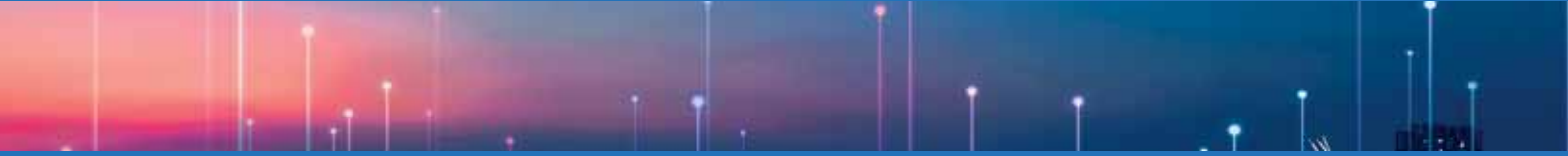




ANNUAL REPORT 2020

MOBILISING MALAYSIA



“

We will provide high quality service level courier, logistics, transportation and related services that customers want to use and come back to. We will empower our team with technology to deliver gratification to our customers with immediacy and security. We will mobilise people. We will get things going and keep things moving in these pivotal times and into the future. We will be the first choice not only for courier and delivery needs but also for career, partnership and investment opportunities. We will Mobilise Malaysia. ”



We have the energy, agility and flexibility to make bold strides forward, to redefine the standard framework, to innovate and differentiate, to stand out in the commoditised sector.

Our ambition to grow is motivated by a vision. An ambition to not only reinvent the delivery business model, but the purpose of the delivery business itself.

This business transformation is powered by entrepreneurship, creativity, technology and teamwork.

Manifested in a dynamic new brand identity designed to optimise our brand presence in the market.

Our subsidiary, Line Clear Express & Logistics Sdn. Bhd. aims to be the most innovative delivery service provider in the market.

We will provide high quality service level courier, logistics, transportation and related services that customers want to use and come back to.

We will empower our team with technology to

deliver gratification to our customers with immediacy and security.

We will mobilise people. We will get things going and keep things moving in these pivotal times and into the future.

We will be the first choice not only for courier and delivery needs but also for career, partnership and investment opportunities.

We will Mobilise Malaysia.



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Board of Directors' Statement



Wong Eng Su
Managing Director



Chong Koon Meng (Jeff)
Executive Director



Goh Eugene
Executive Director



Dato' Johari Bin Yahya
Independent
Non-Executive Director



Chan Swee Ying
Non-Independent
Non-Executive Director



Yeap Say Woi
Independent
Non-Executive Director



Hwang Siew Chien
Independent
Non-Executive Director

Dear Shareholders,

Time really flies. It seems like only yesterday that we ventured into the exciting supply chain management business and we are already celebrating our 5th anniversary this year.

Equipped with 5 years of experience in setting up the infrastructure for connectivity, grooming our human resources, building the system and acquiring a fleet of vehicles, the time has come for our next phase of growth.

Our ambition to grow is motivated by a vision. An ambition to not only reinvent the delivery business model, but to reimagine the purpose of the delivery business itself.

The delivery service is no longer a by-the-way function but an integral part of the total value chain for most businesses

moving forward. The recent Covid-19 outbreak in Malaysia and around the world has disrupted the traditional supply chain and changed consumer behaviour. Consumers are opting for more online purchases over the traditional retail outlet and this has accelerated the demand for last-mile delivery service.

We understand consumer requirements come in all shapes and sizes. We have the flexibility and ability to provide customised or personalised delivery service to meet our customers' needs.

Leveraging technology to interact with customers, utilising big data analytics for growth opportunities and championing before-and-after e-payment solutions are in the DNA of MMAG.

We have a clear vision of the future and are fully committed to realising this vision. Stay tuned for more exciting news from us.

Board of Directors' Profile



**WONG
ENG SU**

49, Malaysian, Male

Managing Director

Appointed on 3 April 2015

**Length of Service as
Managing Director:
5 years 4 months**

Attended 5 of 5 meetings

QUALIFICATION

Mr. Wong Eng Su earned his Masters of Business Administration Degree (Entrepreneurship) from Open University Malaysia in 2014. He holds Bachelor of Business (Human Resource Management and Economics) from the University of Charles Sturt, Australia.

WORKING EXPERIENCE/ OCCUPATION

He joined MMAG in April 2015 and brings with him over 17 years of experience in the logistics industry.

Prior joining MMAG, he was an Executive Director of GD Express Carrier Berhad ("GDEX") from August 2013 to April 2015. Wong also served as the Chief Operating Officer cum General Manager of Business Support Group at GDEX from 2010 to 1 April 2015. At GDEX, he was responsible for the overall business operations of the GDEX group.

His experience at GDEX includes assuming the position of Head of Customer Support HQ at GDEX in 2008 as well as the Head of Sales and Credit at GDEX from 2003 to 2008.

Mr. Wong is also the President of Gutian Selangor and Kuala Lumpur Association since 2016.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Nil

Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report). None of the Directors have any family relationship with any Directors/or major shareholders of the Company.
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHONG KOON MENG (JEFF)



54, Malaysian, Male

Executive Director

Appointed on 15 July 2016

Length of Service as
Executive Director:
4 years and 1 month

Attended 5 of 5 meetings

Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

QUALIFICATION

Jeff completed the Executive Programme/Education at Stanford University, USA and Stockholm School of Economics, Sweden. He holds a Master of Business Administration (MBA) from the Charles Sturt University, Australia and a Bachelor of Economics Degree, majoring in Statistical Economics from the National University of Malaysia ("UKM").

WORKING EXPERIENCE/ OCCUPATION

Jeff joined MMAG in March 2015 and was appointed as an Executive Director on 15 July 2016. He is also the Chief Executive Officer of MMAG Digital Sdn. Bhd., a wholly owned subsidiary of MMAG since 1 March 2015.

He has over 25 years of corporate experience in the marketing and sales, product and communications fields; specialising in the telecommunications, device management and automotive sectors. Jeff went for an overseas

attachment as the Chief Sales and Distribution Officer ("CSDO") with Ooredoo Myanmar in 2013/2014. Prior to that, he was with Maxis Berhad from 2005 till 2013, managing a number of business portfolios and his last position was the Vice President of Mobility and International Business cum a member of Senior Leadership Team ("SLT"). Jeff started his telecommunication career in Digi Telecommunications Berhad. Having worked in a start-up company, he was exposed to different types of business scenarios and had handled various portfolios throughout his 11 years in Digi. Jeff's last position in Digi was the General Manager for the Small & Medium Enterprises ("SME") business segment.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Jeff also sits on the Board of Directors as Executive Director of MSCM Holdings Berhad.



GOH EUGENE

44, Singaporean, Male

Executive Director

Appointed 10 July 2020

Length of Service as

Executive Director:

0 year and 1 month

Attendance at Board

Meeting: Not applicable

QUALIFICATION

He holds a Degree in Business Administration at National University of Singapore.

WORKING EXPERIENCE/ OCCUPATION

Mr. Goh was the CEO of mTouche Technology Berhad ("mTouche") on 2005 and spearheaded the listing of mTouche on the ACE Market stock exchange, Bursa Malaysia in 2005. He was re-designated as Executive Chairman/CEO and held the position until January 2012.

He was a major contributor and the pioneer in the setting up of mTouche's operations in Singapore. Under his guidance, mTouche expanded exponentially into Southeast Asia markets such as Malaysia, Indonesia, Thailand, Vietnam, Hong Kong with local branches located in each country. mTouche is one of the leading mobile technology platform service provider in the world to have direct server connecting to all mobile network operators in these countries offering an unparalleled reach serving

over 600 million mobile users across Southeast Asia.

Mr. Goh was also the founder/CEO of GMO Ltd ("GMO"), a leading mobile value added service company which subsequently acquired two of China's largest mobile value added service companies both located in Beijing and Hangzhou respectively. Both companies are collectively providing their services to more than 1 billion mobile users in China. Subsequently, he spearheaded the listing of GMO on the London AIM Stock Exchange in 2006. He held the position until January 2011.

From 2012 to present, he heads Paris Dynasty Sdn. Bhd., a private investment holding company involving in real estate development and property investment.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Currently, Mr. Goh is also an Executive Director of Vortex Consolidated Bhd ("Vortex").

Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

67, Malaysian, Male

Independent Non-Executive Director
Remuneration Committee (Chairman)
Audit Committee (Member)
Nomination Committee (Member)

Appointed on 29 May 2014

Redesignation as Independent Non-Executive Director:
12 September 2018

Length of Service as Independent Non-Executive Director:
1 year and 11 months

Attended 5 of 5 meetings

DATO' JOHARI BIN YAHYA



Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

QUALIFICATION

He holds a Diploma in Police Sciences from the National University of Malaysia ("UKM"), having graduated in 1997.

WORKING EXPERIENCE/ OCCUPATION

He has more than 33 years of working experience in the Royal Malaysia Police Force ("RMPF") and is currently the CEO of DJ Protective Consultancy Services Sdn. Bhd., providing protection and security services to wide range of clients.

He retired from RMPF in July 2011 with his last position as Principal Assistant Director, Serious Crimes Division (D9) CID Bukit Aman Kuala Lumpur, playing an active role in managing commercial hijacking crimes. Prior to that, he was the Head of Serious Crime Division, Kuala Lumpur Police and also assumed the role of OCPD and Community Policing, managing the Police District of Central Malacca and Johor Bahru. He was actively involved in curbing commercial crimes in these 2 states.

Dato' Johari early formative years in the RMPF was spent in the Special Action Force ("UTK: Unit Tindakhas") where he remained for nearly 18 years. Dato' rose up to the position of Deputy Commander during his stint here. His specialised professional experience in Security and Policing was developed from his years in this department where he performed various challenging roles in protective security services to VVIPs.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Nil



YEAP SAY WOI

66, Malaysian, Male

**Independent Non-Executive
Director**
Audit Committee
(Chairman)
Nomination Committee
(Member)
Remuneration Committee
(Member)

Appointed 1 November 2018

**Length of Service as
Independent Non-Executive
Director:**

1 year and 9 months

Attended 5 of 5 meetings

QUALIFICATION

He holds a Bachelor of Science majoring in Mathematics. He is a Fellow Member of Chartered Institute of Management Accountants. He is also a member of Malaysian Institute of Accountants.

WORKING EXPERIENCE/ OCCUPATION

He worked in the Renong Berhad's group of companies for 12 years. His last position was Head of Finance at Time Dotcom Berhad before retiring to take up the position as a lecturer in a local university.

Prior to that, he worked as a Finance Manager in a public listed company specialising in the manufacturing of cement and building materials. He also has 5 years working experience in an audit firm.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Nil

Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

60, Malaysian, Female
Independent Non-Executive Director
Nomination Committee (Chairlady)
Audit Committee (Member)
Remuneration Committee (Member)
Appointed on 5 April 2019
Length of Service as Independent Non-Executive Director:
1 year and 4 months
Attended 5 of 5 meetings

HWANG SIEW CHIEN



Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of interest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

QUALIFICATION

She holds a Masters in Business Administration from Charles Sturt University, Australia.

WORKING EXPERIENCE/ OCCUPATION

She commenced her banking career in 1979 with (the former) Pacific Bank Berhad (now part of the Malayan Banking Berhad ("Maybank") Group after a merger exercise in Year 2001) for closed to 22 years and subsequently with Maybank for another 17 years before she opted for early retirement in 2018 as Vice-President, Product Trade where she was involved in operational excellence project to clean up problematic accounts and originating trade finance deals with solutions and trade structure proposals.

Her career in Maybank progressed when she was picked to take charge of regional trade business and the Banks overseas branches in South-East Asia, London, New York as well as affiliates in Vietnam and Pakistan for 4 years. Her roles were to provide

advisory services, to enhance capabilities and core competencies in both sales and operations to expand trade business, to conduct country-specific international trade market analysis to identify potential business, to review and monitor trade finance business strategies and action plans, to establish trade finance strategic alliance within the Group for trade packages or programs to boost revenue, to identify new business opportunities and work with strategic partners.

Throughout her long-standing career in the banking industry, she has held various position for both domestic and regional markets. She is a trade specialist by profession for more than three decades in financing supply chain and developing cross border trade structure and solutions. She has also a wide array of commercial banking experience ranging from operations to middle office to regional sales.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Nil



CHAN SWE YING

48, Malaysian, Female

**Non-Independent
Non-Executive Director**

Appointed 29 November 2017

**Length of Service as Non-
Independent Non-Executive
Director:**

2 year and 8 months

Attended 4 of 5 meetings

QUALIFICATION

She holds a Degree in Computer Science from University Putra Malaysia.

WORKING EXPERIENCE/ OCCUPATION

Madam Chan joined MMAG in November 2017, bringing with her more than 20 years of experience in the Information Technology ("IT") industry. She started her career with Oracle Malaysia in 1996 before moving on to DHL Asia Pacific IT department managing both local and regional projects in year 2005.

Madam Chan holds 271,624,800 ordinary shares and 51,950,000 warrants as at the date of this report.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Madam Chan is also Executive Director of Vortex Consolidated Bhd ("Vortex").

Notes:

Other Information

- None of the Directors have any directorship with any public or listed companies, except for Mr. Chong Koon Meng, Mr. Goh Eugene and Madam Chan Swee Ying (as disclosed in this Annual Report).
- None of the Directors have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Directors have any conflict of ainterest with the Company.

Conviction for Offences

- None of the Directors have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KENNY KHOW CHUAN WAH



45, Malaysian, Male

Chief Financial Officer

Appointed on 29 October 2012

**Length of Service as
Chief Financial Officer:
7 years and 9 months**

Notes:

Other Information

- None of the Key Senior Management Team members have any directorship with any public or listed companies, except for Mr. Kenny Khow Chuan Wah (as disclosed in this Annual Report).
- None of the Key Senior Management Team members have any family relationship with any Directors/or major shareholders of the Company.

Conflict of Interest

- None of the Key Senior Management Team members have any conflict of interest with the Company.

Conviction for Offences

- None of the Key Senior Management Team members have been convicted any offences within the past 5 years other than traffic offences, if any.
- None of the Key Senior Management Team members have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

QUALIFICATION

He holds a degree in Accounting and Finance (Distinction) from the University of Technology, Sydney. He is a member of the Malaysian Institute of Accountants and CPA Australia.

WORKING EXPERIENCE/ OCCUPATION

Kenny joined MMAG in October 2012. He has more than 13 years of experience as an auditor with PricewaterhouseCoopers Malaysia, including a two years secondment from 2004 to 2006 at PricewaterhouseCoopers London.

He joined PricewaterhouseCoopers in 1997 and has an extensive experience in the area of corporate exercises covering IPO, demerger of a listed entity, management and integration of two major companies in Malaysia, privatisation of a major listed entity, rights issue, issuance of debt securities, as well as the sale and leaseback of key assets. His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering.

He also sits on the Board of Directors of Macpie Berhad as Finance Director and MSCM Holdings Berhad as an Executive Director.

He holds 75,594,600 ordinary shares (direct), 9,182,500 warrants (direct) and 71,208,500 ordinary shares (indirect) in the Company via his substantial interest in Marina Teguh Sdn. Bhd. as at the date of this report.



To realise MMAG's ambition to become a fully integrated supply chain management company, our subsidiary Line Clear Express & Logistics Sdn. Bhd. ("Line Clear") is undergoing a strategic brand and business transformation.

We are rebranding Line Clear, growing our team, building a more extensive business network, connecting the dots with a bigger, better fleet and empowering our people and customers with the latest technology to deliver our brand promise with scale and speed across the country and beyond.



Charging Ahead



LINECLEAR
Scan2deliver express





TMMB - Türkiye İhracat Menşei Belgesi				
Beyan No	Beyan Tarihi	Beyan Saati	Beyan Yeri	Beyan Türü
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TMMB - Türkiye İhracat Menşei Belgesi				
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1234567890	2023-10-27	14:30	ANKARA	İHRACAT
1234567890	2023-10-27	14:30	ANKARA	İHRACAT

Corporate Information

BOARD OF DIRECTORS

Wong Eng Su
Managing Director

Chong Koon Meng (Jeff)
Executive Director

Goh Eugene
Executive Director

Dato' Johari Bin Yahya
Independent
Non-Executive Director

Yeap Say Woi
Independent
Non-Executive Director

Hwang Siew Chien
Independent
Non-Executive Director

Chan Swee Ying
Non-Independent
Non-Executive Director

AUDIT AND RISK COMMITTEE

Yeap Say Woi
Chairman

Dato' Johari Bin Yahya
Hwang Siew Chien
Member

REMUNERATION COMMITTEE

Dato' Johari Bin Yahya
Chairman

Yeap Say Woi
Hwang Siew Chien
Member

NOMINATION COMMITTEE

Hwang Siew Chien
Chairlady

Dato' Johari Bin Yahya
Yeap Say Woi
Member

COMPANY SECRETARY

Lim Seck Wah
(MAICSA 0799845)
(SSM PC No. 202008000054)

PRINCIPAL PLACE OF BUSINESS

No. 3, Jalan TP2
Taman Perindustrian UEP Subang
Jaya, 47600 Subang Jaya
Selangor Darul Ehsan
T + (603) 78903535
F + (603) 80117697
E info@mmag.com.my
W www.mmag.com.my

LEGAL COUNSEL

Peter Ling & van Geyzel
Advocates & Solicitors
B-19-4, Tower B
Northpoint Office Suite
Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
T + (603) 2282 3080
F + (603) 2201 9880
E general@plvg.my

AUDITORS

Grant Thornton Malaysia PLT
(2019060036828 & AF 0737)
(Member Firm of Grant Thornton
International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail,
50250 Kuala Lumpur Malaysia
T +603- 2692 4022
F +603- 2732 5119
W www.grantthornton.com.my

BANKER

Alliance Bank Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank Berhad
Public Bank Berhad
RHB Bank Berhad

REGISTERED OFFICE AND SHARE REGISTRAR

Mega Corporate Services Sdn.
Bhd.
(198901010682 (187984-H))
Level 15-2, Bangunan Faber
Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
T + (603) 2692 4271
F + (603) 2732 5388
E info@megacorp.com.my
W www.megacorp.com.my

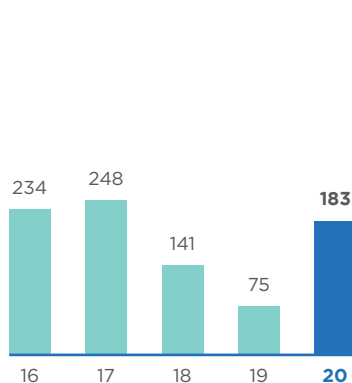
STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock name: MMAG
Stock code : 0034

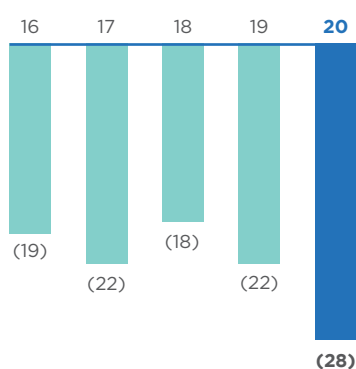
5-Year Financial Highlights

		2016	2017	2018	2019	2020
Results Of Operation						
Revenue	RM'000	233,839	247,972	141,184	75,094	182,541
LBITDA (Loss Before Interest, Taxes, Depreciation and Amortisation)	RM'000	(14,706)	(15,539)	(6,092)	(18,649)	(16,512)
Loss Before Taxation	RM'000	(18,962)	(21,561)	(17,697)	(22,283)	(28,072)
Loss After Taxation	RM'000	(18,983)	(21,549)	(17,703)	(22,286)	(28,075)
Net Loss Attributable To Equity Holders	RM'000	(18,723)	(21,430)	(18,021)	(22,176)	(27,880)
Financial Position						
Total Assets	RM'000	121,026	116,121	140,601	165,320	163,398
Total Borrowings	RM'000	15,692	16,974	9,940	18,919	36,222
Shareholders' Equity	RM'000	67,986	46,619	109,628	121,999	100,765
Financial Indicators						
Return On Equity	%	(27.5)	(46.0)	(16.4)	(18.2)	(27.7)
Return On Total Assets	%	(15.5)	(18.5)	(12.8)	(13.4)	(17.1)
Gearing Ratio	times	4.3	2.7	11.0	6.4	2.8
Interest Cover	times	(10.1)	(18.8)	(25.8)	(24.6)	(10.9)
Basic Earnings/(Loss)Per Share	sen	(1.96)	(2.25)	(5.46)	(3.89)	(3.96)
Net Assets Per Share	sen	7.13	4.89	33.23	21.42	14.30
Share Price As At The Financial Year End	sen	20.40	17.00	17.00	22.50	19.50

