195,316
181 to 240 days past due	185,054	641
More than 240 days	463,860	1,838,447
	<u>4,478,950</u>	<u>4,229,521</u>
Less: Loss allowances		
- Collectively impaired	(539,863)	(459,192)
- Individually impaired	-	(1,357,464)
	<u>(539,863)</u>	<u>(1,816,656)</u>
Total trade receivables	<u>3,939,087</u>	<u>2,412,865</u>

The Company did not have any trade receivables as at 31 March 2021 and 31 March 2022.

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

For trade receivables that are past due but not impaired, they relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances. No impairment has been provided for these trade receivables as there has been no significant changes in their credit quality and the management still considered the debts to be recoverable.

For trade receivables that are individually or collectively determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments which are past due more than 240 days. These receivables are not secured by any collateral or credit enhancements.

Cash and cash equivalents

The cash and cash equivalents of the Group and of the Company are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These licensed banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Group and the Company believe that generally no allowance for impairment is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Intragroup advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Intragroup advances (cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there were no indications of impairment loss in respect of these advances.

Financial guarantees

The Company provides unsecured financial guarantee to a licensed bank in respect of an overdraft facility granted to a subsidiary up to a limit of RM1,400,000 (2021: RM1,400,000). The maximum exposure to credit risk amounted to RM1,169,964 (2021: RM Nil), representing the outstanding overdraft facility of the subsidiary as at the reporting date.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The fair value of the financial guarantee has not been recognised at inception date as it is not material and the Company has not received any consideration for the issuance of such financial guarantees.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

All the Group's and the Company's financial liabilities at the end of the reporting period will mature within one year.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

In response to possible future liquidity constraints arising from the Covid-19 pandemic, particularly on the mismatching of collection from customers and payment to suppliers, the Group has maintained a secured overdraft facility with a limit of RM1.4 million which is not fully utilised as at the end of the reporting period. Interest is payable at the minimum rate of 10% per annum or base financing rate (BFR) + 4% per annum whichever is higher, calculated based on any outstanding amount.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instruments:				
Financial assets	1,004,285	-	1,004,285	316,277
Floating rate instruments:				
Financial liabilities	1,260,506	-	-	-

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis points at the end of the reporting period would increase the Group's loss after tax by approximately RM2,395 (2021: RM Nil) and a corresponding decrease would have an equal but opposite effect, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(iv) Foreign currency risk

The objectives of the Group's and the Company's foreign exchange policies are to allow the Group and the Company to manage exposure that arise from trading activities effectively within a framework of controls that does not expose the Group and the Company to unnecessary foreign exchange risks.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Company. The Group also holds cash and bank balances and borrowing denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily US Dollar ("USD"), Chinese Renminbi ("RMB") and Singapore Dollar ("SGD").

Exposure to foreign currency risk

The Group's exposure to foreign currency based on the carrying amount as at the end of the reporting period is as follows:

	Denominated in		
	SGD RM	USD RM	RMB RM
2022			
Cash and bank balances	4,741	6,138	2,042
Borrowing	-	(90,542)	-
Trade payables	(52,663)	(26)	(502)
	(47,922)	(84,430)	1,540
2021			
Cash and bank balances	-	2,073	2,025

The Company is not exposed to any foreign currency risk as at the end of the reporting period.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(iv) Foreign currency risk

Sensitivity analysis for foreign currency risk (cont'd)

A 10% strengthening of the functional currency of the Group against the foreign currencies at the end of the reporting period would have affected profit after tax by the amount shown below and a corresponding weakening would have an equal but opposite effect:

	2022 RM	2021 RM
SGD	3,642	-
USD	6,417	(157)
RMB	(117)	(154)
	<hr/>	<hr/>
Increase/(Decrease) in profit after tax	9,942	(311)
	<hr/>	<hr/>

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

26. FAIR VALUE INFORMATION

Fair value measurement of non-financial assets

The fair value measurement hierarchies used to measure non-financial asset at fair value in the statements of financial position are disclosed in Note 5 to the financial statements.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

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 values.

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.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain shareholders', stakeholders' and market confidence and to sustain future development of the business.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

27. CAPITAL MANAGEMENT (cont'd)

The Group manages and determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objectives, policies and processes during the financial year under review as compared to the previous financial period.

The Group manages capital by regularly monitoring its liquidity requirements rather than using debt/equity ratio and the Group did not breach any covenants imposed by its lender on the Group as at the end of the reporting period.

28. CAPITAL COMMITMENTS

The Group has made commitments for the following:

	Group	
	2022 RM	2021 RM
Property, plant and equipment	27,000	27,000
Intangible assets - Purchase of software	-	90,000
	<u>27,000</u>	<u>117,000</u>

29. SIGNIFICANT EVENT

Coronavirus ("Covid-19")

The economy had transitioned into endemic stage and fully opened in October 2021 following the National Recovery Plan during the financial year ended 31 March 2022. The market activities have gradually recovered albeit facing uncertainty from manpower shortage and inflationary pressure.

The Group has assessed the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2022.

The Group looks forward to doing more business and does not expect any material financial impact from the tailing off of the endemic for the financial year ending 31 March 2023 to be disclosed in the financial statements as impact of the coronavirus is a continuing assessment process. The Group will continuously monitor any material changes to future economic conditions that will affect the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

30. SUBSEQUENT EVENT

On 24 May 2022, the Company and a subsidiary, namely Ygi Convergence Malaysia Sdn. Bhd. ("Ygi CM") have respectively subscribed for 540,000 units and 60,000 units new ordinary shares in Ai Solar Sdn. Bhd. ("Ai Solar"). Following the subscription, the Group's equity interest in Ai Solar is increased from 60% to 94.28%.

31. RIGHT-OF-USE ASSET

	Group 2021 RM
At cost	
Balance at beginning	278,896
Expiry of lease	(267,389)
Foreign currency translation	(11,507)
	<hr/>
Balance at end	-
	<hr/>
Accumulated depreciation	
Balance at beginning	220,181
Current charge	56,709
Expiry of lease	(267,389)
Foreign currency translation	(9,501)
	<hr/>
Balance at end	-
	<hr/>
Carrying amount	<hr/> - <hr/>

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

The expenses charged to profit or loss in the previous financial year are as follows:

	Group 2021 RM
Depreciation of right-of-use asset	56,709
Interest expense on lease liabilities	610
Expenses relating to low value assets	5,216
Expenses relating to short-term leases	54,753
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022 (cont'd)

32. DEFERRED TAX LIABILITIES

	Group and Company 2021 RM
Balance at beginning	32
Recognised in profit or loss	(32)
	<hr/>
Balance at end	-
	<hr/>

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

LIST OF PROPERTIES

Location	Description and Existing Use	Tenure	Land area/ Built-up area (sq ft)	Date of acquisition/ Completion	Approximate age of Building (Years)	Carrying Amount (RM)
Unit 9-10, 9 th Floor, Wisma UOA II, No. 21, Jalan Pinang, 50450 Kuala Lumpur	One office unit held under GRN46212 master issue document for title at H.S. (D) 87450, P.T. 35, Section 57, Town of Kuala Lumpur, District of Wilayah Persekutuan Kuala Lumpur Office use and partially rented out	Freehold	2,508	08/12/2000	22	942,265
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), Town of Kuala Lumpur, District of Wilayah Persekutuan Kuala Lumpur Rented Out	Freehold	238.46	29/01/2008	14	282,727