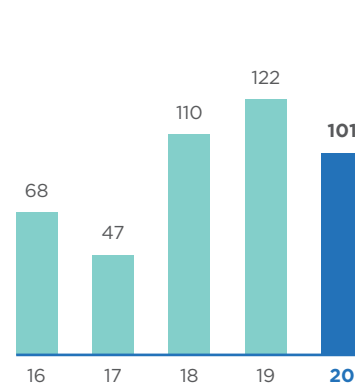
**Revenue
(RM'million)**



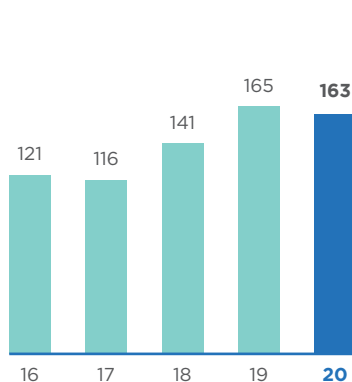
**Loss Before Taxation
(RM'million)**



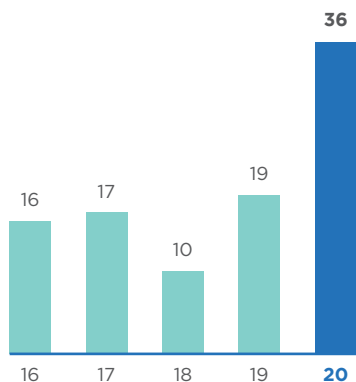
**Shareholders' Equity
(RM'million)**



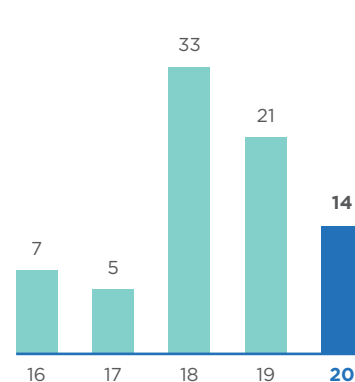
**Total Assets
(RM'million)**



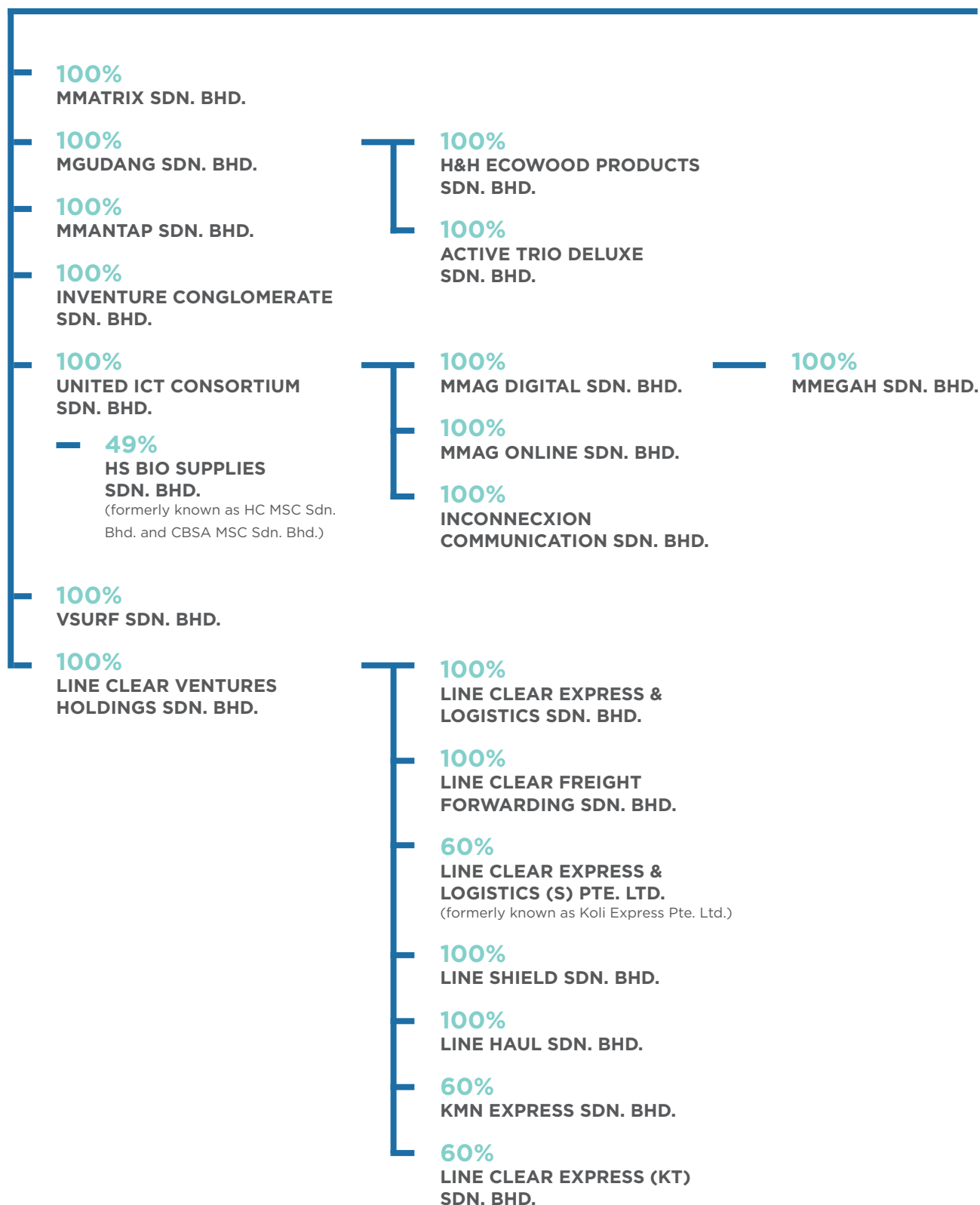
**Total Borrowings
(RM'million)**



**Net Assets Per Share
(sen)**



MMAG HOLDINGS BHD





OVERVIEW OF BUSINESS OPERATIONS

MMAG Holdings Berhad (“MMAG” or the “Company”) and its subsidiaries (the “Group”) are gearing towards being a leading Supply Chain Management (“SCM”) company in Malaysia. SCM creates efficiencies, lower cost and encourages collaboration within organisations. Proper strategic sourcing, procuring goods at the best prices and bringing different elements of the total value chain (packaging, transportation, warehousing and last mile delivery) together are some of the key benefits that we could offer.

MMAG is the 1st local 3rd and 4th Party Logistics Partners (3PL & 4PL) with end-to-end solutions for the telecommunication sector. Its wholly-owned sub-subsidiary, MMAG Digital Sdn. Bhd., is the appointed distributor for fixed broadband router, wireless modem and mobile devices. The company is also an online marketplace platform provider that specialises in B2B business transactions. MMAG will continue to strengthen its position and to be the value-adding company for telecommunication sector and other related industries.

Line Clear Express and Logistics Sdn. Bhd. (“Line Clear”) is a sub-subsidiary of MMAG. It operates in both logistics and courier services which focuses in providing transportation solutions to its customers domestically and globally. The range of services provided by Line Clear includes

warehousing and fulfilment, last mile delivery, customs clearance, e-commerce customised services and special/security handling delivery via air, sea and land freight. As at 31 March 2020, Line Clear has 45 branches throughout Malaysia in all the major primary and secondary towns, including those in Sabah and Sarawak.

The unprecedented worldwide outbreak of COVID-19 pandemic, which has resulted in the lockdown in many countries, has affected the economy and business opportunities in both international and domestic markets. This pandemic impacted and forced us to adapt to “the new norm” in our work, life and social interactions. During this challenging period, our employees were the nucleus that drove our organisation.

When the virus rapidly spread including Malaysia, the Malaysian government declared the implementation of Movement Control Order (“MCO”) where almost all sectors including the economic sector was ordered to a standstill, except for businesses which were deemed as “essential”. The Logistics Services division of the Group was classified under the essential services category and allow to operate from 18 March 2020 to early May 2020. Subsequently, it has been enhanced with several other conditions and regulations which witnessed a new normal in the lives of Malaysians. Under a “Conditional Movement Control Order” (“CMCO”), most businesses are allowed to operate provided that a strict standards of practice must be complied. Now

that the MCO has been extended until 31 August 2020 and it entered the recovery phase which is now called the Recovery Movement Control Order (“RMCO”).

Despite ongoing uncertainties resulting from the COVID-19 pandemic, we are optimistic about maintaining an uptrend in the following financial year as we remain vigilant, resilient and focused on strategic areas to ensure continued growth and maintaining our position in the industry both locally and worldwide.

ANALYSIS OF FINANCIAL RESULTS

The Group recorded revenue of RM182.54 million for the financial year ended 31 March 2020 (“FYE 2020”) as compared to RM75.09 million in the previous financial year ended 31 March 2019 (“FYE 2019”) which represents an increase of RM107.45 million (143.09%). The surged in revenue mainly contributed by Mobile & Fulfillment division which high demand was generated from 3PL and 4PL contracts with mobile operators.

The Group recorded a loss before tax (“LBT”) of RM28.07 million for FYE 2020 as compared to LBT of RM22.28 million in FYE 2019. The increase in LBT for FYE 2020 as compare to corresponding FYE 2019 mainly attributed to higher of staff costs, depreciation for property, plant and equipment and depreciation for right-of-use assets in current financial year 2020.



RESULTS OF OPERATIONS

Revenues are generated through the respective divisions as follows:-

	2020 Revenue RM'000	2019 Revenue RM'000
Mobile & Fulfillment	156,192	61,712
Logistics Services	26,349	13,382

The Mobile & Fulfillment division is the largest division of revenue representing 85.57% of the Group's revenue in 2020 (2019: 82.18%). This division is mainly driven by the mobile devices distribution and services rendered as telecommunication operators' value adding partner. Mobile & Fulfillment division turned in a profit before tax ("PBT") of RM0.43 million (2019: LBT of RM3.43 million) for FYE 2020. On top on the upsurge in revenue, the improvement of PBT for current financial year also attributed to the rationalisation measures taken towards end of previous financial year on certain business operations have contributed in reduction of administrative and operating expenses for FYE 2020.

Logistics Services division contributed 14.43% to the Group's revenue (2019: 17.82%). This division's revenue is mainly derived from but not limited to pick-up documents, parcels and freight from senders' premises, transportation and subsequent delivery to recipients' premises, warehousing and fulfilment services, E-commerce customised services and special/security handling delivery via air, sea and land freight. The improvement of its revenue also due to the logistics business was classified under essential business which allowed us to full force our operation during the MCO period. Logistics Services division recorded a LBT

of RM21.44 million (2019: RM13.50 million). The increase of LBT mainly due to higher operation expenses incurred for the expansion of new branches, purchased of additional new vehicles and recruitment of additional workforces which in line with the expansion of logistics business activities throughout Peninsular Malaysia during the financial year under review.

ASSETS AND LIABILITIES

The Group's total assets have slightly decreased from RM165.32 million in FYE 2019 to RM163.40 million in FYE 2020. The decrease mainly due to drop in cash and cash equivalents which had been utilised to support business operation of both Mobile & Fulfillment division and Logistics Services division. This reduction is also partially offset with additional investment on associate company and the recognition of right-of-use assets in accordance with the adoption of new accounting standard of MFRS 16, Leases.

The Group's total liabilities for FYE 2020 increased to RM62.51 million as compared with RM43.01 million in FYE 2019, the increase mainly attributed to the drawdown of a short term loan for payment to the additional investment in the associate company. Additionally, the purchase of motor vehicles in line with expansion in logistics business activities also led to the increase on lease liabilities.

CASH FLOW

For the FYE 2020, the Group net cash flows status recorded a net cash outflow of RM23.73 million as compared to a net cash outflow of RM37.24 million for the FYE 2019. The deficit of cash flow mainly attributed to the acquisition of property, plant and equipment in line with the expansion for Logistics Services division and additional investment in the associate company.

PROSPECTS AND OUTLOOK

The Group had endured more than a year of downsizing and or rightsizing underperforming and unprofitable business divisions. We believe we have identified our most appropriate business strategy moving forwards. During the financial year under review, the Group successfully raised approximately RM7.25 million from the conversion of irredeemable convertible preference shares and warrants into ordinary shares which will significantly provide the financial war chest for the Group to evolve accordingly.

The Group's Mobile & Fulfillment division continues to be the preferred choice of major telecommunication operators to manage their procurement of mobile devices and fulfillment of distribution services to their end users with agreed Service Level Agreement ("SLA") target. To remain agile, the division will continue to embrace digitisation solutions to improve on productivity and continue to meet SLA in order to provide greater customer experience.

VSurf Sdn. Bhd., a wholly-owned subsidiary under Mobile & Fulfillment division, is developing a new electronic platform to link up the functions of provision of real time delivery schedule information, price quotations and transaction confirmation. Barring unforeseen circumstances, the Group expects to launch this electronic platform by end of 2020.

The Group's Logistics Services division, Line Clear had received approvals from the Malaysian Investment Development Authority ("MIDA") following the applications of:-

- (1) Pioneer Status for Integrated: Logistics Services ("ILS") pursuant to the Promotion of Investment Act, 1986. This status enables Line Clear to be granted income tax exemption of 70% of the statutory income for a period of five (5) years for its expansion/diversification into integrated operations. Line Clear has a grace period of 24 months to meet the criteria set and applying for the commencement date for the Pioneer Status, after which the Pioneer Status will be valid for a period of five (5) years from the approved commencement date.
- (2) International Integrated Logistics Services ("IILS") Status. This status enables Line Clear to apply for as Customs Forwarding Agent with the Royal Malaysian Customs Department since May 2019 to venture on a regional or global scale.

In line with the expansion plan and to accommodate the growing demand for the Group's logistics services, the Group intends to set up 20 new depots with the eventual goal of having a branch/depot in every state to expand the Group logistics network. Currently, the Group has a warehouse-cum-office at Taman Perindustrian UEP, Subang Jaya, Selangor and 45 branches/depots located throughout Malaysia. Furthermore, the Group is continuously expand its transport fleet to maintain and enhance its service delivery levels and market reach.

To facilitate Line Clear's future courier and logistics storage and warehousing needs, the Group had entered into following agreements to increase its warehouse capacity:-

Management Discussion And Analysis Cont'd

- (a) Southern region: freehold land of 125,137 square feet in Jelutong, Johor Bahru; this transaction expected to be completed by end of 2020; and
- (b) Norther region: freehold land with buildings of 549,925 square feet in Kawasan Perusahaan valdor, Pulau Pinang; the vacant possession of the property to be obtained by end of 2020.

On 11 September 2019, Line Clear had teamed with PT Lion Express to provide a wide range of supply chain management services (e.g. logistics, warehousing facilities, last mile deliveries, insurance coverage etc.) for Malaysians or Indonesians residing in Malaysia to send goods or parcels to Indonesia and vice versa.

On 3 October 2019, the Group had established partnership with 4 Selangor's local agencies (i.e., Perbadanan Kemajuan Pertanian Selangor, Perbadanan Kemajuan Negeri Selangor, Koperasi Warga Hijrah Selangor Berhad and SSDU Innovators Sdn. Bhd.) to develop and launch Selangor Digital E-Supply Chain program. This program is aims to improve the business and delivery ecosystem of local entrepreneurs in marketing their products within and outside of Selangor.

It is a tough year for most companies in Malaysia and globally due to the unprecedented outbreak of Covid-19 pandemic. To curb the spread of the Covid-19, the Government of Malaysia enforced MCO and most businesses were temporarily shut down for a period of approximately 2 months. This had completely transformed the way of business conduct and lifestyle, including changing operating procedures to comply with the control in physical movements, working from home and adherence to social distancing requirements.

Every other business player will be affected by the virus outbreak to varying extents, and MMAG is also not spared by the pandemic-induced economic slowdown. However, thanks to the Group's involvement in the telecommunication sector and logistics industry, which are regarded as Essential Services by the Government, we are confident to sail through any arising challenges.

The Group is cautiously optimistic of the future prospects amid current market challenges.

ANTICIPATED OR KNOWN RISKS

The Group's businesses are generally exposed to credit risk, foreign exchange risk and competition risks.

Credit Risk

The uncertain global and modest domestic economies potentially post a challenge on the Group's credit risk in relation to longer collections period and potentially lead to loss arising from unrecoverable trade receivables. The Group seeks to limit this credit risk through prudent management policies, continuous review and evaluation of the credit status of trade receivables and working closely with the Group's partners.

Foreign Exchange Risk

The Group's Mobile & Fulfillment division source supplies from oversea suppliers which denominated in USD and this expose the Group to foreign exchange risk. The measure taken by the Group to mitigate foreign exchange risk is to hedge the transaction amount. By way of hedging, this will minimise the Group exposure to fluctuation in the foreign exchange rates.

The Group is also exposed to currency translation risk arising from its net investment in foreign subsidiary company, which is in Singapore. This investment is not hedged as currency position in SGD is considered to be long-term in nature.

Competition Risk

The Mobile & Fulfillment and Logistics Services industry are highly competitive. The Group is competing with others well established market players for more business and market share.

The Group believes that its ability to compete depends upon many factors both within and outside its control, including products and service differentiation, product distribution channels, customer service sales, pricing and marketing efforts.

However, there can be no assurance by adopting the above measures; the Group will be able to response to changing market conditions or to maintain its competitiveness against current and future competitions.

Dividend

No dividends have been paid by the Company for the current financial year. Payment of any future dividends is subject to the Company's level of cash, indebtedness, retained earnings, capital expenditure and such other matter, as the Board may deem relevant from time to time.

Corporate Governance Overview Statement

The Corporate Governance Overview Statement in essence highlights the Group's and Company's commitment towards adopting, upholding and complying with the best practices as set out in the Malaysian Code on Corporate Governance ("MCCG or "the Code") was issued in April 2017 and with its disclosures pursuant to the Bursa Malaysia ACE Market listing Requirements ("AMLR").

The Board of Directors ("the Board") of the Company affirms its commitment in adopting and maintaining a high standard of accountability, responsibility and transparency in the Group's daily business operations and affairs. The Board Committees ensure that the best practices and principles set out in MCCG are adhered to, where possible, towards building and enhancing long term shareholders' relationship and values.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Boards Leadership

- 1.1 The Group is led by an experience and effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is responsible for the stewardship of the business and affairs of the Group and collectively responsible for delivery of sustainable value to its shareholders. In discharging its fiduciary duties and leadership functions, the Board has governed and set the strategic direction of the Group while exercising oversight on management. The Board ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

Sustainability

The Board regularly reviews the strategic direction of the Group and the progress of the Group's operations, taking into changes in the business and political environment and risk factors such as level of competition.

The Group has expanded and diversified its business activities to logistics and delivery business to tap on the blooming business in online trading.

Directors' Time Commitment

The Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, they must not hold directorships at more than five public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

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

1.0 Boards Leadership (Cont'd)

Board Meetings

The Board met five (5) times during the financial year ended 31 March 2020. The attendance of the Board members at the meetings were as follows:-

Board of Directors	No. of meetings attended
Wong Eng Su	5/5
Chong Koon Meng	5/5
Dato' Johari Bin Yahya	5/5
Chan Swee Ying	4/5
Yeap Say Woi	5/5
Hwang Siew Chien	5/5
Goh Eugence (appointed on 10 July 2020)	*

* Appointed after financial year ended 31 March 2020

Directors' Training

In addition to the mandatory programmes as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia") for newly appointed Director and in line with the constant changes in rules and regulations, information technology and business environment, all Directors are encouraged to attend continuous training conducted by highly competent professionals and which are relevant to the Group's operations and businesses.