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

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	%
7	Less than 100	308	*
580	100 - 1,000	147,400	0.06
725	1,001 - 10,000	4,875,300	1.91
721	10,001 to 100,000	26,179,800	10.25
131	100,001 to less than 5% of issued shares	131,501,200	51.46
3	5% and above of issued shares	92,810,532	36.32
2,167	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	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE</i>	19,357,200	7.58
4	TAI KAU @ TAI FAH CHONG	11,614,000	4.55
5	LEE HAN CIEN	10,768,000	4.21
6	LEE WAI MUN	8,678,600	3.40
7	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG GING KIAT</i>	6,855,000	2.68
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP KONG TAI</i>	6,680,000	2.61
9	CHAN LI KHENG	6,597,000	2.58
10	TAN LAN WAH	5,200,300	2.04
11	YEAP CHOR BENG & SONS SDN BHD	4,500,000	1.76

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022 (cont'd)

30 Largest Securities Account Holders based on Record of Depositors

(without aggregating the securities from different securities accounts belonging to the same person) (cont'd)

No.	Name	No. of Shares held	%
12	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP KONG YEOW</i>	4,060,000	1.59
13	CHEONG YEN YOON	3,333,000	1.30
14	TRICOR SERVICES (MALAYSIA) SDN BHD	3,324,000	1.30
15	WONG AH YONG	3,317,900	1.30
16	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FOO CHEE BOON</i>	3,260,000	1.28
17	YEAP KONG YEOW	2,433,000	0.95
18	TAN LAN WAH	2,362,000	0.92
19	NG JEH YEONG	1,750,000	0.68
20	NG CHENG GUAN	1,604,100	0.63
21	SIM PUEI CHUN	1,600,000	0.63
22	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MICHAEL HENG CHUN HONG</i>	1,402,400	0.55
23	HEW YOON KIONG	1,286,900	0.50
24	SEAW KENG SENG	1,250,000	0.49
25	TAN SEIK LANG	1,200,000	0.47
26	YANG WAI KEN EUGENE	1,200,000	0.47
27	TEE CHEE CHIANG	1,161,200	0.45
28	ADAM GAN JIAN MING	1,100,000	0.43
29	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG</i>	1,100,000	0.43
30	YEAP KAH PHAIK	1,000,000	0.39

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022 (cont'd)

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	-	-	

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	Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	8,678,600	3.40	-	-	
4	Wong Khai Meng	-	-	-	-	
5	Muhammed Ali Bin Hajah Mydin	-	-	-	-	

Note:

- a) Deemed interested through her spouse, Mr. Yeap Kong Chean

Interests in the related corporations

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

Save as disclosed above, none of the Directors had any interest in shares in the related corporations.

Ygl Convergence Berhad

Registration No. 200401010510 (649013-W)
(Incorporated in Malaysia)

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 **Eighteenth (18th) Annual General Meeting ("AGM")** of the Company to be held at **Bayu 1, Level 2, Ascott Gurney Penang, No. 18, Gurney Drive, 10250 George Town, Penang on Thursday, 25 August 2022 at 10.30 a.m.** or any adjournment thereof, and to vote as indicated below:

Agenda			
1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and the Auditors thereon.			
Description of Resolution	Resolution	For	Against
2. To re-elect Madam Tan Hoay Leng as Director of the Company.	1		
3. To re-elect Mr. Wong Khai Meng as Director of the Company.	2		
4. To approve the payment of Directors' fees for the financial year ended 31 March 2022.	3		
5. To approve the payment of benefits to Directors for the period commencing from 26 August 2022 until the next AGM of the Company.	4		
6. To re-appoint Messrs. Moore Stephens Associates PLT as auditors of the Company.	5		
Special Business			
7. Authority for Directors to issue and allot shares pursuant to the Companies Act 2016.	6		

(Please indicate with an "X" in the appropriate box how you wish your proxy to vote. If no instruction is given, the proxy will vote or abstain at his/her discretion).

* Strike out whichever not applicable.

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of 18th AGM for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____ 2022.

Signature of Shareholder(s)/Common Seal

* Manner of execution:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

- 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 **19 August 2022**. 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.
- 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.
- 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.
- If two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- Where a member of the Company is an authorised nominee, as defined in the Securities Industry (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.
- 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.
- 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 notariially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

- 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.