During the financial year, members of the Board have attended training programmes as follows:-

Name of Director	Training Programmes
Wong Eng Su	• KKMM-Postal & Courier Retreat 2019
Chong Koon Meng	• Bursa - Session on Corporate Governance & Anti-Corruption
Dato' Johari Bin Yahya	• 2020 Budget Tax Highlight
Yeap Say Woi	• ICDM Webinar-SMEs: The Mindset to Adopt During a Crisis?
Chan Swee Ying	• 2020 Budget Tax Highlight
Hwang Siew Chien	• 2020 Budget Tax Highlight

All the Directors have attended the MAP prescribed by Bursa Malaysia.

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

1.0 Boards Leadership (cont'd)

To enable the Board to discharge their responsibilities in meeting the goals and objectives of the Company, the Board has, among others:-

- (a) reviewed, challenged and decided on management's proposal for the Group and monitor its implementation by key senior management;
- (b) monitored and regular reviewed the strategic direction of the Group and the progress of the Group's operations, taking into changes in the business and political environment, risk factors such as level of competition and to determine the business being properly managed and supports long term value creation;
- (c) ensured there is a sound framework for internal controls and risk management;
- (d) ensured that key senior management has the necessary skills and experience and measures in place to ensure orderly succession planning within the Group;
- (e) ensured the integrity of the financial and non-financial reporting of the Group; and
- (f) ensured that the Company's financial statements are true and fair and conform to the relevant standards, rules and regulations.

1.2 Chairman of the Board

The Chairman responsibilities include:-

- (a) provided overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- (b) chaired meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to able the papers to be adequately considered before the meeting;
- (c) reviewed the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed;
- (d) monitored Board performance as a whole;
- (e) ensured membership of the Board is appropriately skilled to meet the needs of the Company;
- (f) assisted in Board discussions to address the key issues facing the Company;
- (g) initiated the establishment of Board Committees and ensuring that they achieve their objectives;
- (h) guided and promoted the ongoing efficacy and development of the Board and its individual Directors; and
- (i) fastened high corporate governance.

1.3 The positions of the Chairman (currently vacant) and Managing Director are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management while the Managing Director focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions. The distinct and separate roles of the Chairman and Managing Director; with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and are clearly defined in the Board Charter.

1.4 Company Secretary

The Board is supported by a Company Secretary with over 30 years' corporate secretarial practice. She is fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretary is responsible for ensuring the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs at the Board are complied with. The Company Secretary also advise the Board on issues relating to the Company's Constitution, corporate governance best practices, and compliance with laws, rules and regulatory requirements.

The Company Secretary to organise, attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

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

1.0 Boards Leadership (cont'd)

- 1.5 The Board meeting materials are circulated to Directors at least one week prior to each Board meeting to enable Board members to facilitate informed and timely decision making. All Board members reviewed and confirmed the minutes of the meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberate on a particular matter.

Board members have complete and unhindered access to the Management and Company Secretary at all times. Management personnel are invited to attend Board meetings and the Board may consult with other employees of the Group and seek additional information, where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.

2.0 Demarcation of Responsibilities of the Board, Board Committees and Management

- 2.1 The Board is guided by the Board Charter, which set out amongst the responsibilities, authorities, procedures, evaluation and structures of the Board and Board Committees as well as the relationship between the Board with its management and shareholders.

The Board Charter was last reviewed on 21 August 2020 and updated on the company website at www.mmag.com.my. Notwithstanding that the Board Charter is subject to periodic review to ensure their relevance and compliance.

The Board has delegated specific responsibilities to the following Board Committees and adopted Terms of References ("TORs") setting out the matters relevant to the composition, responsibilities and administration of these Committees:-

- (a) Audit Committee ("AC")
- (b) Nomination Committee ("NC")
- (c) Remuneration Committee ("RC")

The Board receives reports of the proceedings and deliberations of the Board Committees where the Chairman of the Board Committees report to the Board on the key issues deliberated and the outcome of the Board Committee meetings. Minutes of the Board Committees meetings are presented to the Board for notation and endorsement. The TORs of the Board Committees are reviews as and when the need arises. The TORs are published on the Company's website at www.mmag.com.my together with the Board Charter.

Nomination Committee ("NC")

The NC is responsible for ensuring that the Board has the appropriate balance composition and size, the required skills mix, experience, and other core competencies; and is also responsible for considering and recommending new member to the Board. The final decision on the appointment of a candidate recommended by NC rests with the whole Board.

The existing NC comprises three (3) members, all of them are Independent Non-Executive Directors:-

Chairlady:	Hwang Siew Chien	(Independent Non-Executive Director)
Members:	Dato' Johari Bin Yahya	(Independent Non-Executive Director)
	Yeap Say Woi	(Independent Non-Executive Director)

Whenever there may be vacancy in the Board, be it for replacement or new creation the NC will source it through their peers, networking and get the recommendation from the management.

The NC assesses the shortlisted candidate for his/her suitability before formally considering and recommending them to the Board and where applicable, to the Committee.

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

2.0 Demarcation of Responsibilities of the Board, Board Committees and Management (Cont'd)

In reviewing and recommending to the Board any new Director appointment, the NC considers the followings:-

- (i) Candidate independence for Independent Non-Executive Director;
- (ii) Candidate's age, knowledge and skills, experiences, integrity, professionalism and other relevant factors as may be determined by the NC which would contribute to the Board's collective skills;
- (iii) Ability to fulfil time commitment in particular for Independent Non-Executive Director; and
- (iv) The composition requirements for the Board and Committee.

NC will annually review its required mix of skills and experience and other qualities, including core competencies which the Director should bring to the Board.

The NC ensures that all appointments of new Directors to the Board are proper and in compliance with the rules of the relevant authorities. Any appointment of additional Director will be made as and when it is deemed necessary by the existing Board with due consideration given to the mix skills, expertise and experience in the respective industry required regardless of gender diversity for an effective Board.

3.0 Good Business Conduct and Healthy Corporate Culture

- 3.1 The Directors are expected to conduct themselves with the highest ethical standards by setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group. The Company has adopted the Code of Conduct and Ethics, which can be viewed on the Company's website www.mmag.com.my.
- 3.2 The Company's Whistleblowing Policy encourages its employee to raise genuine concerns about positive improprieties in matters of compliance, suspected violations of the Code of Conduct and Ethics and to disclose any improper conduct or other malpractices within the Group.

The Policy is to provide communication channels for employee of the Group and agents, suppliers, consumers and related third party to raise concerns about the improper conduct within the Group and to offer protection for such persons (including the employees of the Group) who can report such allegations in person to its Human Resource Manager ("HRM") and Managing Director ("MD") or in writing to MD and the Chairman.

The Whistleblowing Policy is published on the Company's website www.mmag.com.my.

The Board Charter, Code of Conduct and Ethics and Whistleblowing Policy were received and updated on 21 August 2020.

3.3 Anti-Bribery and Anti-Corruption Policy

The Board has adopted the Anti-Bribery and Anti-Corruption Policy across the Group in line with the guidelines provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on 1 June 2020.

The Board believes that the policy would be key in ensuring a systematic approach to prevent corruption, and complying with applicable legal and regulatory requirements in the various jurisdictions in which the Group operates. Every director, employee and person acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting company business honestly and professionally.

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

4.0 Board's Objectivity

- 4.1 The Board comprises three (3) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-independent Non-Executive Director. One-third of the Board of Directors is Independent Directors.

The Board is of the view that having majority of Non-Executive Directors who by virtue of their non-executive status do not involve in the day-to-day management of the Group's businesses, this may provide an effective check and balance in the functioning of the Board.

- 4.2 None of the independent directors is currently serving beyond nine (9) years. However, if the Board intends to retain an independent director who has served beyond nine (9) years, the Board justify and to seek for annual shareholders' approval.

- 4.3 The Board has not adopted a policy which limits the tenure of its Independent directors to nine (9) years.

- 4.4 The Board is judicious of the gender diversity recommendation by MCCG in order to bring a variety of diverse opinions, prospective, skills, experiences, backgrounds and orientations to its discussions and its decision making processes and constructive debates at key senior management level.

The Group gives equal opportunity to all employees. The appointment of Board members and employees are based on objective criteria, merit, experience and credibility on a continuing basis and, may not limit to gender, age, ethnicity and culture background.

The Board views that the workplace and Board diversity is important to facilitate the decision making process by harnessing different insights and perspectives.

- 4.5 During the financial year ended 31 March 2020, Dr. Aimi Zulhazmi Bin Abdul Rashid was appointed as Executive Director on 17 July 2019 and resigned on 15 May 2020. Subsequent to financial year ended 31 March 2020, Mr Goh Eugence was appointed as Executive Director on 10 July 2020.

- 4.6 The NC is chaired by Madam Hwang Siew Chien, an Independent Non-Executive Director. The profile of Madam Hwang Siew Chien is presented in the Board of Directors in this Annual Report.

- 4.7 Pursuant to the Company's Constitution, one-third (1/3) of the Directors including the Managing Director, shall retire from office, and provided that all Directors shall retire at least once every three (3) years, but shall be eligible for re-election. Directors who were appointed during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

5.0 Overall Effectiveness of the Board and Individual Director

Activities carried out by NC during the financial year:-

The members of NC reviewed the mix of skills, experience and competency of the Board composition.

The NC has assessed each individual director, the Board and Board Committee as a whole and the Audit Committee for their performance and the effectiveness. The assessment of individual Directors was through the Director Evaluation Form under the criteria of integrity and ethics, governance, strategic perspective, adding value, judgment and decision-making, teamwork, communication and commitment. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. The respective Director has abstained from evaluating their own performance. The NC appraise the Board performance evaluation and rating is based on the consensus amongst the NC.

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

6.0 Level and Composition of Remuneration

- 6.1 The Remuneration Committee (“RC”) has been entrusted by the Board to determine that the level of remuneration is sufficient to attract and retain Directors of quality required to manage the business of the Group. The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration.
- 6.2 The RC carried out an annual review of the Directors’ remunerations packages with regards to each Director’s role, responsibilities, and expertise, taking into consideration of the Company’s business performance of the Group whereupon recommendations are submitted to the Board for approval. Such annual reviews shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors of such caliber to provide the necessary skills and expertise to drive the Group’s long term objectives.

7.0 Remuneration of Directors and Key Senior Management

- 7.1 The Directors’ remuneration for the financial year ended 31 March 2020 is as follows:-

Group

Category	Salary, bonus and benefit in-kind (RM)	Directors’ Fee (RM)	Allowances (RM)	Total (RM)
Executive Directors:				
Datuk Hj. Khan Bin Mohd Akram Khan (resigned on 3.7.2020)	-	6,000	12,000	18,000
Wong Eng Su	403,429	6,000	12,000	421,429
Chong Koon Meng	595,945	6,000	12,000	613,945
Dr. Aimi Zulhazmi Bin Abdul Rashid (resigned on 15.5.2020)	255,912	4,250	8,500	268,662
Non-Executive Directors:				
Dato’ Johari Bin Yahya	-	6,000	17,500	23,500
Chan Swee Ying	-	6,000	16,500	22,500
Lim Siew Ping (resigned on 24.9.2019)	-	2,750	8,500	11,250
Yeap Say Woi	-	6,000	17,500	23,500
Hwang Siew Chien	-	6,000	17,500	23,500

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

7.0 Remuneration of Directors and Key Senior Management (cont'd)

7.2 Remuneration to Key Senior Management:-

Range of Remuneration (RM)	Number of Key Senior Management
250,001 – 300,000	1
300,001 – 350,000	-
350,001 – 400,000	1
400,001 – 450,000	1
450,001 – 500,000	-
500,001 – 550,000	-
550,001 – 600,000	1

The Company is of the view that there is no necessary to disclosure the details of the remunerations of each key senior management on a named basis.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Effective and Independent Audit Committee

- 1.1 The AC was established to fulfill the principles of accountability, integrity and good corporate governance in assisting the Board independently in discharging its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance, code of business conduct, and other matters that the Board or the relevant authorities may specially delegate to the AC.

The Chairman of the AC is Mr. Yeap Say Woi, an Independent Non-Executive Director.

- 1.2 The AC conduct an annual assessment to review the suitability, objectivity, capability and independence of the audit firm based on the followings:-
 - (i) Independence, objectivity and professional skepticism;
 - (ii) Communication and interaction; and
 - (iii) Quality of skills, capabilities of audit team and sufficiency of resources.

Based on the results of the evaluation, the AC is satisfied with the performance of the external auditors and thus, recommended to the Board the re-appointment of the external auditors at the forthcoming AGM on 29 September 2020.

Messrs Grant Thornton Malaysia PLT has in their report on audit planning memorandum provided written assurance that they are independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.

- 1.3 The AC comprises all Independent Non-Executive Directors and is in compliance with the Bursa Market Listing Requirements.
- 1.4 The member of the AC collectively are financially literate and have the necessary skills and experience and able to understand Company's business and matter under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged management's assertions on the Company's financials to ensure the Quarterly Report and the Annual Audited Financial Statements give a true and fair view of the Company's financial position.

As stated in the Directors' training of Boards Leadership on Objectives and Goals of the Company, all the AC members have undertaken continuous professional development to keep themselves abreast with the latest development and changes to the regulatory requirements and practices to discharge their duties effectively.

- 1.5 None of the AC members were former key audit partner.

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

1.0 Effective and Independent Audit Committee (cont'd)

1.6 Statement of Directors' Responsibility for Preparing Financial Statements

The AC, having better understanding of financial regulations and requirements, is empowered by the Board to review the Group's financial statements to ensure conformance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia.

The Board is collectively responsible to ensure that the financial statements, the results and cash flows will give a comprehensive and fair view of the Group's financial position at the end of the relevant financial year.

The Directors are responsible for ensuring that proper accounting records are kept with reasonable accuracy, the disclosure of financial position of the Group, and the financial statements are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors also have overall responsibilities for taking such reasonable steps to safeguard the assets of the Group and to take measures to prevent and detect frauds and other irregularities.

The Board believes they have applied all appropriate accounting policies on a consistent and prudent basis, and made reasonable and necessary judgments and estimates to ensure that the financial statements for the financial year ended 31 March 2020 provide a true and fair view of the Company's financial position and affairs.

2.0 Risk Management and Internal Control

- 2.1 The Risk Management Committee at the Management level ("RMC") is established to assist the Board in identifying the risk registers, assessing the risk profile and risk appetite and managing the risks in areas that are applicable to the Company's business and ensure that the risk management process is in place and functioning effectively to mitigate the risk management.

The RMC comprises three (3) members:-

Chairlady:	Hwang Siew Chien	(Independent Non-Executive Director)
Members:	Wong Eng Su	(Managing Director)
	Kenny Khoo Chuan Wah	(Chief Financial Officer) – Risk Manager

The AC may provide an objective view on the effectiveness of the enterprise risk management and internal control framework as a whole to the Board.

- 2.2 An Enterprise Risk Management Framework has been established to provide the overall guidelines and approach to the Group's risk management. The RMC is working closely with all heads of department to ensure the identification of emerging risks resulting from changing business environment and/or initiatives being implemented as well as evaluation of the effectiveness of controls and risk management plans.

Further details on the features of the risk management and internal control framework are disclosed in the Statement of Risk Management and Internal Control of the Annual Report 2020.

- 2.3 The Risk Manager will meet all the heads of department to collate their feedback and risk concern with the appropriate risk management actions to address the issue.
- 2.4 The Risk Manager will compile the records, after getting feedback from the respective heads of department and the appropriate recommended measures and report to the RMC.
- 2.5 The RMC will report to the Board as their findings and appropriate measures to address in mitigating the risks registered.
- 2.6 The internal auditors will refer to the RMC reports as part of their duties before drafting out the proper internal audit plan for the year.

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

3.0 Effective Governance, Risk Management and Internal Control Framework

- 3.1 The establishment of the Internal Audit Function provides the Directors and the AC with an independent assessment and appraisal/review of the effectiveness and reliability of the Group's internal controls and information system.

The internal audit function includes the review, assessment and provision of reasonable assurance that the Group's internal controls are functioning as planned and able to highlight all material deviation or findings to the AC immediately. To maintain impartiality and independence, the internal auditors report directly to the AC on the overall assessment of the Group's internal control mechanism.

Internal Audit reports were issued to the AC to be tabled at the AC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management response with regards to any audit findings on the weaknesses in the systems and controls of the operations. The internal auditors will also follow up with Management on the implementation of the agreed audit recommendations.

- 3.2 The Group outsourced its internal audit function to an independent professional internal audit service provider. The role of the internal audit function, which reports directly to the AC, is to support the AC by providing it with independent and objective reports on the adequacy and effectiveness of the system of the internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the AC and key senior management of the Group.

The Internal Audit adopts a COSO Framework and risk-based approach with focus on effective risk management practices and is guided under the International Professional Practice Framework.

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

1.0 Effective Communication with Stakeholders

- 1.1 The Board recognises the importance of effective communication with its investors and shareholders as a key component to uphold the principles and best practices of corporate governance for the Group. As such, the need to establish corporate disclosure policies and procedures between the Company and the regulators, shareholders and stakeholders is important to build the trust and understanding between the Company and the stakeholders.

On this basis, the Board exercises close monitoring of all price sensitive information potentially required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner as requested. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Malaysia, the media and the Company's website.

The Board has authorised the Chief Financial Officer to co-ordinate with the Company Secretary to verify and approve all announcements before releasing to the public.

The following communication channels are mainly used by the Company to disseminate information on a timely basis to the shareholders and the investing public:-

- (a) Group's corporate proposals, quarterly and annual financial results and other required announcements are available on website at www.mmag.com.my and www.bursamalaysia.com;
 - (b) Press release provide up-to-date information on the Group's key corporate initiatives and investments if any; and
 - (c) Annual General Meeting ("AGM") provides a forum to engage with Directors and key senior management to share viewpoints and acquire information on issues relevant to the Group.
- 1.2 The Company is not categorised as large company under the MCCG and has not adopted the integrated reporting based on a globally recognised framework.

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

2.0 Conduct of General Meetings

- 2.1 The Board had adopted the recommendation of MCCG for the notice of general meetings to be given to shareholders at least 28 days prior to the meetings. All Board members will ensure their attendance in the general meetings and the respective chairmen of the Board Committees, Senior Management and the Group's external auditors as well as the Company's advisers shall attend to respond to shareholders' questions during the general meetings of the Company as the case may be.
- 2.2 Explanation for each proposed resolution is set out in the notice of general meetings to assist shareholders in making their decisions and exercising their voting rights. In line with Rule 8.31A of the AMLR, all resolutions set out in the notice of general meetings will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meetings. The outcome of the general meetings will then be announced to Bursa Securities on the same meeting day while the summary of key matters, if any, discussed during the general meetings will be posted on the Company website.
- 2.3 The Company held its general meetings at the time and venue which were convenient and easily accessible to all shareholders. General meetings of the Company remain important avenues for the Board and Management to have better engagement with the shareholders present.
- 2.4 Only shareholders whose names appear in the Record of Depositors as at the date determined are entitled to attend and vote at the general meetings. Shareholders are encouraged to attend general meetings of the Company. Shareholders who are unable to attend the general meetings are advised that they can appoint proxy(ies) to attend and vote on their behalf.

This Statement is made in accordance with the resolution of the Board dated 21 August 2020.

Sustainability Statement



The Board and the management of MMAG Holdings Berhad (“MMAG” or the “Company”) are committed to update the sustainability progress and engage openly with the Company and its subsidiaries’ (the “Group”) stakeholders through transparent sustainability reporting.

In the midst of a challenging business and operating landscape, we realised our strategies towards identifying and managing long-term risks and opportunities, with near-term as well as long-term approaches and strategies. We will focus on building a sustainable and responsible business, which will create value for all our stakeholders. We endeavour to improve the stakeholders’ experiences and our strategic response to meet their needs and expectations.

This Sustainability Statement for the financial year ended 31 March 2020 is prepared pursuant to Guidance Note 11 of the ACE Market Listing Requirements (“AMLR”) of Bursa Securities Malaysia Berhad (“Bursa Malaysia”). In particular, MMAG is to disclose the management of material sustainability matters in accordance with Guidance Note 11 of AMLR and Sustainability Reporting Guide issued by Bursa Malaysia (“the Guide”) on the content of the Sustainability Statement.

Our Sustainability Policy established is guided by the 17 Sustainable Development Goals (“SDGs”) developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.



STAKEHOLDERS ENGAGEMENT

We believe that continual engagement with our stakeholders is crucial in making our sustainability focus known. We recognised the important of identifying and addressing sustainability issues with our stakeholders and making well-informed decisions to achieve our sustainability goals. The needs and expectations of our stakeholders can be met through open two way communication, which subsequently enhances trust from our stakeholders and promotes Group's accountability.

The table below lists the stakeholders that influence our business operations, followed by their respective areas of interests and the engagement methods undertaken by the Group to address these interests.

Stakeholder Groups	Areas Of Interest	Engagement Methods
Investors	• Transparent reporting with credible data • Innovative supply chain solutions	• Quarterly financial results • Annual report • Company website • General meeting/(s) • Announcements and advertisement, if there is any
Customers	• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency	• Customer feedback and surveys conducted annually • Market research • E-fulfillment of transportation and storage transactions • Sales and customer visits
Employees	• Competitive pay and benefits • Clear communication • Work-life balance • Career growth and opportunities	• Training programmes and workshops • Town hall meetings (department-wise) • Company intranet (disseminating department meeting updates and memos)
Regulatory Authorities and Statutory Bodies	• Regulatory compliance • Corporate governance • Standards and certifications • Risk management	• Collaborative partnerships • Regular audits and inspections • Updates on regulations and meetings
Suppliers	• Timely pay-outs • Procurement practices • Supplier Code of Conduct	• Supplier assessment conducted annually • Supplier registration
Communities	• Impact of operations on surrounding environment • Economic opportunities	• Community engagement programmes
Business Partners	• Financial stability • Service Coverage and Capability • Reputation	• Written communication • Business exchange • Meeting visits

MATERIAL SUSTAINABILITY MATTERS

The Group aims to balance profitability with the protection of the environment and all stakeholders (investors, customers, employees, suppliers and local communities) by creating positive impact and mitigating any negative impact arising from its activities from the economic, environment and social aspects. The Group is monitoring the sustainability performance from time to time. The governance structure in relation to the Group's sustainability practice is guided by the Guide and Toolkit: Governance issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

During the financial year under review and up to the date of this Statement, the Group had performed the activities in relation to the identification, management and reporting of sustainability matters and performances. The degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders were performed by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors.

ECONOMIC

The Group recognises that its businesses have direct and indirect impact on the communities in which we operate. The Group has always believed in having a long-term business relationship with suppliers and customers. As such, economic sustainability is embedded in our business culture. Wherever possible, the Group uses local contractors to carry out jobs. The Company has also made community investments through donations and reduced cost supplies to non-profits.

With the goal of making a positive impact in the lives of the communities in which we operate in, our people at MMAG are actively engaged in activities to address appropriately the needs of our local communities.

The Group firmly believes in impacting and investing back in the local community, especially among the poor and marginalised. The Group focused on underprivileged children and contributed through donation to provide them with basic necessities such as food and clothing.

All MMAG employees are encouraged to participate in a variety of local charity events. Activities range from donation drives to visiting charity homes.

We see this as an important aspect of our work and will continue to provide the platform, support and encouragement to impact the local community as an organisation.

ENVIRONMENT

MMAG placed emphasis on addressing its direct operational impacts on the environment. We raised awareness and encouraged all employees to practices the "Recycle, Reuse and Recycle" - 3R, the policy in the office. All the employees are encouraged to copy or print documents on double sided, reuse and recycle of A4 paper which helps to reduce greenhouse gas emission. Recycling bins were also placed in our cafeteria to encourage this habit as well as surrounding of our warehouse and office premises.

The Group has a policy to reduce electricity and water usage across all branches, thus reducing its environmental footprint while reducing operation costs. The Company is also monitoring the use of vehicles to optimise fuel consumption and replace older vehicles to reduce consumption of carbon dioxide. We monitor the usage of paper products which helps the environment and also reduces wastage and keeps our work environment tidy and safe for employees.

SOCIAL

The Group recognises the importance to uphold the social value along with its value chain to cater for the needs of stakeholders it is affecting through its activities undertaken. The employees are recognised as an important and valuable resource for the Group to support the continued growth and expansion of the Group. The Group believes that employees' proactive participations are vital to the success of the Group. Hence, providing a safe and sustainable working environment and assist the employees to further develop their skills, knowledge and competencies.



The Group has a preference for recruiting local talent wherever possible, thus benefiting the local community and reducing employee turnover. The employee's social club has been set up to engage and promote employee bonding through events such as birthday celebrations, privileges such as preferred rates at F&B outlets, and other similar activities and advantages. The Company periodically holds local events for current and potential customers, to find ways to improve our service.

We offer a competitive remuneration package with a wide range of benefits to attract and retain the best talent. In addition to the standard benefits such as annual leave and medical coverage, we also offer career development opportunities for both technical and non-technical staff. This includes employee recognition and mentoring programmes.

The Group strives to motivate and retain the best employees by providing activities such as in-house training programs, external training programs as well as team building excursions to upgrade their knowledge and skills within their job scope. At the same time, the Group believes that good relationships can be

fostered through sports and other activities.

We also continually seek ways to engage with our employees to foster a strong sense of purpose and belonging. The Group employs an open door policy and every employee is empowered to provide suggestions or feedback on any subject matter, regardless of position or length of employment.

The management of human resources are embodied in the Employee Handbook and human resource related policies and procedures established by the Senior Management for group wide execution, whereby minimum requirements of fair treatment of legitimate employees are specified for strict compliance. The Group prohibits all forms of discrimination in the work place, such as race, religion, nationality, gender, age, marital/pregnancy and disable status, whereby every individual has an equal right and voice to make a difference. The Group also observes strict enforcement of no illegal employment in the work place, including the contractors and subcontractors.

During the financial year under review, Logistics Services division

joined Malaysian Communications and Multimedia Commission (MCMC) with the cooperation of the National Disaster Management Agency (NADMA) and the telecommunication, post and courier industry to work together for the first time in the humanitarian aid delivery mission for flood victims at the east coast. The contributions include power bank, drinking water, blanket, personal care kits, and other daily uses. A humanitarian aid mission comprising of 50 volunteers in six (6) trucks departed from the Sungai Buloh's Reserve Depot to bring assistance to more than 5,000 flood victims. The full news can be viewed at this link <https://www.mcmc.gov.my/ms/media/press-releases/mcmc-industri-telekomunikasi-pos-dan-kurier-gandin>.

SAFETY & HEALTH

The COVID-19 pandemic that the world is facing now is unprecedented and its impact on the economy is severe. Domestic and global growth is projected to be negative for year 2020 due to various containment measures implemented by many major economies to limit the spread of the virus.

The rapid spread of this virus has resulted in the implementation of lockdown and social distancing which later resulted in significant decline of economic activities. In Malaysia, the government has announced the implementation of Movement Control Order ("MCO") as a measure to control the spread of the COVID-19 and subsequently, it has been enhanced with several other conditions and regulations which witnessed a new normal in the lives of Malaysians. Under a "Conditional Movement Control Order" ("CMCO"), most businesses are allowed to operate provided that strict standards of practice must be complied. Now that the MCO has been extended until 31 August 2020 and it is entering the recovery phase which is now called the Recovery Movement Control Order ("RMCO").

The Group ensures that risks to health and safety from work activities are properly controlled and the efforts to do the same are beyond regulatory compliance. The Group has taken a proactive approach to ensure the following:-

- (i) That the employees' risk of exposure to COVID-19 is minimised;
- (ii) That the business or daily operations of the Group can still continue by implementing strict and effective Standard Operating Procedures ("SOP") and best practices as recommended by the Ministry of Health and the World Health Organisation; and
- (iii) Developing SOP and/or alternative business arrangements with customers, contractors or suppliers to ensure smooth continuity of the business and operations.



CORPORATE GOVERNANCE PRACTICES

The Group is lead by an effective board which assumes responsibility for its leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors take decisions objectively in the best interests of the Group through good Corporate Governance practices.

The Group has ensured that the Policies and Procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to the following areas:-

- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Procedures
- Risk Management

The Board and top-level management have taken proactive measures to ensure the Company's adherence with the Malaysian Anti-Corruption Commission's ("MACC") corporate liability law which came into force

on June 1. The Group is committed to fighting corruption, enhancing integrity and implementing good governance in its organisation by taking appropriate and consistent steps to ensure that the Company does not engage in corrupt activities.

Apart from the above-mentioned, specific grievance procedure is established by the Management to enable the employees to voice their grievances through multiple communication channels to the appropriate level of authority. This is part of the Group's efforts to establish and uphold impartiality in the work place.

Privacy Policy is put in place by the Group to collect and manage the confidential personal data collected from employees in compliance with Personal Data Protection Act.

There was no major legal action taken against the Group nor any fine or monetary sanction imposed related to social



FINANCIAL STATEMENTS

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Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	28,075,420	10,327,347
Attributable to:-		
Owners of the Company	27,879,820	
Non-controlling interests	195,600	
	28,075,420	

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company during the financial year.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

Dato' Johari Bin Yahya
Wong Eng Su *
Chong Koon Meng *
Chan Swee Ying
Yeap Say Woi
Hwang Siew Chien
Goh Eugene (appointed on 10.7.2020)
Lim Siew Ping (resigned on 24.9.2019)
Dr. Aimi Zulhazmi bin Abdul Rashid (resigned on 15.5.2020)
Datuk Hj. Khan bin Mohd Akram Khan (resigned on 3.7.2020)
Dirk Johann Quinten (alternate Director to Datuk Hj. Khan bin Mohd Akram Khan) (ceased on 3.7.2020)

* Director of the Company and Subsidiary Company

DIRECTORS (CONT'D)

The list of Directors of the subsidiary companies are as follows:-

Adam Khoo Teow Beng
 Bazli Bin Endud
 Kenny Khoo Chuan Wah
 Koay Teong Chuan
 Liew Wai Yang
 Lim Sook Hui
 Mohammad Hafeez Bin Roslee
 Nor Aishah Binti A Rahman
 Sin Chin Chai
 Yap Yee Siew Audrey
 Yong Mong Huay

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as shown in Notes 23 and 27 to the Financial Statements) 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 or a related corporation of which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	At 1.4.2019	Number of ordinary shares		At 31.3.2020
		Bought	Sold	
<u>Interests in the Company</u>				
<u>Direct interests</u>				
Chong Koon Meng	225,000	-	-	225,000
Chan Swee Ying	163,881,900	-	-	163,881,900
<u>Indirect interests</u>				
Datuk Hj. Khan bin Mohd Akram Khan #	171,526,000	-	(69,500,000)	102,026,000
Chong Koon Meng *	71,208,500	-	-	71,208,500
Wong Eng Su *	71,208,500	-	-	71,208,500

Directors' Report Cont'd

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants 2017/2022			At 31.3.2020
	At 1.4.2019	Bought	Sold	
<u>Direct interest</u>				
Chan Swee Ying	51,950,000	-	-	51,950,000
<u>Indirect interest</u>				
Chan Swee Ying ^	23,000,000	-	-	23,000,000
	Number of irredeemable convertible preference shares			At 31.3.2020
	At 1.4.2019	Bought	Sold	
Datuk Hj. Khan bin Mohd Akram Khan #	28,474,000	-	(28,474,000)	-
Chong Koon Meng	300,000	-	-	300,000
Chan Swee Ying	218,018,900	-	-	218,018,900

* Indirect interest by virtue of their shareholdings in Marina Teguh Sdn. Bhd.

Indirect interest by virtue of his shareholding in Cypress Valley Sdn. Bhd.

^ Indirect interest by virtue of her shareholding in Primal Cash Private Ltd.

By virtue of Dato' Hj. Khan bin Mohd Akram Khan, Mr. Chong Koon Meng, Mr. Wong Eng Su and Madam Chan Swee Ying's direct and indirect substantial interests in the shares of the Company, they are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Other than those disclosed above, none of the other Directors in office at the end of the financial year had any interests in the shares of the Company or its related corporations during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued the ordinary shares pursuant to the following:-

- (a) conversion of 528,000 warrants at a price of RM0.20 each.
- (b) conversion of 35,404,400 irredeemable convertible preferences shares at a price of RM0.20 each.

There were no debentures issued by the Company during the financial year.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

The terms of the ICPS are disclosed in Note 16 to the Financial Statements.

WARRANTS 2017/2022

The Company had on 20 November 2017 allotted and issued 151,834,154 ordinary shares pursuant to rights issue ("rights shares") together with 227,751,203 warrants at an issue price of RM0.25 each on the basis of 3 warrants for every 2 right shares subscribed. Each Warrants 2017/2022 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 28 November 2017 to 27 November 2022, at an exercise price of RM0.20 in accordance with a deed poll. Any warrant not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes. During the current financial year, 528,000 Warrants 2017/2022 had been exercised.

The ordinary shares issued from the exercise of Warrants 2017/2022 shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2017/2022.

As at 31 March 2020, there are 227,183,203 warrants remained not exercised.

OTHER STATUTORY INFORMATION

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

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

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Directors' Report Cont'd

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

The significant events during the financial year and subsequent to the reporting date are disclosed in Notes 32 and 33 to the Financial Statements.

AUDITORS

Details of auditors' remuneration are set in Note 23 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act, 2016.

The auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

.....	)	
WONG ENG SU	)	
	)	
	)	
	)	
	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
.....	)	
CHONG KOON MENG		

Kuala Lumpur
21 August 2020

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 53 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

WONG ENG SU

CHONG KOON MENG

Kuala Lumpur
21 August 2020

Statutory Declaration

I, Kenny Khaw Chuan Wah, being the Officer primarily responsible for the financial management of MMAG Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 53 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
21 August 2020)

KENNY KHAW CHUAN WAH
(MIA NO.: 31967)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
VALLIAMAH A/P PERIAN (W594)

Independent Auditors' Report

to the Members of MMAG Holdings Berhad
(Incorporated in Malaysia) Registration No: 200301007003 (609423-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MMAG Holdings Berhad, which comprise the statements of financial position as at 31 March 2020, and statements of profit or loss and other 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 53 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and 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 the 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.

Goodwill on consolidation

The risk – The Group is required to test annually the amount of goodwill for impairment. The impairment testing relies on estimates of value-in-use based on estimated future cash flows.

The annual impairment test of goodwill is significant to our audit because the assessment process used in preparing the estimated future cash flows is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions.

Our response – Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, expenses and profit margins. We have checked for additional impairment triggers by reading Board's minutes' holdings regular discussions with management and examining the performance of each cash generating unit. We also focused on adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Whilst recognising that forecasting is inherently judgmental, we concluded that the assumptions and methodologies used by management were within an acceptable range of reasonable estimates. The Group's disclosures about goodwill is included in Note 10 to the Financial Statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment loss of trade receivables

The risk – In accordance with the impairment requirements under MFRS 9, the management is required to apply forward-looking approach in assessing the impairment of trade receivables. Broader range of information is considered including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of trade receivables are applied to calculate the expected credit losses using a provision matrix.

We identified impairment of trade receivables as a significant risk requiring special audit consideration. This is because the Group's trade receivables are material to the financial statements.

Our response – In addition to other procedures, we considered it necessary to test the trade receivables' aging report, assess the reasonableness of assumptions and judgements made by the management regarding the recoverability of debts due from each customer and test the recoverability of outstanding trade receivables through examination of subsequent cash collections.

We found management's assumptions and judgements regarding the adequacy of the impairment of trade receivables to be reasonable in the context of the financial statements as a whole. The Group's disclosures regarding impairment of trade receivables are included in Notes 3.7.1, 13 and 30 to the Financial Statements.

Right-of-use assets and lease liabilities

The risk – The Group has adopted MFRS 16 Leases which replaces MFRS 117. Due to the nature in courier and logistic business, the Group has numerous of lease contracts and right-of-use assets have been identified and recognised in the financial statements. MFRS 16 Leases is regarded as key audit matter because it involved large volume of data in preparing the leases schedule by the management and also required significant estimations and judgements made by the management which includes determination of lease term, discount rate, lease options and others measurement principles.

Our response – In addressing this area of focus, we have obtained an understanding and reviewed the process of preparation of the leases schedule with recalculation performed to ensure mechanical accuracy of leases schedule provided. We also tested the accuracy of the information stated in leases schedule by sighting to lease contracts and assessed the accounting treatment to ensure the compliance with the requirements of MFRS 16 including the appropriateness of the estimations and judgements made by the management. Nevertheless, we also considered the adequacy of the disclosures in respect of leases.

Whilst recognising that lease options and discount rate are inherently judgmental, we concluded that the assumptions and methodologies used by management were within an acceptable range of reasonable estimates. The Group's disclosures about right-of-use assets and lease liabilities are included in Note 5 to the Financial Statements.

Investment in subsidiary companies

The risk – Significant judgements are required by the Directors in assessing the impairment and the recoverability of the investment in subsidiary companies. This is based on the value-in-use, using cash flow projections, covering a five-year period for each cash generating unit. The assumptions with the most significant judgement on the cash flow projections are growth rates and profit margins.

Independent Auditors' Report Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Investment in subsidiary companies (Cont'd)

Our response – In addition to other procedures, we considered it necessary to test the design and implementation of the key controls around the impairment review process. We have performed substantive procedures and challenged the key assumptions include future growth rates and the profit margins applied. In addition, we have tested the reasonably possible changes in the key assumptions on which management has based its determination of the cash generating unit's recoverable amount that may cause the cash generating unit's carrying amount exceed its recoverable amount. We also compared projected cash flow against historical performance to test the reasonableness of the projections.

We found management's assumptions and judgements regarding the adequacy of the impairment of investment in subsidiary companies to be reasonable in the context of the financial statements as a whole. The Company's disclosures regarding investment in subsidiary companies are included in Notes 7.1 to 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 of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.
- 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 of the Group and of the Company 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 or 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 of the Group and of the Company 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 identified 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, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

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.

**GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)**

**KHO KIM ENG
(NO: 03137/10/2020 J)
CHARTERED ACCOUNTANT**

Kuala Lumpur
21 August 2020

Statements of Financial Position

for the Financial Year Ended 31 March 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	43,076,402	76,089,502	3	3
Right-of-use assets	5	38,629,025	-	-	-
Investment properties	6	5,521,505	5,642,133	-	-
Investment in subsidiary companies	7	-	-	42,675,928	42,675,930
Investment in an associate company	8	20,166,720	6,303,757	20,166,720	10,250,100
Intangible assets	9	576,893	576,893	-	-
Goodwill on consolidation	10	9,845,410	9,845,410	-	-
Fixed deposit with a licensed bank	11	580,000	1,580,000	-	-
Total non-current assets		118,395,955	100,037,695	62,842,651	52,926,033
Current assets					
Inventories	12	3,500,732	1,168,350	-	-
Trade receivables	13	27,422,286	24,455,698	-	-
Other receivables	14	7,938,330	8,885,001	87,769	22,561
Amount due from subsidiary companies	7	-	-	163,883,604	132,917,465
Tax recoverable		55,835	962,779	14,956	9,163
Fixed deposits with licensed banks	11	2,276,875	26,472,574	476,875	19,127,761
Cash and bank balances		3,807,857	3,337,756	189,173	235,875
Total current assets		45,001,915	65,282,158	164,652,377	152,312,825
Total assets		163,397,870	165,319,853	227,495,028	205,238,858
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company:-					
Share capital	15	141,773,872	134,528,022	141,773,872	134,528,022
Irredeemable convertible preference shares	16	17,252,756	19,022,976	17,252,756	19,022,976
Reserves	17	(58,261,993)	(31,552,201)	39,155,183	49,549,850
Non-controlling interests	7	100,764,635 119,471	121,998,797 313,471	198,181,811 -	203,100,848 -
Total equity		100,884,106	122,312,268	198,181,811	203,100,848

Statements of Financial Position Cont'd

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
LIABILITIES					
Non-current liabilities					
Borrowings	18	3,391,457	3,752,806	-	-
Lease liabilities	5	12,632,217	11,749,162	-	-
Deferred tax liabilities	19	1,900,250	1,636,107	-	-
Total non-current liabilities		17,923,924	17,138,075	-	-
Current liabilities					
Trade payables	20	2,658,595	1,614,103	-	-
Other payables	21	21,733,353	20,837,217	13,359,586	1,038,010
Amount due to subsidiary companies	7	-	-	1,550,000	1,100,000
Borrowings	18	14,764,980	316,711	14,403,631	-
Lease liabilities	5	5,432,912	3,100,671	-	-
Tax payable		-	808	-	-
Total current liabilities		44,589,840	25,869,510	29,313,217	2,138,010
Total liabilities		62,513,764	43,007,585	29,313,217	2,138,010
Total equity and liabilities		163,397,870	165,319,853	227,495,028	205,238,858

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

**Statements of Profit or Loss
And Other Comprehensive Income**
for the Financial Year Ended 31 March 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Revenue	22	182,540,812	75,093,531	-	-
Cost of sales		(184,620,397)	(77,905,894)	-	-
Gross loss		(2,079,585)	(2,812,363)	-	-
Other income		1,439,093	643,621	47,405	-
Finance income		236,871	1,828,158	122,126	1,212,122
Impairment loss on financial asset		(623,714)	(1,012,120)	-	-
Selling and distribution expenses		(3,389,131)	(3,120,441)	-	-
Administration expenses		(18,000,408)	(12,826,963)	(2,644,360)	(2,313,193)
Other expenses		(626,612)	(368,767)	(7,117,380)	(1,226)
Finance costs		(2,360,991)	(871,857)	(735,138)	-
Share of loss in an associate company		(2,667,709)	(3,742,735)	-	-
Loss before tax	23	(28,072,186)	(22,283,467)	(10,327,347)	(1,102,297)
Tax expenses	24	(3,234)	(2,530)	-	-
Net loss for the financial year		(28,075,420)	(22,285,997)	(10,327,347)	(1,102,297)
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation difference arising from a foreign subsidiary company		4,084	18,566	-	-
Share of foreign currency translation reserve in an associate company		(57,914)	(203,608)	-	-
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus on freehold land and buildings		1,583,368	1,766,700	-	-
Deferred tax relating to revaluation of freehold land and buildings		(264,143)	(1,073,903)	-	-
Total comprehensive loss for the financial year		(26,810,025)	(21,778,242)	(10,327,347)	(1,102,297)

Statements of Profit or Loss And Other Comprehensive Income Cont'd

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Loss for the financial year attributable to:					
Owners of the Company		(27,879,820)	(22,176,397)	(10,327,347)	(1,102,297)
Non-controlling interests		(195,600)	(109,600)	-	-
		(28,075,420)	(22,285,997)	(10,327,347)	(1,102,297)
Total comprehensive loss attributable to:					
Owners of the Company		(26,616,025)	(21,668,642)	(10,327,347)	(1,102,297)
Non-controlling interests		(194,000)	(109,600)	-	-
		(26,810,025)	(21,778,242)	(10,327,347)	(1,102,297)
Loss per share					
- Basic (sen)	25	(3.96)	(3.89)		
- Diluted (sen)	25	*	*		

* anti-dilutive in nature

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

Statements of Changes In Equity

for the Financial Year Ended 31 March 2020

	Attributable to equity holders of the Company									
	Irredeemable convertible preference shares					Non-distributable				
	Share capital RM	Revaluation reserve RM	Warrant reserve RM	Merger deficit RM	Exchange translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM	
Group										
At 1 April 2018	89,139,502	30,366,831	7,353,158	29,038,278	(7,900,000)	-	(38,369,895)	109,627,874	-	109,627,874
Transactions with owners:										
Conversion of warrants	13,100	-	-	(5,100)	-	-	8,000	-	-	8,000
Conversion of irredeemable convertible preference shares	45,375,420	(11,343,855)	-	-	-	-	34,031,565	-	-	34,031,565
Total transactions with owners	45,388,520	(11,343,855)	-	(5,100)	-	-	34,039,565	-	-	34,039,565
Acquisition of subsidiary company	-	-	-	-	-	-	-	423,071	-	423,071
Net loss for the financial year	-	-	-	-	-	(22,176,397)	(22,176,397)	(109,600)	-	(22,285,997)
Other comprehensive income for the financial year	-	692,797	-	-	-	(185,042)	507,755	-	-	507,755
Total comprehensive loss for the financial year	-	692,797	-	-	-	(185,042)	(21,668,642)	(109,600)	-	(21,778,242)
At 31 March 2019, as previously reported	134,528,022	19,022,976	8,045,955	29,033,178	(7,900,000)	(185,042)	121,998,797	313,471	-	122,312,268
Effect on adoption of MFRS 16	-	-	-	-	-	(26,447)	(26,447)	-	-	(26,447)
At 1 April 2019, restated	134,528,022	19,022,976	8,045,955	29,033,178	(7,900,000)	(185,042)	121,972,350	313,471	-	122,285,821

Statements of Changes In Equity Cont'd

	Attributable to equity holders of the Company									
	Irredeemable convertible preference shares					Non-distributable				
	Share capital RM	Revaluation reserve RM	Warrant reserve RM	Merger deficit RM	Exchange translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM	
Group (Cont'd)										
Transactions with owners:										
Conversion of warrants	172,920	-	-	-	-	-	105,600	-	105,600	
Conversion of irredeemable convertible preference shares	7,072,930	(1,770,220)	-	-	-	-	5,302,710	-	5,302,710	
Total transactions with owners	7,245,850	(1,770,220)	-	-	-	-	5,408,310	-	5,408,310	
Net loss for the financial year	-	-	-	-	-	(27,879,820)	(27,879,820)	(195,600)	(28,075,420)	
Other comprehensive income for the financial year	-	-	1,319,225	-	(55,430)	-	1,263,795	1,600	1,265,395	
Total comprehensive loss for the financial year	-	-	1,319,225	-	(55,430)	(27,879,820)	(26,616,025)	(194,000)	(26,810,025)	
At 31 March 2020	141,773,872	17,252,756	9,365,180	28,965,858	(7,900,000)	(240,472)	(88,452,559)	100,764,635	100,884,106	

Statements of Changes In Equity Cont'd

	← Attributable to equity holders of the Company → ← Non-distributable →				
	Share capital RM	Irredeemable convertible preference shares RM	Warrant reserve RM	Retained earnings RM	Total RM
Company					
At 1 April 2018	89,139,502	30,366,831	29,038,278	21,618,969	170,163,580
Transactions with owners:					
Conversion of warrants	13,100	-	(5,100)	-	8,000
Conversion of irredeemable convertible preference shares	45,375,420	(11,343,855)	-	-	34,031,565
Total transactions with owners	45,388,520	(11,343,855)	(5,100)	-	34,039,565
Total comprehensive loss for the financial year	-	-	-	(1,102,297)	(1,102,297)
At 31 March 2019	134,528,022	19,022,976	29,033,178	20,516,672	203,100,848
Transactions with owners:					
Conversion of warrants	172,920	-	(67,320)	-	105,600
Conversion of irredeemable convertible preference shares	7,072,930	(1,770,220)	-	-	5,302,710
Total transactions with owners	7,245,850	(1,770,220)	(67,320)	-	5,408,310
Total comprehensive loss for the financial year	-	-	-	(10,327,347)	(10,327,347)
At 31 March 2020	141,773,872	17,252,756	28,965,858	10,189,325	198,181,811

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

Statements of Cash Flows

for the Financial Year Ended 31 March 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
OPERATING ACTIVITIES					
Loss before tax		(28,072,186)	(22,283,467)	(10,327,347)	(1,102,297)
Adjustments for:-					
Allowance for expected credit loss on trade receivables		1,039,086	1,210,124	-	-
Bad debts written off		-	31,368	-	1,226
Other receivables written off		9,898	-	-	-
Deposits written off		21,493	16,648	-	-
Depreciation of property, plant and equipment and investment properties		2,418,059	4,590,694	-	-
Depreciation of right-of-use assets		7,018,426	-	-	-
Gain on disposal of property, plant and equipment		(2,926)	(987)	-	-
Gain on disposal of a subsidiary company		(54,947)	-	(47,405)	-
Negative goodwill on acquisition of a subsidiary company		(382,455)	-	-	-
Interest expenses		2,360,991	871,857	735,138	-
Interest income		(236,871)	(1,828,158)	(122,126)	(1,212,122)
Loss on disposal of non-current asset held for sale		-	249,386	-	-
Loss on disposal of an investment property		44,100	-	-	-
Property, plant and equipment written off		96,168	-	-	-
Share of loss in an associate company		2,667,709	3,742,735	-	-
Impairment loss on investment in an associate company		445,414	-	7,117,380	-
Unrealised loss on foreign exchange		-	203,608	-	-
Waiver of debts		-	(93,486)	-	-
Operating loss before working capital changes		(12,628,041)	(13,289,678)	(2,644,360)	(2,313,193)
Changes in working capital:-					
Inventories		(2,332,382)	61,795	-	-
Receivables		(6,833,169)	(14,638,237)	(17,801)	57,453
Payables		1,942,274	1,530,837	12,321,576	45,210
Cash (used in)/generated from operations		(19,851,318)	(26,335,283)	9,659,415	(2,210,530)
Tax paid		(26,950)	(69,915)	(5,793)	(1,663)
Tax refunded		929,852	54,605	-	-
Interest received		236,871	1,828,158	122,126	1,212,122
Net cash (used in)/generated from operating activities	A	(18,711,545)	(24,522,435)	9,775,748	(1,000,071)

Statements of Cash Flows Cont'd

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
INVESTING ACTIVITIES					
Acquisition of subsidiary companies (Note 7)		(8,865,569)	(2,235,499)	-	(4)
Purchase of property, plant and equipment and investment properties	B	(4,048,715)	(31,946,109)	-	-
Purchase of right-of-use assets	C	(937,584)	-	-	-
Proceeds from disposal of property, plant and equipment and investment properties		13,005,049	3,376	-	-
Proceeds from disposal of non-current asset held for sale		-	1,617,628	-	-
Purchase of intangible asset		-	(576,893)	-	-
Investment in an associate company		(17,034,000)	(10,250,100)	(17,034,000)	(10,250,100)
Net advances to subsidiary companies		-	-	(30,516,139)	(50,857,907)
Net cash used in investing activities		(17,880,819)	(43,387,597)	(47,550,139)	(61,108,011)
FINANCING ACTIVITIES					
Repayment of borrowings		(316,711)	(243,860)	-	-
Upliftment of fixed deposit with a licensed bank		1,000,000	-	-	-
Repayment of lease liabilities		(5,274,300)	(2,257,129)	-	-
Interest paid		(2,360,991)	(871,857)	(735,138)	-
Drawdown of borrowings		14,403,631	-	14,403,631	-
Proceeds from issuance of shares		5,408,310	34,039,565	5,408,310	34,039,565
Net cash generated from financing activities	A	12,859,939	30,666,719	19,076,803	34,039,565
CASH AND CASH EQUIVALENTS					
Net changes		(23,732,425)	(37,243,313)	(18,697,588)	(28,068,517)
Effect of foreign currency translation differences on cash and cash equivalents		6,827	(185,509)	-	-
At beginning of financial year		29,810,330	67,239,152	19,363,636	47,432,153
At end of financial year	D	6,084,732	29,810,330	666,048	19,363,636

Statements of Cash Flows Cont'd

NOTES TO THE STATEMENTS OF CASH FLOWS:-

A. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group 2020 RM
<u>Included in net cash used in operating activities:-</u>	
Payment related to short-term leases	1,044,448
<u>Included in net cash generated from financing activities:-</u>	
Payment of lease liabilities	5,274,300
Interest paid in relation to lease liabilities	1,226,229
Total cash outflows for leases	7,544,977

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The Group acquired property, plant and equipment and investment properties with aggregate costs of RM4,048,715 (2019: RM43,310,633) of which Nil (2019: RM11,364,524) was acquired by means of finance lease arrangements. Cash payments of RM4,048,715 (2019: RM31,946,109) were made to purchase such property, plant and equipment and investment properties.

C. PURCHASE OF RIGHT-OF-USE ASSETS

The Group acquired right-of-use assets with aggregate costs of RM7,354,818 (2019: Nil) of which RM6,417,234 (2019: Nil) were acquired by means of lease arrangements. Cash payments of RM937,584 (2019: Nil) were made to purchase such right-of-use assets.

D. CASH AND CASH EQUIVALENTS

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Cash and bank balances	3,807,857	3,337,756	189,173	235,875
Fixed deposits with licensed banks (Note 11)	2,856,875	28,052,574	476,875	19,127,761
	6,664,732	31,390,330	666,048	19,363,636
Less:				
Fixed deposits pledged to licensed banks (Note 11)	(580,000)	(580,000)	-	-
Non-current fixed deposit with a licensed bank	-	(1,000,000)	-	-
	6,084,732	29,810,330	666,048	19,363,636

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur. The principal place of business of the Company is located at No. 3, Jalan TP2, Taman Perindustrian UEP Subang Jaya, 47600 Subang Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Directors on 21 August 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 -Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 -Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 -Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and reports directly to the Board of Directors. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM, except when otherwise stated.

2.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have applied the accounting policies set out in Note 3 to all years presented in these financial statements, except for the changes below.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Adoption of new standards/amendments/improvements to MFRSs (Cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have a material impact on the financial statements of the Group and of the Company, except for:-

MFRS 16 Leases

MFRS 16 supercedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the company is a lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The effects of adoption MFRS 16 as at 1 April 2019 are as follows:-

Group	Note	As at 31.3.2019 RM	Effects on adoption of MFRS 16 RM	As at 1.4.2019 RM
<u>Statement of Financial Position</u>				
Non-current assets				
Property, plant and equipment	4	76,089,502	(36,249,679)	39,839,823
Right-of-use assets	5	-	38,295,594	38,295,594
Non-current liability				
Lease liabilities	5	11,749,162	1,261,535	13,010,697
Current liability				
Lease liabilities	5	3,100,671	810,827	3,911,498
<u>Statement of Changes in Equity</u>				
Equity				
Accumulated losses		(60,546,292)	(26,447)	(60,572,739)

Notes to the Financial Statements Cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Adoption of new standards/amendments/improvements to MFRSs (Cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have a material impact on the financial statements of the Group and of the Company, except for (cont'd):-

MFRS 16 Leases (Cont'd)

The reconciliation of lease liabilities as at 1 April 2019 to the operating lease commitments as of 31 March 2019 is as follows:-

Group	RM
Operating lease commitments as at 1 April 2019	587,019
Extension options reasonably certain to be exercised	2,038,600
Weighted average incremental borrowing rate as at 1 April 2019	4.35%
Discounted operating lease commitments as at 1 April 2019	2,317,710
Less:	
Commitments relating to short-term leases	(245,348)
Add:	
Commitments relating to leases previously classified as finance leases	14,849,833
Lease liabilities as at 1 April 2019	16,922,195

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:-

Amendments to MFRSs and Amendments to References to the Conceptual Framework Standards effective 1 January 2020:-

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7*#, 9*# and 139*#	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to Conceptual Framework on MFRS Standards	

Amendment to MFRS effective 1 June 2020:-

Amendments to MFRS 16	Covid-19-Related Rent Concessions
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MFRS effective 1 January 2021:-

MFRS 17*#	Insurance Contracts
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Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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 (MFRS 1, 9, 16 and 141*#)	

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company (Cont'd):-

Amendments to MFRSs – effective date deferred indefinitely:-

MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Company's operation

Not applicable to the Group's operations

Amendments to MFRS 101 and MFRS 108: Definition of Material

In October 2018, MASB issued amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The above amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2.6 Significant accounting estimates and judgements

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 expenses and disclosures made. They 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.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in the fair values being recognised in other comprehensive income. Significant judgement is required in the determination of fair value which may be derived based on different valuation method. The Group engages independent valuation specialists to determine the fair values.

Notes to the Financial Statements Cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

Useful lives of depreciable assets

Management estimates the useful lives of the depreciable assets to be within 5 to 50 years and reviews the useful lives of the depreciable assets at each reporting date. As at 31 March 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

Management expects that the expected useful lives of the property, plant and equipment and investment properties would not have material difference from the management's estimates and hence it would not result in material variance in the Group's net loss for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each assets and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix and credit rating assessment to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type and rating, coverage by letter of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Income taxes

Significant judgement is involved in determining the Group’s and the Company’s provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group’s core business is subject to economical and technology changes which may cause selling price to change rapidly and the Group’s results to change.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and financial liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm’s length transaction at the end of the reporting year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.2 Significant management judgements

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has various lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group generally exercises its option to renew for those leases with renewal option.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiaries are entities, including structured entities controlled by the Company. Control exists when the Company is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of the subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

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

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.3 Business combinations and goodwill

Business combinations 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. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the 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.

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 as 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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as a financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 Associate company

Associate company is an entity in which the Group or the Company has significant influence, but no control, over its financial and operating policies.

The Group's investment in its associate company is accounted for using the equity method. Under the equity method, investment in an associate company is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company since the acquisition date. Goodwill relating to the associate company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate company is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate company.

The aggregate of the Group's share of profit or loss of an associate company is shown on the face of the statements of profit or loss and other comprehensive income outside operating profit.

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

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

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

Notes to the Financial Statements Cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.6 Associate company (Cont'd)

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal 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 the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in an associate company is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3.2.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency 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 translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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 presented in exchange translation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

All property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the asset, and the present value of the expected cost for the decommissioning of the asset after its use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are initially measured at cost and subsequently measured at fair value less accumulated depreciation on buildings and impairment losses, if any, after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amounts does not differ materially from the land and buildings at the reporting date.

Buildings under construction consist of warehouse and office under construction for their intended use as storage and administrative purposes and are not depreciated until they are completed and ready for their intended use.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2%
Computer and office equipment	10% - 20%
Furniture, fittings, signboard and office renovation	10% - 20%
Motor vehicles	20%

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the differences between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

Notes to the Financial Statements Cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. Subsequently to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is recognised on the straight-line method in order to write off the cost over its estimated useful life. Investment properties are depreciated based on the estimated useful lives of the assets as follows:-

Freehold and leasehold buildings	2%
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Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity.

3.5 Leases

Accounting policies applied from 1 April 2019

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to accumulated losses as at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated i.e. it is presented as previously reported under MFRS 117, lease and related interpretations.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.5.1 As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

3.5.1 As lessee (Cont'd)

3.5.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Leasehold land - 45 months
- Leasehold building - 50 years
- Outlet premises - 14 months to 62 months
- Motor vehicles - 6 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment test as detailed in Note 3.8 to the Financial Statements.

3.5.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.5.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of that are considered to be of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

3.5.2 As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting policies applied until 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3.5.3 Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

3.5.4 Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentive received are recognised in profit or loss as an integral part of the total lease expenses, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Intangible assets (Cont'd)

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

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

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

The useful life of the intangible assets is 5 years.

3.7 Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.7.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to the Financial Statements Cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.1 Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry only financial assets measured at amortised costs on their statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's trade and other receivables, amount due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances fall into this category of financial instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.1 Financial assets (Cont'd)

Derecognition (Cont'd)

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. A detailed analysis of how the impairment requirements of MFRS 9 are applied is disclosed in Note 30.1.1 to the Financial Statements.

3.7.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, amount due to subsidiary companies, lease liabilities and borrowings.

Notes to the Financial Statements Cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.2 Financial liabilities (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

Derecognition

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

3.7.3 Offsetting of financial instruments

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

3.8 Impairment of non-financial assets

At each reporting date, the Group and Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of non-financial assets (Cont'd)

An impairment loss is recognised as an expense in the profit or loss immediately.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3.9 Inventories

Inventories consist of trading goods are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all expenses incurred in bringing the inventories to their present location and condition which consist of the cost of purchase and transportation cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term demand deposits, fixed deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.11 Equity instruments and reserves

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 its liabilities. Ordinary shares are equity instruments.

The revaluation reserve within equity represent surplus arising from the revaluation of property, plant and equipment, net of deferred tax.

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Accumulated losses include all current year's loss and prior years' accumulated losses.

All transactions with the owners of the Company are recorded separately within equity.