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:-

- 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");
- 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
- 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.



Affix Stamp

To:

The Company Secretaries

Ygl Convergence Berhad

Registration No. 200401010510 (649013-W)

No. 35, Scotland Road

10450 Penang

Malaysia

PENANG (HQ)

35, Scotland Road
10450 Penang
Malaysia
T: +604 229 0619

**PENANG
(R&D Centre)**

5, Lintang Bayan Lepas 1
Bayan Lepas
Industrial Park,
Phase 4,
11900 Bayan Lepas
Penang, Malaysia
T: +604 630 3377

**KUALA
LUMPUR**

Suite 9-10
Wisma UOA II
Jalan Pinang
50450 Kuala Lumpur
Malaysia
T: +603 2166 5928

Ygl Convergence Berhad

200401010510 (649013-W)

HONG KONG

Rm 2205-6 22/F.
Lemmi Centre
50 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong
T: +852 2609 1338

SINGAPORE

65 Chulia Street
#46-00 OCBC Centre
Singapore 049513
T: +65 6670 6881

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0086
COMPANY NAME : Ygl Convergence Berhad
FINANCIAL YEAR : March 31, 2022

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 PURSUANT 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	:	<p>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 optimising the Group's resources.</p> <p>The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR").</p> <p>There is a 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.</p> <p>The Board consists of five (5) Directors, comprising two (2) Executive Directors ("EDs"), two (2) Independent Non-Executive Directors ("INEDs") and one (1) Non-Independent Non-Executive Director ("NINED"). 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 2022 of the Company.</p> <p>The Board complies with Rule 15.02 of ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which states that a listed company must have at 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 their objective deliberation and judgement.</p>

	<p>There is a clear division of responsibilities between the EDs and Non-Executive Directors (“NEDs”) of the Board. The EDs are responsible for the implementation of the Board’s decisions and policies, overseeing 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.</p> <p>The EDs, Mr. Yeap Kong Chean and Madam Tan Hoay Leng, primarily are responsible for the implementation of the Board’s policies and decisions and keep the Board informed of the overall operations of the Group. The presence of the existing Independent and Non-Independent NEDs, are of sufficient calibre and experience to bring objectivity, balance and independent judgements to the Board’s decision.</p> <p>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.</p> <p>The principal focus of the Board includes the following:</p> <ul style="list-style-type: none"> • 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. <p>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 EDs with the responsibility to review candidates and compensation packages for key management positions.</p> <p>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 releases and announcements are released on a timely basis as a means of disseminating information about the Group’s business activities and financial performance.</p>
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	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 control 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 2022 of the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The position of Chairman is currently vacant and the Board is still looking for a high calibre character to assume the oversight role. The Company is a relatively small-sized company with only five (5) members on the Board. Currently, the Board deals with the Chief Executive Officer ("CEO") whose focus is on the day-to-day operation of the business. The Board collectively makes decisions pertaining to governance matters and business strategies.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	<p>The position of Chairman is vacant while the position of CEO is assumed by Mr. Yeap Kong Chean.</p> <p>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.</p> <p>The Board recognises 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.</p> <p>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 decisions and policies, overseeing day-to-day management and coordination of business and strategic decisions, while the NEDs play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making.</p>	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The position of Chairman is currently vacant. Audit and Risk Management Committee, NC and Remuneration Committee comprise INED and NINED.</p> <p>The CEO, Mr. Yeap Kong Chean was invited to participate in the Board Committees' meetings.</p>
		Nil.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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	:	<p>The Board is supported by qualified and competent Company Secretaries, namely Ms. Low Seow Wei and Ms. Yeow Sze Min, who are also members of a professional body. They are both qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They are members of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The company secretaries:-</p> <ul style="list-style-type: none">• Manage all the Board meetings by ensuring attendance• Ensuring due processes and proceedings during Annual General Meeting ("AGM")• Record and keep deliberations of meetings in minutes• Communicate the 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
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 1.6