3.12 Borrowing costs

All borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group or the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements Cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue

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

The Group recognises the revenue arising from services at a point in time unless one of the following overtime criteria is met:-

- (a) The customer simultaneously receives and consumes the benefits provided;
- (b) The Group's performance creates or enhances an asset that the customer control as the assets is created or enhanced; or
- (c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group is in the business of distribution of information communication technology and providing courier and logistic services. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

3.13.1 Sales of goods

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3.13.2 Courier and delivery services income

Courier and delivery services income is recognised in the reporting year in which the services are rendered and the Group has a present right to payment for the services.

3.13.3 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets.

3.14 Employees benefits

3.14.1 Short-term employees benefits

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

3.14.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

3.15.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date and any adjustment to tax payable in respect of previous years.

3.15.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 Segmental reporting

3.16.1 Operating segment

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

3.16.2 Intersegment transfer

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity in negotiated term. These transfers are eliminated on consolidation.

3.17 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

Notes to the Financial Statements Cont'd

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At valuation/cost	At cost				
	Freehold land and buildings RM	Leasehold buildings RM	Computer and office equipment RM	Furniture, fittings, signboard and office renovation RM	Motor vehicles RM	Buildings under construction RM	Total RM
Valuation/cost							
At 1 April 2018	18,000,000	-	3,992,597	6,503,793	8,906,715	5,911,316	43,314,421
Additions	12,456,500	-	615,334	2,392,683	14,850,337	12,962,779	43,277,633
Additions through acquisition of subsidiary companies	1,450,000	850,000	-	-	251,211	-	2,551,211
Translation reserve	-	-	35	263	5,100	-	5,398
Disposals	-	-	(3,130)	-	-	-	(3,130)
Written off	-	-	(9,140)	-	-	-	(9,140)
Transfer	-	18,874,095	-	-	-	(18,874,095)	-
Fair value adjustments	1,210,000	-	-	-	-	-	1,210,000
At 31 March 2019, as previously reported	33,116,500	19,724,095	4,595,696	8,896,739	24,013,363	-	90,346,393
Adjustment on initial application of MFRS 16	-	(19,724,095)	-	-	(21,614,179)	-	(41,338,274)
At 1 April 2019, as restated	33,116,500	-	4,595,696	8,896,739	2,399,184	-	49,008,119
Additions	-	-	814,564	3,204,151	30,000	-	4,048,715
Translation reserve	-	-	(13)	113	-	-	100
Disposals	-	-	-	(2,641)	(2)	-	(2,643)
Written off	-	-	(23,903)	(214,431)	-	-	(238,334)
Revaluation	1,543,500	-	-	-	-	-	1,543,500
At 31 March 2020	34,660,000	-	5,386,344	11,883,931	2,429,182	-	54,359,457
Accumulated depreciation							
At 1 April 2018	556,700	-	3,335,972	3,401,503	2,918,848	-	10,213,023
Charge for financial year	183,142	35,729	497,414	711,893	3,041,889	-	4,470,067
Additions through acquisition of subsidiary companies	-	-	-	-	137,574	-	137,574
Translation reserve	-	-	4	58	2,746	-	2,808
Disposals	-	-	(741)	-	-	-	(741)
Written off	-	-	(9,140)	-	-	-	(9,140)
Fair value adjustments	(556,700)	-	-	-	-	-	(556,700)
At 31 March 2019, as previously reported	183,142	35,729	3,823,509	4,113,454	6,101,057	-	14,256,891
Adjustment on initial application of MFRS 16	-	(35,729)	-	-	(5,052,866)	-	(5,088,595)
At 1 April 2019, as restated	183,142	-	3,823,509	4,113,454	1,048,191	-	9,168,296
Charge for financial year	259,312	-	493,183	1,176,384	368,552	-	2,297,431
Translation reserve	-	-	(24)	(94)	-	-	(118)
Disposals	-	-	-	(520)	-	-	(520)
Written off	-	-	(14,440)	(127,726)	-	-	(142,166)
Revaluation	(39,868)	-	-	-	-	-	(39,868)
At 31 March 2020	402,586	-	4,302,228	5,161,498	1,416,743	-	11,283,055
Net carrying amount							
At 31 March 2020	34,257,414	-	1,084,116	6,722,433	1,012,439	-	43,076,402
At 31 March 2019	32,933,358	19,688,366	772,187	4,783,285	17,912,306	-	76,089,502

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In prior year, the motor vehicles with net carrying amount of RM16,598,749 were financed under finance leases arrangements.

The leased motor vehicles were subsequently grouped under right-of use assets upon adoption of MFRS 16 Leases on 1 April 2019.

Freehold land and buildings with net carrying amount of RM18,938,080 (2019: RM19,076,392) are pledged to a licensed bank for a banking facility granted to a subsidiary company.

In prior year, the title deeds of the freehold land and buildings with carrying amount of RM5,672,390 and RM4,744,242 respectively were yet to be transferred to the Group.

Analysis of land and buildings of the Group:-

	Freehold land RM	Freehold buildings RM	Leasehold land and buildings RM	Total RM
Valuation/cost				
At 1 April 2018	11,520,000	6,480,000	-	18,000,000
Additions	7,672,390	4,784,110	-	12,456,500
Additions through acquisition of subsidiary companies	1,010,000	440,000	850,000	2,300,000
Transfer	-	-	18,874,095	18,874,095
Fair value adjustments	774,400	435,600	-	1,210,000
At 31 March 2019	20,976,790	12,139,710	19,724,095	52,840,595
Adjustment on initial application of MFRS 16	-	-	(19,724,095)	(19,724,095)
At 1 April 2019, as restated	20,976,790	12,139,710	-	33,116,500
Fair value adjustments	827,610	715,890	-	1,543,500
At 31 March 2020	21,804,400	12,855,600	-	34,660,000

Notes to the Financial Statements Cont'd

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings of the Group (Cont'd):-

	Freehold land RM	Freehold buildings RM	Leasehold land and buildings RM	Total RM
Accumulated depreciation				
At 1 April 2018	-	556,700	-	556,700
Charge for the financial year	-	183,142	35,729	218,871
Fair value adjustments	-	(556,700)	-	(556,700)
At 31 March 2019	-	183,142	35,729	218,871
Adjustment on initial application of MFRS 16	-	-	(35,729)	(35,729)
At 1 April 2019, as restated	-	183,142	-	183,142
Charge for the financial year	-	259,312	-	259,312
Fair value adjustments	-	(39,868)	-	(39,868)
At 31 March 2020	-	402,586	-	402,586
Net carrying amount				
31 March 2020	21,804,400	12,453,014	-	34,257,414
31 March 2019	20,976,790	11,956,568	19,688,366	52,621,724

Revaluation of land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses.

Fair value measurements of the land and buildings of the Group are categorised as follows:-

	2020 Level 2 RM	2019 Level 2 RM
Freehold land	21,804,400	20,976,790
Freehold buildings	12,453,014	11,956,568
Leasehold land and building	-	845,728

There were no transfers between Level 1 and Level 2 during the financial year.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Level 2 fair values of freehold land and buildings have been derived using the comparison method of valuation. The comparison method of valuation entails comparing the sales price of the properties in close proximity and is adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

External, independent and qualified valuers were appointed to determine the fair values of the land and buildings during the financial year and in prior financial year. The revaluation surplus net of applicable deferred tax is credited to other comprehensive income and is shown in "revaluation reserve" under the equity as disclosed in Note 17 to the Financial Statements.

If land and buildings are measured using the historical cost model, the carrying amounts would be as follows:-

	2020 RM	Group 2019 RM
Freehold land	14,870,597	14,870,597
Freehold buildings	8,290,796	8,473,861
Leasehold land and building	-	19,371,274
Total net carrying amounts	23,161,393	42,715,732

Company	Office equipment RM
Cost	
At 1 April 2018/31 March 2019/31 March 2020	3,019
Accumulated depreciation	
At 1 April 2018/31 March 2019/31 March 2020	3,016
Net carrying amount	
31 March 2020	3
31 March 2019	3

Notes to the Financial Statements Cont'd

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

5.1 As lessee

The Group has lease contracts for leasehold land, leasehold building, outlet premises and motor vehicles used for its operations purposes. These leases are generally having lease terms of 2 to 50 years. There are several lease contracts that include extension options which are further discussed below.

The Group also has certain leases of premises and equipment with short-term leases. The Group applies "short-term leases" recognition exemption for such leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	At 1.4.2019* RM	Additions RM	Depreciation RM	Translation reserve RM	At 31.3.2020 RM
Right-of-use assets					
Leasehold land	388,040	2,487,135	(670,585)	-	2,204,590
Leasehold building	19,300,326	927,995	(401,978)	-	19,826,343
Outlet premises	2,045,915	2,215,895	(1,376,077)	(2,063)	2,883,670
Motor vehicles	16,561,313	1,723,793	(4,569,786)	(898)	13,714,422
Total	38,295,594	7,354,818	(7,018,426)	(2,961)	38,629,025

* Adjustment on initial application of MFRS 16 at 1 April 2019, as restated

Lease liabilities

Group	2020 RM	2019# RM
<u>Current liabilities</u>		
- Within 1 year	5,432,912	3,100,671
<u>Non-current liabilities</u>		
- more than 1 year but less than 5 years	12,505,263	10,826,715
- more than 5 years	126,954	922,447
	12,632,217	11,749,162
	18,065,129	14,849,833

Consist of finance lease liabilities only in accordance with MFRS 117

The lease liabilities bear interest at rates ranging from 2.39% to 4.35% (2019: 2.39% to 4.79%) per annum.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

5.1 As lessee (Cont'd)

Lease liabilities (Cont'd)

Set out below are the movements of the lease liabilities during the financial year:-

Group	RM
At 1 April 2019	14,849,833
Adjustment on initial application of MFRS 16	2,072,362
At 1 April 2019, as restated	16,922,195
Additions	6,417,234
Accretion of interest	1,225,900
Payments	
- Principal	(5,274,300)
- Interest	(1,225,900)
At 31 March 2020	18,065,129

The following are the amounts relating to right-to-use assets and lease liabilities recognised in profit or loss:-

Group	2020 RM	2019 RM
Depreciation of right-of-use assets	7,018,426	-
Interest expense on lease liabilities	1,225,900	-
Expenses related to short-term leases:		
- outlet premises	614,649	-
- accommodation	13,200	-
- equipment	416,599	-
Rental expenses in accordance with MFRS 117	-	3,137,513

Extension options

The Group has certain contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether the extension options are reasonably certain to be exercised. The Group's management holds on the decision to take up the following option for renewal and assessment is prepared without taking in the option period.

	Within 5 years RM
Extension option not reasonably certain to be exercised	2,280,000

Notes to the Financial Statements Cont'd

6. INVESTMENT PROPERTIES

The details of investment properties are as follows:-

Group	Freehold land RM	Freehold land and buildings RM	Total RM
Cost			
At 1 April 2018	-	5,998,370	5,998,370
Additions	-	33,000	33,000
At 31 March 2019	-	6,031,370	6,031,370
Additions through acquisition of a subsidiary company	13,044,100	-	13,044,100
Disposal	(13,044,100)	-	(13,044,100)
At 31 March 2020	-	6,031,370	6,031,370
Accumulated depreciation			
At 1 April 2018	-	268,610	268,610
Charge for the financial year	-	120,627	120,627
At 31 March 2019	-	389,237	389,237
Charge for the financial year	-	120,628	120,628
At 31 March 2020	-	509,865	509,865
Net carrying amount			
31 March 2020	-	5,521,505	5,521,505
31 March 2019	-	5,642,133	5,642,133
Fair value of investment properties			
31 March 2020	-	6,250,000	6,250,000
31 March 2019	-	6,125,000	6,125,000

The market value at the reporting date was obtained from observable market information, determined by reference to similar industrial buildings which had been sold or offered for sales. No independent valuation by professional valuer has been performed on these investment properties.

The title deeds of the freehold buildings have yet to be obtained from the local authorities by the Group as at the reporting date.

7. SUBSIDIARY COMPANIES

7.1 Investment in subsidiary companies

	2020 RM	Company 2019 RM
At cost		
Unquoted shares	52,003,621	52,003,623
Less: Accumulated impairment loss At 1 April/31 March	(9,327,693)	(9,327,693)
	42,675,928	42,675,930

Details of the subsidiary companies are as follows:-

Name of company	Effective interest 2020 %	Effective interest 2019 %	Principal activities	Principal place of business
MGudang Sdn. Bhd.	100	100	Investment holding	Malaysia
MMatrix Sdn. Bhd.	100	100	Provisions of courier and delivery services	Malaysia
United ICT Consortium Sdn. Bhd.	100	100	Investment holding	Malaysia
Line Clear Express & Logistics Sdn. Bhd.	100	100	Investment holding and provisions of courier services and delivery services	Malaysia
Inventure Conglomerate Sdn. Bhd.	100	100	Trading of computer equipment and peripheral	Malaysia
Vsurf Sdn. Bhd.	100	100	Distributing and marketing of information technology and telecommunication products	Malaysia
MMantap Sdn. Bhd.	100	100	Dormant	Malaysia
MMAG Capital Sdn. Bhd.	-	100	Dormant	Malaysia
Held under Line Clear Express & Logistics Sdn. Bhd.				
Line Clear Express & Logistics (s) Pte. Ltd. ("LCELS") (formerly known as Koli Express Pte. Ltd.)	60	60	Provisions of courier and delivery services	Singapore
Line Clear Freight Forwarding Sdn. Bhd.	100	100	Dormant	Malaysia
Line Shield Sdn. Bhd.	100	-	Dormant	Malaysia
Line Haul Sdn. Bhd.	100	-	Dormant	Malaysia

Notes to the Financial Statements Cont'd

7. SUBSIDIARY COMPANIES (CONT'D)

7.1 Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):-

Name of company	Effective interest 2020 %	Effective interest 2019 %	Principal activities	Principal place of business
Held under United ICT Consortium Sdn. Bhd.				
MMAG Digital Sdn. Bhd.	100	100	Investment holding and distributor of information technology products	Malaysia
Inconnexion Communication Sdn. Bhd.	100	100	Dormant	Malaysia
MMAG Online Sdn. Bhd.	100	100	Dormant	Malaysia
Held under MMAG Digital Sdn. Bhd.				
MMegah Sdn. Bhd.	100	100	Distribution of telecommunication products, services, accessories and devices and other multimedia hardware and software	Malaysia
Held under MGudang Sdn. Bhd.				
H&H Ecowood Products Sdn. Bhd. ("HHEP")	100	100	Investment holding	Malaysia
Active Trio Deluxe Sdn. Bhd.	100	-	Investment holding	Malaysia

Incorporation of subsidiary companies

On 3 July 2019, Line Clear Express & Logistic Sdn. Bhd. incorporated a wholly-owned subsidiary company, Line Shield Sdn. Bhd. with a paid-up capital of RM2. The intended business activity of such subsidiary company is as insurance agent.

On 25 November 2019, Line Clear Express & Logistic Sdn. Bhd. incorporated a wholly-owned subsidiary company, Line Haul Sdn. Bhd. with a paid-up capital of RM2. The intended business activity of such subsidiary company is engaged in business transportation, haulage and freight consolidators.

Acquisition of a subsidiary company

On 19 November 2018, MGudang Sdn. Bhd. had entered into a share sale agreement in relation to the acquisition of entire equity interest in Active Trio Deluxe Sdn. Bhd. ("ATD") for a total consideration of RM12,670,000 which had been completed in the current financial year.

The acquired subsidiary company had generated net loss of RM521,923 during the financial year and the same amount had been contributed to the Group.

7. SUBSIDIARY COMPANIES (CONT'D)

7.1 Investment in subsidiary companies (Cont'd)

Acquisition of a subsidiary company (Cont'd)

The fair values of the assets and liabilities acquired and the negative goodwill/goodwill arising are as follows:-

2020	ATD RM
Investment property	13,044,100
Other receivables	6,664
Cash and bank balances	3,431
Other payables	(1,740)
Total net assets upon acquisition	13,052,455
Negative goodwill	(382,455)
Total consideration	12,670,000
Less: Cash and bank balances acquired	(3,431)
Less: Deposit paid in prior year (Note 14)	(3,801,000)
Net cash outflow arising from acquisition of a subsidiary company during the year	8,865,569

2019	LCELS RM	HHEP RM	Total RM
Property, plant and equipment	113,637	2,300,000	2,413,637
Receivables	469,642	-	469,642
Cash and bank balances	962,731	-	962,731
Payables	(374,759)	(1,318)	(376,077)
Deferred tax liabilities	-	(167,550)	(167,550)
Finance lease liabilities	(113,574)	-	(113,574)
Total net assets upon acquisition	1,057,677	2,131,132	3,188,809
Non-controlling interests	(423,071)	-	(423,071)
Goodwill on consolidation	263,624	168,868	432,492
Total purchase consideration	898,230	2,300,000	3,198,230
Less: Cash and bank balances acquired	(962,731)	-	(962,731)
Net cash (inflow)/outflow arising from acquisition of subsidiary companies	(64,501)	2,300,000	2,235,499

Notes to the Financial Statements Cont'd

7. SUBSIDIARY COMPANIES (CONT'D)

7.1 Investment in subsidiary companies (Cont'd)

Disposal of a subsidiary company

On 13 March 2020, the Company disposed of its 100% equity interest in MMAG Capital Sdn. Bhd. for a consideration of RM 2,050,000.

The disposal of MMAG Capital Sdn. Bhd. gave rise to a gain of RM54,947 in the Group's financial statements.

The effect of the disposal of MMAG Capital Sdn. Bhd. on the financial position of the Group as at the date of disposal is as follows:-

2020	RM
Amount due from MMAG Holdings Berhad	1,997,404
Cash and bank balances	1,035
Other payables	(3,386)
Total net assets upon disposal	1,995,053
Gain on disposal	54,947
Proceeds consideration	2,050,000
Less: Offset with amount due from MMAG Holdings Berhad	(1,997,404)
Less: Cash and bank balances disposed	(1,035)
Net consideration receivable as at 31 March 2020	51,561

7.2 Amounts due from/(to) subsidiary companies

Amounts due from/(to) subsidiary companies are non-trade in nature, unsecured, bear no interest and repayable on demand.

	2020 RM	Company 2019 RM
Amount due from subsidiary companies	171,276,095	140,309,956
Less: Allowance for expected credit losses At 1 April/31 March	(7,392,491)	(7,392,491)
	163,883,604	132,917,465
Amount due to subsidiary companies	(1,550,000)	(1,100,000)

7. SUBSIDIARY COMPANIES (CONT'D)

7.3 Non-controlling interests ("NCI")

The Group's subsidiary company that has material non-controlling interests is as follows:-

	2020	LCELS 2019
Percentage of ownership interest and voting interest held by NCI as at the end of financial year (%)	40%	40%
Carrying amount of NCI (RM)	119,471	313,471
Net loss allocated to NCI (RM)	195,600	109,600
Total comprehensive loss allocated to NCI (RM)	194,000	109,600

The summary of financial information before intra-group elimination of the Group's subsidiary company that has non-controlling interests are as below:-

	2020 RM	2019 RM
Financial position as at 31 March		
Non-current assets	796,312	229,836
Current assets	736,016	971,793
Non-current liabilities	(497,991)	(84,230)
Current liabilities	(735,478)	(333,721)
Net assets	298,859	783,678
Summary of financial performance for the financial year ended 31 March		
Net loss for the financial year	(489,001)	(274,000)
Total comprehensive loss for the financial year	(484,917)	(274,000)
Summary of cash flows for the financial year ended 31 March		
Net cash used in operating activities	(33,915)	(422,325)
Net cash used in investing activity	(4,922)	-
Net cash (used in)/generated from financing activities	(69,488)	890,908
Net changes in cash and cash equivalents	(108,325)	468,583

Notes to the Financial Statements Cont'd

8. INVESTMENT IN AN ASSOCIATE COMPANY

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Quoted shares, at cost				
-Ordinary shares	16,784,100	10,250,100	16,784,100	10,250,100
-Irredeemable convertible preference shares	10,500,000	-	10,500,000	-
Share of post-acquisition reserves	27,284,100 (6,671,966)	10,250,100 (3,946,343)	27,284,100 -	10,250,100 -
Less: Accumulated impairment loss	20,612,134 (445,414)	6,303,757 -	27,284,100 (7,117,380)	10,250,100 -
	20,166,720	6,303,757	20,166,720	10,250,100

Included in investment in an associate company are ordinary shares and ICPS amounted to RM16,514,100 and RM10,500,000 respectively pledged for banking facilities of the Company.

Details of the associate company which is incorporated in Malaysia are as follows:-

Name of company	Effective interest		Principal activities
	2020 %	2019 %	
MSCM Holdings Berhad	31	26	Investment holding; development and provision of software solutions; money lending; publishing business directory journals; database marketing and supply chain management

The following table summarises the information of the Group's associate company:-

	2020 RM	Group 2019 RM
Financial position as at 31 March		
Non-current assets	11,175,861	15,556,504
Current assets	54,349,873	7,490,171
Non-current liabilities	(869,013)	(407,624)
Current liabilities	(3,329,059)	(5,651,396)
Net assets	61,327,662	16,987,655
Summary of financial performance for the financial year ended 31 March		
Net loss for the financial year	(7,434,327)	(14,193,155)
Other comprehensive loss for the financial year	(232,059)	(772,120)
Total comprehensive loss for the financial year	(7,666,386)	(14,965,275)

8. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

The following table summarises the information of the Group's associate company (Cont'd):-

	2020 RM	Group 2019 RM
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets in the statements of financial position	17,119,180	4,479,645
Goodwill upon acquisition	3,492,954	1,824,112
Less: Accumulated impairment loss	(445,414)	-
	20,166,720	6,303,757
Group's share of results for the financial year ended 31 March		
Group's share of net loss recognised in profit or loss	(2,667,709)	(3,742,735)
Group's share of net loss recognised in other comprehensive loss	(57,914)	(203,608)
	(2,725,623)	(3,946,343)

9. INTANGIBLE ASSETS

	2020 RM	Group 2019 RM
E-Commerce & Mobile Apps		
Cost		
At 1 April	11,401,893	10,825,000
Addition	-	576,893
At 31 March	11,401,893	11,401,893
Accumulated amortisation		
At 1 April/31 March	(10,825,000)	(10,825,000)
Net carrying amount	576,893	576,893

Included in intangible assets with carrying amount of RM576,893 (2019: RM576,893) is E-commerce and mobile apps under development. The carrying amount is stated at cost and not depreciated until they are completed and ready for their intended use.

Notes to the Financial Statements Cont'd

10. GOODWILL ON CONSOLIDATION

	2020 RM	Group 2019 RM
At 1 April	9,845,410	9,412,918
Arising from acquisition of subsidiary companies	-	432,492
At 31 March	9,845,410	9,845,410

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The recoverable amount for the above is based on its value in use and is determined by discounting the future cash flows generated from the continuing use of those units based on the following key assumptions:-

- (i) cash flows are projected based on actual operating results and a 5 (2019: 5) years business plan;
- (ii) revenue is projected at anticipated annual revenue growth rate of 2% (2019: 3%) for the first year and 3% (2019: 3%) for every subsequent year;
- (iii) expenses are projected at an annual increase of 3% (2019: 3%) per annum; and
- (iv) a pre-tax discount rate of 5.6% (2019: 6.9%) is applied in determining the recoverable amount of the units.

With regards to the assessments of value-in-use, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

11. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks bear interest at rates ranging from 1.90% to 3.35% (2019: 2.50% to 3.50%) per annum. Fixed deposits amounting to RM580,000 (2019: RM580,000) are pledged to licensed banks for banking facilities granted to the Group.

Included in fixed deposits with licensed banks is RM280,000 (2019: RM280,000) held in trust by a Director of the subsidiary companies.

Company

Fixed deposits with licensed banks bear interest at rates ranging from 1.90% to 2.50% (2019: 2.50% to 3.50%) per annum.

12. INVENTORIES

	2020 RM	Group 2019 RM
Trading goods	4,911,418	2,652,020
Less: Allowance for slow moving inventories		
At 1 April/31 March	(1,483,670)	(1,483,670)
Written off	72,984	-
At 31 March	(1,410,686)	(1,483,670)
	3,500,732	1,168,350
Recognised in profit or loss:		
Inventories recognised as cost of sales	148,562,240	58,488,838

13. TRADE RECEIVABLES

	2020 RM	Group 2019 RM
Trade receivables	34,461,555	30,871,253
Less: Allowance for expected credit losses		
At 1 April	(6,415,555)	(5,403,435)
Recognised	(1,039,086)	(1,210,124)
Recovered	415,372	198,004
At 31 March	(7,039,269)	(6,415,555)
	27,422,286	24,455,698

The normal trade credit terms granted by the Group to the trade receivables ranging from 1 to 90 days (2019: 1 to 90 days) and are non-interest bearing.

Notes to the Financial Statements Cont'd

14. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-trade receivables	654,453	318,631	50,000	-
Deposits	6,621,341	7,228,316	246	246
Prepayments	128,920	339,167	16,474	3,000
GST receivable	533,616	998,887	21,049	19,315
	7,938,330	8,885,001	87,769	22,561

Included in deposits of the Group are RM2,988,528 (2019: Nil) of earnest deposits paid in regards of conditional sale and purchase agreements entered for the proposed acquisition of freehold land and buildings.

Included in deposits of the Group in prior year was RM3,801,000 paid in relation for the acquisition of entire equity interest in Active Trio Deluxe Sdn. Bhd.

15. SHARE CAPITAL

Group and Company		Number of shares		Amount	
		2020 Unit	2019 Unit	2020 RM	2019 RM
Issued and fully paid up with no par value:-					
Ordinary shares					
At 1 April		682,419,563	455,502,463	134,528,022	89,139,502
Issuance of shares		35,892,650	226,917,100	7,245,850	45,388,520
At 31 March		718,312,213	682,419,563	141,773,872	134,528,022

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

16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Group and Company

	Number of shares		Amount	
	2020 Unit	2019 Unit	2020 RM	2019 RM
Issued and fully paid up:-				
At 1 April	380,459,518	607,336,618	19,022,976	30,366,831
Conversion of shares	(35,404,400)	(226,877,100)	(1,770,220)	(11,343,855)
At 31 March	345,055,118	380,459,518	17,252,756	19,022,976

The salient terms of the ICPS are as follows:-

- (a) The shares were issued at RM0.05 each and are convertible within 5 years commencing from the issue of the ICPS with conversion ratio and the conversion price determined as follows:-
 - (i) The conversion price for the ICPS to be converted into 1 new ordinary share of the Company at RM0.20 based on the conversion ratio; and
 - (ii) The conversion ratio of the ICPS for 1 new ordinary share of the Company is either by 4 ICPS to be converted into 1 ordinary share or a combination of 1 ICPS and RM0.15 in cash for 1 ordinary share.
- (b) Any remaining ICPS that are not converted within 5 years commencing from the issuance of the ICPS shall be automatically converted into ordinary shares of the Company at the conversion ratio of 4 ICPS to be converted into 1 ordinary share.
- (c) The Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares of the Company.
- (d) The ICPS holders are not entitled to any voting right until and unless such holder convert their ICPS into ordinary shares except for the following circumstances:-
 - (i) when the dividend or part of dividend on the ICPS is in arrears for more than 6 months; or
 - (ii) on a proposal to reduce the capital of the Company's shares; or
 - (iii) on a proposal for sanctioning the sale of the whole of the Company's property, business and undertaking; or
 - (iv) on a proposal that directly affects the rights and privileges attached to the ICPS; or
 - (v) on a proposal to wind-up the Company; or
 - (vi) during the winding-up of the Company.

Notes to the Financial Statements Cont'd

17. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:-				
<u>Revaluation reserve</u>				
At 1 April	8,045,955	7,353,158	-	-
Additions/(reduction)				
- Revaluation surplus	1,583,368	1,766,700	-	-
- Deferred tax relating to revaluation surplus	(264,143)	(315,592)	-	-
- Adjustment due to change in RPGT rate	-	(758,311)	-	-
At 31 March	9,365,180	8,045,955	-	-
<u>Warrant reserve</u>				
At 1 April	29,033,178	29,038,278	29,033,178	29,038,278
Conversion of shares	(67,320)	(5,100)	(67,320)	(5,100)
At 31 March	28,965,858	29,033,178	28,965,858	29,033,178
<u>Merger deficit</u>				
At 1 April/31 March	(7,900,000)	(7,900,000)	-	-
<u>Exchange translation reserve</u>				
At 1 April	(185,042)	-	-	-
Recognised in other comprehensive income	(55,430)	(185,042)	-	-
At 31 March	(240,472)	(185,042)	-	-
Total non-distributable reserves	30,190,566	28,994,091	28,965,858	29,033,178
Distributable:-				
(Accumulated losses)/retained earnings	(88,452,559)	(60,546,292)	10,189,325	20,516,672
Total reserves	(58,261,993)	(31,552,201)	39,155,183	49,549,850

Warrants 2017/2022

The Company had on 20 November 2017 allotted and issued 151,834,154 ordinary shares pursuant to rights issue ("rights shares") together with 227,751,203 warrants at an issue price of RM0.25 each on the basis of 3 warrants for every 2 right shares subscribed. Each Warrants 2017/2022 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 28 November 2017 to 27 November 2022, at an exercise price of RM0.20 in accordance with a deed poll. Any warrant not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes. During the current financial year, 528,000 Warrants 2017/2022 had been exercised.

The ordinary shares issued from the exercise of Warrants 2017/2022 shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2017/2022.

As at 31 March 2020, there are 227,183,203 warrants remained not exercised.

18. BORROWINGS

	2020 RM	Group 2019 RM
Secured		
Term loans:-		
- Current	14,764,980	316,711
- Non-current	3,391,457	3,752,806
	18,156,437	4,069,517
Repayment terms:-		
- not later than 1 year	14,764,980	316,711
- between 1 to 2 years	377,385	333,775
- between 2 to 5 years	1,235,367	1,109,240
- later than 5 years	1,778,705	2,309,791
	18,156,437	4,069,517

	2020 RM	Company 2019 RM
Secured		
Term loan:-		
- Current	14,403,631	-
Repayment terms:-		
- not later than 1 year	14,403,631	-

The particulars of term loans are as follows:-

	2020 RM	Group 2019 RM
Term loans:		
(a) A term loan of RM5,529,000 which is repayable by over 180 monthly installments of RM43,126 upon full drawdown	3,752,806	4,069,517
(b) A term loan of RM14,500,000 which is repayable within 3 months after the drawdown and roll forward option is available subsequently with 0.25% conversion fee	14,403,631	-
	18,156,437	4,069,517

The term loan (a) is secured by:-

- (a) First party legal charge over the freehold land and buildings of the Group;
- (b) Corporate guarantee by the Company;
- (c) Personal guarantee by an ex-Director of the Company;
- (d) Pledge of fixed deposits with licensed banks; and
- (e) Deed of assignment of benefits of contracts.

Notes to the Financial Statements Cont'd

18. BORROWINGS (CONT'D)

The term loan (b) is secured by:-

- (a) Signed Margin Financing Agreement;
- (b) Personal guarantee by a Director; and
- (c) Certain shares quoted on Bursa Malaysia Securities Berhad ("BMSB") held by the Directors and shares invested in the associate company as disclosed in Note 8 to the Financial Statements.

The term loans bears interest rates ranging from 3.58% to 8.50% (2019: 4.61% to 5.21%) per annum.

19. DEFERRED TAX LIABILITIES

	2020 RM	Group 2019 RM
At 1 April	1,636,107	394,654
Additions through acquisition of a subsidiary company (Note 7.1)	–	167,550
Recognised in other comprehensive income	264,143	1,073,903
At 31 March	1,900,250	1,636,107

The deferred tax liabilities as at the end of the reporting year are made up of tax effects on temporary differences arising from:-

	2020 RM	Group 2019 RM
Carrying amounts of property, plant and equipment in excess of their tax bases	7,645	7,645
Revaluation of property, plant and equipment	1,892,605	1,628,462
	1,900,250	1,636,107

20. TRADE PAYABLES

Group

The normal trade credit terms granted by the trade payables ranging from 30 to 180 days (2019: 30 to 180 days) and are non-interest bearing.

Notes to the Financial Statements Cont'd

21. OTHER PAYABLES

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Non-trade payables	17,402,948	17,936,208	13,313,854	1,000,510
Accrual of expenses	2,482,499	948,354	44,000	37,500
Advances received from customers	1,192,043	1,695,315	-	-
GST payable	39,702	37,005	1,732	-
SST payable	616,161	220,335	-	-
	21,733,353	20,837,217	13,359,586	1,038,010

Included in non-trade payables of the Group and the Company are amounts of RM42,000 and RM42,000 (2019: RM55,366 and RM36,500) due to the Directors of the Company; RM4,450,000 and RM4,450,000 (2019: RM900,000 and RM900,000) due to a Director of the subsidiary companies; RM5,251,507 and RM5,251,507 (2019: Nil and Nil) due to a Company in which a former Director has interest respectively. These amounts are unsecured, non-interest bearing and repayable on demand.

22. REVENUE

22.1 Disaggregated revenue information

	2020 RM	2019 RM
Group Segments		
Types of good and services		
- Mobile & fulfilments	156,192,208	61,711,523
- Logistic services	26,348,604	13,070,563
- Others	-	311,445
Total revenue from contracts with customers	182,540,812	75,093,531
Geographical market		
- Malaysia	178,832,457	72,849,732
- Singapore	3,708,355	2,243,799
	182,540,812	75,093,531
Timing of revenue recognition		
- Recognised at a point in time	182,540,812	75,093,531

Notes to the Financial Statements Cont'd

22. REVENUE (CONT'D)

22.2 Performance obligations

The performance obligation for the sale of information technology products and rendering of distribution services are satisfied upon delivery of goods and services rendered to customers. The performance obligation for courier and delivery services are satisfied upon services are rendered and has present right to the payments for the services. None of the following is applicable for the revenue from contract with customers:-

- variable consideration;
- obligation for returns or refund; and
- warranty.

23. LOSS BEFORE TAX

Loss before tax has been determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory audit fee	151,000	124,500	40,000	38,000
- others	46,000	46,000	9,000	9,000
Realised loss/(gain) on foreign exchange	8,466	(970)	-	-
Rental income	(906,579)	(735,974)	-	-

The details of the remuneration received/receivable by the Directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors: -				
<u>Directors of the Company</u>				
Salaries and other emoluments	1,171,181	870,128	811,181	550,128
Defined contribution plan	128,605	96,216	85,176	57,816
Fee	22,250	15,250	22,250	15,250
	1,322,036	981,594	918,607	623,194
<u>Directors of the subsidiary companies</u>				
Salaries and other emoluments	819,031	880,198	300,000	320,000
Defined contribution plan	107,459	105,327	36,000	36,000
	926,490	985,525	336,000	356,000
	2,248,526	1,967,119	1,254,607	979,194

Notes to the Financial Statements Cont'd

23. LOSS BEFORE TAX (CONT'D)

The details of the remuneration received/receivable by the Directors of the Group and of the Company during the financial year are as follows (cont'd):-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-executive Directors: -				
<u>Directors of the Company</u>				
Salaries and other emoluments	77,500	82,000	77,500	82,000
Fee	26,750	28,750	26,750	28,750
	104,250	110,750	104,250	110,750
Total Directors' remuneration	2,352,776	2,077,869	1,358,857	1,089,944

24. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
Underprovision of prior year tax	3,234	2,530	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the financial year.

The Group's unutilised capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profits amounted to approximately RM15,085,000 (2019: RM13,028,000) and RM66,315,000 (2019: RM53,085,000) respectively.

There was no provision for taxation for the Group and the Company and a reconciliation of the statutory income tax rate to the effective income tax rate of the Group and of the Company has not been presented as the Group and the Company have no chargeable income.

The tax effects of temporary differences that would give rise to future benefits are generally recognised only when there is a reasonable expectation of realisation. As at the end of the reporting year, the temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group	
	2020 RM	2019 RM
Carrying amount of property, plant and equipment in excess of their tax base	1,208,000	2,490,000
Unutilised capital allowances	(15,085,000)	(13,028,000)
Unabsorbed business losses	(66,315,000)	(53,085,000)
Others	(8,382,000)	(7,444,000)
	(88,574,000)	(71,067,000)

The potential deferred tax assets are not recognised in the financial statements as the Directors opined that such amounts will not be able to be utilised in the near future.

Notes to the Financial Statements Cont'd

25. LOSS PER SHARE

25.1 Basic loss per share

Basic loss per share is calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year as follows:-

	2020 RM	Group 2019 RM
Net loss for the financial year attributable to owners of the Company	(27,879,820)	(22,176,397)
Weighted average number of ordinary shares in issue	704,863,402	569,439,261
Basic loss per share (sen)	(3.96)	(3.89)

25.2 Diluted loss per share

No diluted loss per share is presented as the effect is anti-dilutive.

26. EMPLOYEES BENEFITS EXPENSES

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Salaries and allowances	18,072,504	11,720,034	724,767	827,874
Defined contribution plan	2,235,755	1,479,321	108,215	122,784
Social security contributions	268,393	167,629	6,031	6,560
Other staff related expenses	3,308,945	2,014,776	272,082	258,383
	23,885,597	15,381,760	1,111,095	1,215,601

27. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) The transactions of the Group with related parties which were entered into on a negotiated basis are as follows:-

	2020 RM	Group 2019 RM
Rental expenses paid to company in which a Director of the subsidiary companies has interest	126,900	169,200
Rental income charged to a company in which a Director of the subsidiary company has interest	-	6,900

27. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

- (b) The remuneration of key management personnel is the same with Directors' remuneration as disclosed in Note 23 to the Financial Statements.
- (c) The outstanding balances and the details of the terms and conditions arising from related party transactions as at the reporting date are disclosed in Notes 7 and 21 to the Financial Statements.

28. COMMITMENTS

	2020 RM	Group 2019 RM
<u>Capital expenditure</u>		
Authorised and contracted for:		
- Investment in a subsidiary company	-	8,869,000
Conditional contracted for:		
- Acquisition of property, plant and equipment	47,396,747	-
<u>Non-cancellable operating lease commitments – as lessee</u>		
- Leasing of premise	-	587,019

29. OPERATING SEGMENT

Business segments

Management identifies the Group's mobile & fulfilments and logistic services as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Mobile & fulfilments	-	Distribution of smart devices, mobile operators' strategic 3PL and 4PL partners, fulfilment system and fulfilments market place provider and mobile retail stores
Courier and logistic services	-	Courier and delivery services
Others	-	Investment holding and dormant

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Notes to the Financial Statements Cont'd

29. OPERATING SEGMENT (CONT'D)

Business segments (Cont'd)

Transfer pricing between operating segments are on a negotiated basis.