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	:	<p>The Board meetings are held at quarterly intervals and additional meetings are held should the need arise.</p> <p>The Board is provided with notice of meetings that set out the agenda, minutes of previous meeting, all relevant reports and meeting papers were circulated to the Board before the Board Meeting to give them sufficient information and time to deliberate on issues to be raised at meetings.</p> <p>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 a timely manner.</p> <p>The Company Secretaries 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 the meeting for updating the Board.</p> <p>For the financial year ended 31 March 2022 ("FY2022"), the Board held five (5) meetings which were attended by the Directors with full attendance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	<p>The roles and responsibilities of the Board have been outlined in the Board Charter. The Board Charter provides guidelines to benchmark the performance of the Board as a whole as well as that of the individual director. The terms of the Board Charter 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.</p> <p>There is a 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 for the business.</p> <p>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.</p> <p>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.</p>
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 3.1

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	:	<p>The Board views adherence to the best practices of corporate governance as the means to uphold a 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 is applicable to all the employees and Board members.</p> <p>Areas covered by the Code of Ethics and Conducts encompass information confidentiality and security, conflict of interests, protection of assets, insider trading etc.</p> <p>The details of the Code of Ethics and Conduct are available for reference on the Company's website at www.yglworld.com.</p> <p>The Directors of the Group are 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.</p> <p>The Board has formalised 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.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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	:	<p>The Board adopted the Whistleblower Policy on 26 August 2019, which provides guidelines on procedures and protection for its Directors and employees in the event of reporting any wrongdoing within the Group as well as safeguard the interests of the Company.</p> <p>The details of the Whistleblower Policy are available for reference on the Company’s website at www.yglworld.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>Ygl has established its sustainability vision and is putting in place a sound and efficient sustainability structure to provide guidelines and management of sustainability related matters. Sustainability is fundamental to the growth and enhancement of stakeholders' value in long-term.</p> <p>Ygl's key strategic sustainability directions are defined in the following areas:-</p> <ul style="list-style-type: none">• Core Values – building of corporate culture• Governance - accountability & transparency• Product & Services – empower local businesses• Education – strengthen local workforce• Community – care & empathy• Environment – renewable energy & software technology <p>Ygl has ventured into the field of renewable energy with the view of complementing reduction in carbon emission and optimising resources through our software solutions.</p> <p>Our sustainability structure will define the way we operate our business and how we interact with the communities where we operate. Further information on sustainability for the financial year is disclosed in the Sustainability Statement in the Annual Report 2022 of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Ygl's sustainability vision and strategies are communicated to its stakeholders through the Sustainability Statement in the Annual Report 2022 of the Company and corporate website and multimedia. Ygl has not established a formal Sustainability Policy.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has not engaged relevant professionals or provide formal training to the Board and the employees on the subject matters of sustainability. With the increasing emphasis on sustainability and expectations placed on the Company to expand its sustainability agenda, the Board will take an appropriate effort to provide training and update the knowledge of the Board and employees to support our sustainability strategy.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has put in place certain criteria for review on sustainability performance which were not comprehensive enough to address the Company's material sustainability risks and opportunities.	
		The Board will include in its assessment among others, its effectiveness in the followings: - <ul style="list-style-type: none">• establishing strategies, priorities and targets for sustainability matters;• addressing key risks;• identifying sustainability opportunities; and• earmarking learning needs on sustainability. The Board with the assistance from Human Resource Department will incorporate key performance indicators ("KPI") for Senior Management whereby the performance in managing material sustainability risks and opportunities will be taken into consideration.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to boardroom diversity with an appropriate balance and mix of industry-specific knowledge, skills, experience, backgrounds and gender which contribute to the effectiveness, perspective, creativity and performance of the Board.</p> <p>The NC has in place an evaluation process to annually assess the effectiveness and performance of the Board, individual directors and Board Committees.</p> <p>Currently, the members of the Board are from diverse backgrounds and they contribute different perspectives, skills and expertise to their roles in the Board and Board Committees.</p> <p>The tenures of the three (3) Independent and Non-Independent NEDs, namely Mr. Wong Khai Meng, Encik Muhamed Ali Bin Hajah Mydin and Dato' Lee Wai Mun <i>D.I.M.P., J.P.</i> are below five (5) consecutive years. The profile of the Directors is set out in the Annual Report 2022 of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Board consists of five (5) Directors, comprising of two (2) EDs, two (2) INEDs and one (1) NINED.	
		Collectively, the composition equips the Board with a mix of industry specific knowledge and broad business, financial, regulatory and technical experience.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied			
Explanation on application of the practice	:	None of the INEDs has served tenure for more than nine years: -			
		Years of Service	< 5 years	> 5 years	> 9 years
		Independent NEDs	2	-	-
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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>Currently, the Board consists of five (5) Directors, comprising two (2) EDs, two (2) INEDs and one (1) NINED.</p> <p>The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.</p> <p>The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>Notwithstanding the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.</p> <p>In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is responsible for the appointment of new Directors, the NC is delegated with the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. NC has the authority to obtain the services of professional recruitment firms to source candidates for directorship or seek independent professional advice whenever necessary.</p> <p>The NC is also empowered to bring to the Board, recommendations as to the appointment of any new director or to fill board vacancies as and when they arise. In making its recommendation, the NC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies that Directors of the Company should bring to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>In order to assist the shareholders in making a decision on the appointment and re-election of a director, the Board discloses the individual profile, roles in the Board Committees, record of meeting attendance and shareholdings in the Annual Report 2022 of the Company.</p> <p>The performance of retiring Directors who are recommended for re-election at the forthcoming AGM has been assessed by the Board through the NC. The evaluations also include the independence of the Independent Non-Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	<p>Encik Muhamed Ali Bin Hajah Mydin as an INED of the Company was appointed as member of NC on 12 July 2021 and re-designated as Chairman of NC on 23 December 2021.</p> <p>The NC of the Company comprises of majority of Independent Directors.</p> <p>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.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>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.</p> <p>The NC adopts a transparent practice to assess the suitability of an individual to be appointed to the Board. Recruitment is based on pre-set criteria such as individual skills, knowledge, expertise and experience, professionalism and integrity. The NC also ensures that the procedures for appointing a new Director are transparent and that the appointments are made on merit and against objective criteria for the purpose.</p> <p>The Board consists of a female ED namely, Madam Tan Hoay Leng who was appointed to the Board in the year 2009. She has been on the management team since the inception of the listing of the Company. She is currently the only female Director out of a total of five (5) Board members.</p> <p>The Board will consider the suitability and credibility of women candidates for the Board to reach adequate women participation in the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not have a formal gender diversity policy but does disclose the profile and percentage of female representation on the Board as well as the profile of female senior management in the Annual Report 2022 of the Company.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>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 Director.</p> <p>The NC conducted the annual assessment of the performance of the Board as a whole for the FY 2022 based on the following criteria: -</p> <ul style="list-style-type: none">• Board mix & composition• Quality of information & decision making• Boardroom activities• Board committee performance review <p>Based on the assessment of Board effectiveness as a whole, it was concluded that the Board has discharged its duties and responsibilities adequately.</p> <p>Further, the NC conducted its annual assessment of the INEDs and 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 the Board of the Company.</p> <p>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 23 December 2021. Apart from the qualifications and competencies of the said Director, the NC's review on the proposed re-</p>

	election as Directors takes into account the mix of skill set, experience and contribution brought to the Board.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>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.</p> <p>EDs' remuneration is based on corporate and individual performance while INEDs' fees are based on fiduciary duties, time commitment and company performance.</p> <p>For the FY 2022, the RC had performed its duty to assess annually the remuneration package of its EDs and Senior Management.</p> <p>In addition, the RC had also deliberated on the Directors' fees for the FY 2022 which is subject to the shareholders' approval at the forthcoming Eighteenth ("18th") AGM. Further to the deliberations, the RC had reported to the Board its recommendation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 7.2

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	:	<p>The Board established a RC on 28 November 2017 and the TOR is disclosed on the Company's website at www.yglworld.com.</p> <p>The RC of the Company comprises all NEDs and majority of whom are Independent Directors.</p> <p>The RC is in charge of the implementation of policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board pursuant to the recommendation of MCGG.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 8.1

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	:	<p>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.</p> <p>For the FY 2022, the Board proposed that the Directors' fees for the FY 2022 be maintained as the previous financial year for each Director and be recommended for the shareholders' approval at the forthcoming 18th AGM.</p> <p>Please refer to the Annual Report 2022 for the breakdown of Directors' remuneration (including benefits-in-kind) for services rendered to the Group for the FY 2022.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Yeap Kong Chean	Executive Director	-	-	-	-	-	27,020	27,020	-	-	240,000	10,000	-	-	250,000
2	Tan Hoay Leng	Executive Director	20,000	-	-	-	-	12,159	32,159	-	-	96,000	4,000	-	-	100,000
3	Dato' Lee Wai Mun, <i>D.I.M.P., J.P.</i>	Non-Executive Non-Independent Director	20,000	-	-	-	-	-	20,000	-	-	-	-	-	-	-
4	Wong Khai Meng	Independent Director	20,000	-	-	-	-	-	20,000	-	-	-	-	-	-	-
5	Muhammed Ali Bin Hajah Mydin	Independent Director	15,000	-	-	-	-	-	15,000	-	-	-	-	-	-	-
6	Dr. Ch'ng Huck Khoon (Retired on 23 December 2021)	Independent Director	15,000	-	-	-	-	-	15,000	-	-	-	-	-	-	-
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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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 8.2

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	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The disclosure of the remuneration of four (4) key senior management personnel in the Company as requested under Practice 7.2 of MCCG, in bands of RM50,000.00 is made on a named basis in the Annual Report 2022 of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	Mr. Wong Khai Meng is the Chairman of the Audit and Risk Management Committee ("ARMC") and is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The TOR of ARMC clearly sets out that "No former Partner of the external audit firm of the Company shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years".</p> <p>At present, none of the members of the ARMC was a former partner of the external audit firm.</p>	
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial period ended 31 March 2022, the ARMC assisted in assessing, reviewing and supervising the suitability, objectivity, independence and overall performance of the external auditors, Messrs. Moore Stephens Associates PLT.</p> <p>On 12 July 2021, the ARMC had undertaken an assessment of the suitability, objectivity and independence of Messrs. Moore Stephens Associates PLT. The assessment comprises of:-</p> <ul style="list-style-type: none">a) Calibre of external audit firm;b) Quality processes or performance;c) Audit team;d) Independence and objectivity;e) Audit fees; andf) Audit communication. <p>The ARMC was satisfied with the results of the external auditors' performance evaluation, and the overall effectiveness of the external audit process. Upon considering the suitability, objectivity, and independence of the external auditors, the ARMC has recommended the re-appointment of Messrs. Moore Stephens Associates PLT as the external auditors of the Company for the shareholders' approval in the Seventeenth ("17th") AGM held in the year 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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	:	<p>The ARMC is comprised of two (2) INEDs and one (1) NINED who are financially literate and keep up to date with the relevant development in accounting and auditing standards, practices and rules.</p> <p>Mr. Wong Khai Meng, the Chairman of the ARMC is a member of Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Rule 15.09(1)(c)(i) of the AMLR which requires at least one (1) of the Audit Committee members to be a member of the MIA.</p> <p>The ARMC is also well informed by the company secretaries and external auditors of the applicability and impact of the changes in accounting and auditing requirements on the Company.</p> <p>The members of the ARMC are expected to make sufficient effort to update their knowledge and skills through relevant continuing education programmes for meaningful deliberations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board considers risk assessment and internal control to be fundamental to the Group in achieving its corporate objectives within a 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.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 10.2

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 details of the Company’s internal control system and framework are set out in the Statement on Risk Management and Internal Control in the Annual Report 2022 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

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 10.3 - 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	:	Not Adopted
Explanation on adoption of the practice	:	

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 11.1

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	:	<p>The internal audit function of the Group is outsourced to a professional service firm, namely Messrs. Tan & Loh to provide the ARMC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control.</p> <p>During FY 2022, the internal auditors performed two internal audit assignments and covered all the topics 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.</p> <p>The ARMC, on behalf of the Board, reviews the internal control issues identified and recommendations in the reports prepared by the internal auditors on regular basis. None of these weaknesses identified had resulted in any material loss that would require disclosure in the Annual Report 2022 of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 11.2

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	:	<p>The internal audit function has been outsourced to an independent professional firm, namely Messrs. Tan & Loh, to carry out the internal audit work on a regular basis throughout the year. The audit team possesses relevant auditing experience to discharge its role and responsibilities.</p> <p>The ARMC conducted a review and assessment on the adequacy and independence of the Company's internal audit function on 24 May 2021 in compliance with Rule 15.12 (1)(f) of the AMLR.</p> <p>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 2022, the total number of personnel in the internal audit firm was 18. The name and qualification of the person responsible for the internal audit are as follows: -</p> <ol style="list-style-type: none">1. Tan Yen Wooi, Managing Partner in Messrs. Tan & Loh, obtained a Master of Science in Professional Accountancy from University of London in the year 2017. He is a member of the Malaysia Institute of Accountants, Malaysia Institute of Taxation, Institute of Internal Auditor and a fellow of the Association of Chartered Certified Accountants2. Sugaintharan, Person-in-Charge, graduated with a Bachelor of Accounting from Anglia Ruskin University, United Kingdom in the year 2016. <p>None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>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.</p> <p>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, the release of announcements including quarterly financial results and convening of AGM.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Board has set up an appropriate corporate disclosure policy and exercises close monitoring of all price-sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner.</p> <p>The Company conducts limited investor relation ("IR") functions except for certain seminars/talks on our domain expertise.</p>
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 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of the 17th AGM and Annual Reports were sent to the shareholders twenty-eight (28) days before the 17th AGM which is well in advance of the twenty-one (21) days requirement set by the Companies Act 2016 and the Company’s Constitution. The notice of the AGM was also published in widely circulated newspaper namely The New Straits Times.</p> <p>The additional days enable the shareholders additional time to peruse the resolutions and make a 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.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.2

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	:	<p>The Board values the importance of high-level accountability and corporate transparency between the Company and its shareholders. At the 17th AGM held on 23 December 2021, all the Directors for the time being were present in person to engage directly with the shareholders. Among the Directors presented, they were also Chairmen of the ARMC, NC and RC respectively.</p> <p>The CEO, EDs and external auditors were in attendance to answer any questions on the operating and financial performance of the Group.</p> <p>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.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As the Company does not have a large number of shareholders or conduct general meetings in a 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.</p> <p>The Company adopted voting by poll in its 17th AGM held on 23 December 2021 for all resolutions proposed where shareholders and proxy holders cast votes by way of voting slips.</p>
		Nil.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	Shareholders and proxies were allowed to pose questions at the AGM where the Chairman provided ample time during the "Questions and Answers" ("Q&A") sessions. During the Q&A sessions at the AGM, the Board responded to all questions raised by the shareholders pertaining to the agenda and resolutions tabled prior to putting them for voting. The Board including the CEO, EDs and external auditors were in attendance to reply to the shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

provide any reasons online entered by the meeting platform.		
Application	:	Not applicable – only physical general meetings were conducted in the financial year
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

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the 17 th AGM were made available on the Corporate website at www.yglworld.com within 30 business days of the 17 th AGM held on 23 December 2021.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	
	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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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