	Note	Mobile & fulfilments RM	Courier and logistic services RM	Others RM	Adjustments and eliminations RM	Consolidated RM
2020						
Revenue:						
External customers		156,192,208	26,348,604	-	-	182,540,812
Results:						
Interest income		113,955	731	122,185	-	236,871
Interest expenses		(558,051)	(1,067,802)	(735,138)	-	(2,360,991)
Depreciation		(2,975,766)	(6,295,921)	(164,798)	-	(9,436,485)
Tax expense		(2,885)	-	(349)	-	(3,234)
Other non-cash expenses	i	(127,559)	(1,039,086)	(445,414)	-	(1,612,059)
Segment profit/(loss)		432,460	(21,439,137)	(11,461,919)	4,396,410	(28,072,186)
Assets:						
Investment in an associate company		-	-	20,166,720	-	20,166,720
Additions to non-current assets	ii	6,373,149	4,881,589	148,795	-	11,403,533
2019						
Revenue:						
External customers		61,711,523	13,382,008	-	-	75,093,531
Results:						
Interest income		468,803	145,701	1,213,654	-	1,828,158
Interest expenses		(310,067)	(561,790)	-	-	(871,857)
Depreciation		(1,628,849)	(2,908,039)	(53,806)	-	(4,590,694)
Tax expense		(2,530)	-	-	-	(2,530)
Other non-cash expenses	i	(590,214)	(573,214)	(1,226)	-	(1,164,654)
Segment loss		(3,427,910)	(13,500,035)	(1,615,317)	(3,742,735)	(22,285,997)
Assets:						
Investment in an associate company		-	-	10,250,100	(3,946,343)	6,303,757
Additions to non-current assets	ii	15,229,019	16,202,007	12,456,500	-	43,887,526

29. OPERATING SEGMENT (CONT'D)

Business segments (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- i. Other material non-cash (expenses)/income consist of the following items:-

	2020 RM	2019 RM
Allowance for impairment loss on receivables	(1,039,086)	(1,210,124)
Impairment loss on investment in an associate company	(445,414)	-
Property, plant and equipment written off	(96,168)	-
Bad debts written off	-	(31,368)
Waiver of debts	-	93,486
Other receivables written off	(9,898)	-
Deposits written off	(21,493)	(16,648)
	(1,612,059)	(1,164,654)

- ii. Additions to non-current assets consist of:-

	2020 RM	2019 RM
Right-of-use assets	7,354,818	-
Property, plant and equipment	4,048,715	43,277,633
Investment properties	-	33,000
Intangible assets	-	576,893
	11,403,533	43,887,526

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follow:-

	Revenue		Non-current assets	
Country	2020 RM	2019 RM	2020 RM	2019 RM
- Malaysia	178,832,457	72,849,732	87,007,513	82,078,692
- Singapore	3,708,355	2,243,799	796,312	229,836
	182,540,812	75,093,531	87,803,825	82,308,528

Notes to the Financial Statements Cont'd

29. OPERATING SEGMENT (CONT'D)

Geographical information (Cont'd)

Non-current assets information presentation above consist of the following items as presented in the consolidated statement of financial position:-

	2020 RM	Group 2019 RM
Property, plant and equipment	43,076,402	76,089,502
Right-of-use assets	38,629,025	-
Investment properties	5,521,505	5,642,133
Intangible assets	576,893	576,893
	87,803,825	82,308,528

Major customers

Revenue from one (2019: one) customer in mobile & fulfilments segment represent approximately RM100,639,825 (2019: RM34,444,478) or 55% (2019: 46%) of the Group's revenue.

The following is the major customer with revenue equal or more than 10% of the Group's revenue:-

	Revenue		Segment
	2020 RM	2019 RM	
- Customer A	100,639,825	34,444,478	Mobile & fulfilments

30. FINANCIAL INSTRUMENTS

30.1 Financial risk management

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

30.1.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from receivables. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, products and geographical lines, transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.1 Credit risk (Cont'd)

The following are areas where the Group and the Company exposed to credit risk:-

Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

More than 64% (2019: 51%) of the Group's customers have been transacting with the Group over the years and none of these customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether are an individual or a legal entity, whether they are wholesale, retail or end-user customers, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e. by geographical region, product type, customer type and rating, coverage by letter of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk arising from trade receivable is limited to the carrying amounts as stated in the statements of financial position.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	Expected credit loss rate %	Total gross carrying amount RM	Expected credit loss RM	Net RM
2020				
Not past due	-	21,978,708	-	21,978,708
Past due 1 to 30 days	-	1,923,451	-	1,923,451
Past due 31 to 60 days	-	956,515	-	956,515
Past due more than 60 days	73	9,602,881	(7,039,269)	2,563,612
		34,461,555	(7,039,269)	27,422,286

Notes to the Financial Statements Cont'd

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.1 Credit risk (Cont'd)

The following are areas where the Group and the Company exposed to credit risk (Cont'd):-

Receivables (Cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (Cont'd):-

	Expected credit loss rate %	Total gross carrying amount RM	Expected credit loss RM	Net RM
2019				
Not past due	-	16,550,468	-	16,550,468
Past due 1 to 30 days	-	5,235,213	-	5,235,213
Past due 31 to 60 days	-	1,017,505	-	1,017,505
Past due more than 60 days	80	8,068,067	(6,415,555)	1,652,512
		30,871,253	(6,415,555)	24,455,698

Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company provides unsecured advances to subsidiary companies and monitors the results of these companies regularly.

As at the end of the reporting year, there was no indication that advances to subsidiary companies are not recoverable except for those disclosed in Note 7.2 to the Financial Statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Financial guarantees

The maximum exposure to credit risk is RM13,982,827 (2019: RM16,179,005) in respect of corporate guarantees given to certain suppliers and financial institutions of a subsidiary company as at the end of the reporting year, also, the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary company. The Company monitors on an on-going basis the results of the subsidiary company and repayments made by the subsidiary company. As at the end of the reporting year, there was no indication that the subsidiary company would default on repayment.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.2 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, due to shortage of funds.

In managing their exposures to liquidity risk that arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

	Carrying amount RM	Contractual cash flows RM	← Maturity → Less than 1 year RM	Between 1 to 5 years RM	Later than 5 years RM
Group					
<u>2020</u>					
Secured:					
Borrowings	18,156,437	20,284,498	16,144,402	2,070,048	2,070,048
Lease liabilities	18,065,129	20,688,521	6,926,966	13,692,194	69,361
	36,221,566	40,973,019	23,071,368	15,762,242	2,139,409
Unsecured:					
Trade payables	2,658,595	2,658,595	2,658,595	-	-
Other payables	21,077,490	21,077,490	21,077,490	-	-
	23,736,085	23,736,085	23,736,085	-	-
	59,957,651	64,709,104	46,807,453	15,762,242	2,139,409
<u>2019</u>					
Secured:					
Borrowings	4,069,517	5,088,868	517,512	2,070,048	2,501,308
Finance lease liabilities	14,849,833	17,292,626	3,997,520	12,336,691	958,415
	18,919,350	22,381,494	4,515,032	14,406,739	3,459,723
Unsecured:					
Trade payables	1,614,103	1,614,103	1,614,103	-	-
Other payables	20,579,877	20,579,877	20,579,877	-	-
	22,193,980	22,193,980	22,193,980	-	-
	41,113,330	44,575,474	26,709,012	14,406,739	3,459,723

Notes to the Financial Statements Cont'd

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.2 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	← Maturity → Less than 1 year RM	Between 1 to 5 years RM	Later than 5 years RM
Company					
<u>2020</u>					
Secured:					
Borrowings	14,403,631	15,626,890	15,626,890	-	-
Unsecured:					
Other payables	13,357,854	13,357,854	13,357,854	-	-
Amount due to subsidiary companies	1,550,000	1,550,000	1,550,000	-	-
	14,907,854	14,907,854	14,907,854	-	-
	29,311,485	30,534,744	30,534,744	-	-
Financial guarantees	-	13,982,827	13,982,827	-	-
<u>2019</u>					
Unsecured:					
Other payables	1,038,010	1,038,010	1,038,010	-	-
Amount due to subsidiary companies	1,100,000	1,100,000	1,100,000	-	-
	2,138,010	2,138,010	2,138,010	-	-
Financial guarantees	-	16,179,005	16,179,005	-	-

30.1.3 Interest rate risk

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

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.3 Interest rate risk (Cont'd)

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

	Group	
	2020 RM	2019 RM
Fixed rate instruments		
Fixed deposits with licensed banks	2,856,875	28,052,574
Lease liabilities	(18,065,129)	(14,849,833)
	(15,208,254)	13,202,741
Floating rate instrument		
Term loan	(18,156,437)	(4,069,517)
	Company	
	2020 RM	2019 RM
Floating rate instrument		
Term loan	(14,403,631)	-

Fair values sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table illustrates the sensitivity of loss to a reasonable possible change in interest rates of +/- 0.5%. These changes are considered to be reasonable possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group Loss for the year	
	RM	RM
Floating rate instrument		
2020	(90,782)	90,782
2019	(20,348)	20,348

Notes to the Financial Statements Cont'd

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Cont'd):-

30.1.3 Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments (Cont'd)

	Company Loss for the year	
	RM	RM
Floating rate instrument		
2020	(72,018)	72,018

30.2 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or immaterial discounting impact.

30.3 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, group into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include input for asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between Level 1 and Level 2 fair value during the financial year (2019: no transfer in either direction).

31. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amounts of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new share or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 23 August 2019, the Company's wholly-owned subsidiary, MGudang Sdn. Bhd. entered into a conditional Sales and Purchase Agreement for the proposed acquisition of 8 parcels of freehold land for a total cash consideration of RM9,385,275. An earnest deposit had been paid as disclosed in Note 14 to the Financial Statements. As at to-date, the transaction is yet to be completed.
- (b) On 2 October 2019, the Company subscribed rights shares in MSCM Holdings Berhad comprising of 25,056,000 ordinary shares and 210,000,000 irredeemable convertible preference shares for a cash consideration of RM6,264,000 and RM10,500,000 respectively. The total number of ordinary shares held by the Company in MSCM Holdings Berhad after the right issue are 95,056,000 shares representing 29.84% of the total number of issued shares of MSCM Holdings Berhad. The transaction was completed during the year.
- (c) On 18 October 2019, the Company's wholly-owned subsidiary, MGudang Sdn. Bhd. entered into a conditional Sales and Purchase Agreement for the proposed acquisition of 2 parcels of contiguous freehold land together with all buildings erected thereon for a total cash consideration of RM41,000,000. An earnest deposit had been paid as disclosed in Note 14 to the Financial Statements. The proposed acquisition has been approved by the shareholders of the Company at the extraordinary general meeting on 16 January 2020. As at to-date, the transaction is yet to be completed.
- (d) On 4 November 2019, the Company's wholly-owned subsidiary, Active Trio Deluxe Sdn. Bhd. entered into a Sales and Purchase Agreement to dispose a piece of land to a third party for a consideration of RM13,000,000. The transaction was completed during the year.
- (e) On 5 March 2020, the Company acquired additional equity interest in MSCM Holdings Berhad comprising of 3,000,000 ordinary shares for a cash consideration of RM270,000. The total number of ordinary shares held by the Company in MSCM Holdings Berhad after the acquisition are 98,056,000 shares representing 30.78% of the total number of issued shares of MSCM Holdings Berhad. The transaction was completed during the year.
- (f) On 13 March 2020, the Company disposed of its 100% equity interest in MMAG Capital Sdn. Bhd. for a consideration of RM 2,050,000. The transaction was completed during the year.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

- (a) On 27 April 2020, the Company disposed partial of the equity interest in MSCM Holdings Berhad comprising of 2,848,700 ordinary shares for a consideration of RM373,892. The total number of ordinary shares held by the Company in MSCM Holdings Berhad after the disposal are 95,207,300 shares representing 29.89% of the total number of issued shares of MSCM Holdings Berhad.
- (b) On 28 May 2020, the Company allotted 35,000,000 ordinary shares in its wholly-owned subsidiary, Line Clear Express & Logistics Sdn. Bhd. ("LCEL") by way of capitalisation of amount due to LCEL amounting to RM35,000,000. The transaction was completed as at the date of this report.
- (c) On 2 July 2020, the Company incorporated a wholly-owned subsidiary company, Line Clear Logistics Holdings Sdn. Bhd. ("LCLH") with a paid-up capital of RM2. The intended business activity of such subsidiary company is investment holding. Subsequently, on 16 July 2020, LCLH has changed its name to Line Clear Ventures Holdings Sdn. Bhd. ("LCVH"). The transaction was completed as at the date of this report.
- (d) On 3 August 2020, the Company's wholly-owned subsidiary, MGudang Sdn. Bhd. entered into a Subscription Agreement for the proposed issuance and allotment of 2,500,000 new ordinary shares for a cash consideration of RM2,500,000. The transaction was completed as at the date of this report.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT'D)

- (e) On 4 August 2020, the Company entered into a Shares Sale Agreement ("SSA") to dispose 95,207,300 ordinary shares in MSCM Holdings Berhad for a cash consideration of RM18,089,387 and entered into another SSA to dispose 75,168,000 warrants in MSCM Holdings Berhad for a cash consideration of RM751,680. The transaction was completed as at the date of this report.
- (f) On 5 August 2020, the Company's wholly-owned subsidiary company, LCEL has disposed its 100% equity interest of its four subsidiary companies, Line Clear Freight Forwarding Sdn. Bhd., Line Shield Sdn. Bhd., Line Haul Sdn. Bhd. and LCELS to the Company's wholly-owned subsidiary company, LCVH for consideration of RM2, RM2, RM2 and RM898,230 respectively. The transactions were completed as at the date of this report.
- (g) On 5 August 2020, the Company disposed 100% equity interest of its wholly-owned subsidiary company, LCEL to LCVH for a consideration of RM55,000,000 which satisfied by way of issuance 55,000,000 new ordinary shares of LCVH to the Company. As at to-date, the transaction is yet to be completed.
- (h) On 10 August 2020, the Company's wholly-owned subsidiary, LCVH entered into a SSA to acquired 60,000 ordinary shares representing 60% of equity interest in KMN Express Sdn. Bhd. for a consideration of RM550,000. As at to-date, the transaction is yet to be completed.
- (i) On 11 August 2020, the Company's wholly-owned subsidiary, United ICT Consortium Sdn. Bhd. entered into a SSA with MSCM Holdings Berhad to acquire 49,000 ordinary shares in HS Bio Supplies Sdn. Bhd. for a cash consideration of RM1. As at to-date, the transaction is yet to be completed.
- (j) On 14 August 2020, the Company's wholly-owned subsidiary, LCVH incorporated a subsidiary company, Line Clear Express (KT) Sdn. Bhd. with a paid-up capital of RM6 for 6 ordinary shares representing 60% of equity interest. The intended business activity of such subsidiary company is engaged in courier service. The transaction was completed as at the date of this report.
- (k) The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysia Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020. Consequently, these restrictions are expected to have material adverse effects on Malaysia's economy for 2020. The deterioration of world economy has also created additional uncertainties to the business of the Company in 2020.

As at the date of this report, the management of the Group and of the Company have assessed the overall impact of the situation on the Group's and the Company's operations and financial position. The management is unable to reliably estimate the financial impact of COVID-19 on the Group's and the Company's financial results for the year ending 31 March 2021 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 March 2021.

Audit Committee Report

The Audit Committee was established to fulfill the principles of accountability, integrity and good corporate governance in assisting the Board independently in discharging its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance, code of business conduct, and other matters that the Board or the relevant authorities may specially delegate to the Audit Committee.

The Audit Committee Report spells out the Audit Committee composition, terms of reference, summary of activities and/or any material findings that may have affected the Group's performance, controls and operations during the year in review.

MEMBERSHIP & COMPOSITION

The Audit Committee members are appointed by the Board amongst the Board members. The Chairman of the Audit Committee shall be elected among its members who shall be an Independent Director. Alternate Directors shall not be members of the Audit Committee.

In accordance with Rule 15.09 of the Ace Market Listing Requirement, the Audit Committee shall consist of a minimum of three (3) members, all of whom must be Non-Executive Directors, with majority of them being independent Directors and at least one (1) member of the Committee fulfilling the following conditions:-

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If he is not a member of the Malaysian Institute of Accountant, he must have at least three (3) years working experience in the accounting field, and
 - i) Must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- c) Fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad.

The current composition of Audit Committee is as follow:-

Chairman :	Yeap Say Woi	(Independent Non-Executive Director)
Members :	Dato' Johari Bin Yahya	(Independent Non-Executive Director)
	Hwang Siew Chien	(Independent Non-Executive Director)

MEETINGS AND ATTENDANCES

The Committee is scheduled to meet at least four (4) times in each financial year with at least two (2) members present and the Company Secretary as the secretary of the Committee. The Committee may invite designated Directors, key senior management and the auditors (internal and external) to be present during the Audit Committee meetings. The minutes of each Audit Committee meeting will be circulated to all Board members at the subsequent Board meeting.

During the financial year, there were five (5) Audit Committee meetings held and were duly attended by the members as shown below:-

Audit Committee members	Attendance
Yeap Say Woi	5/5
Dato' Johari Bin Yahya	5/5
Hwang Siew Chien	5/5

Audit Committee Report Cont'd

SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 31 March 2020 include the followings:-

(i) Financial Reporting

- Review the four (4) quarter's financial statements and financial year end unaudited financial results of the Group before tabling to the Board for consideration and approval.
- Review the audited financial statements of the Company and of the Group together with external auditors prior tabling to the Board for approval. The review was inter alia, to ensure compliance with:-
 - Compliance with existing and new accounting standards, policies and practices.
 - Highlight any significant adjustments or usual events.
 - Compliance with Listing Requirements of Bursa Malaysia Securities Berhad, the requirements of the Companies Act 2016 in Malaysia and other regulatory requirements.

In the review of the financial year end audited financial statements, the Audit Committee discussed with management and the external auditors the accounting principles applied and accounting standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audits.

(ii) Internal Audit

- Review and approved the annual Internal Audit Plan proposed by the Internal Auditor to ensure the adequacy of the scope and coverage of work.
- Review internal audit reports which highlighted the audit issues, recommendations and the management's responses and remedies actions to be taken by the management to rectify and improve the system of internal control.
- Monitor the implementation programme recommended by the Internal Auditor arising from the audit in order to obtain assurance that all key risks and controls been fully dealt with.
- Undertook assessment of the performance of the Internal Audit function and reviewing its effectiveness of the audit process and assessed the performance of the overall Internal Audit.

SUMMARY OF ACTIVITIES (CONT'D)

(iii) External Audit

- Reviewed the External Auditors' scope of work and audit plan for the year and made recommendations to the Board on their appointment and remuneration.
- Discussed and deliberated on the External auditors' report and recommendations regarding opportunities for improvement to the significant risk areas, internal control and financial matters based on the observations made in the course of interim and final audit.
- Discussed on the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
- Undertook an annual assessment on the suitability and independence of the External Auditors.
- Held one (1) private session with External Auditors without the presence of the Executive Directors and Management.
- Reviewed the evaluation on the performance and effectiveness of the external auditors which was coordinated by the Company Secretary. The annual assessment was conducted with feedback obtained from the Audit Committee and management. The areas under the assessment were:-
 - (i) Independence, objectivity and professional skepticism.
 - (ii) Communication and interaction.
 - (iii) Quality of skills, capabilities of audit team and sufficiency of resources.

Based on the results of the evaluation, the Audit Committee is satisfied with the performance of the external auditors and thus, recommended to the Board the re-appointment of the external auditors at the forthcoming AGM 2020.

- Reviewed the written confirmation of independent from the external auditors in accordance with the applicable Malaysian regulatory and professional requirements. In respect of financial year ended 31 March 2020, Grant Thornton Malaysia PLT has re-affirmed their independence to act as Company's external auditors in accordance with the relevant professional and regulatory requirements.

(iv) Annual Reporting

Reviewed the Audit Committee Report, Statement of Risk Management and Internal Control and Corporate Governance Overview Statement to ensure adherence to legal and regulatory reporting requirements and accounting matters requiring significant judgement.

(v) Related Party Transactions

Reviewed if there is any related party transaction that is required to be transacted at an arm's length basis and is not detrimental to the interest of minority interest.

(vi) Anti-Bribery and Anti-Corruption Policy

Reviewed the Anti-Bribery and Anti-Corruption Policy to ensure parameters are available to prevent the occurrence of bribery and corrupt practices in relation to the business of the Group. The review was inter alia, to ensure compliance with adherence to Malaysian Anti-Corruption Commission Act 2009 and its 2018 amendments ("MACCA") and the Guidelines of Adequate Procedures by the Prime Minister's Office.

This Policy was adopted and applied to all companies within MMAG Group. This includes all individual workings at all levels and grades.

(iv) Others

Consider and discussed any other matters arising for Board's approval.

Audit Committee Report Cont'd

INTERNAL AUDIT FUNCTION

The establishment of the Internal Audit Function provides the Directors and the Audit Committee with an independent assessment and appraisal/review of the effectiveness and reliability of the Group's internal controls and information system.

The internal audit function includes the review, assessment and provision of reasonable assurance that the Group's internal controls are functioning as planned and able to highlight all material deviation or findings to the Audit Committee immediately. To maintain impartiality and independence, the internal auditors report directly to the Audit Committee on the overall assessment of the Group's internal control mechanism.

To further discharge its duties and responsibilities effectively, the internal auditors can obtain the assistance of the group's key senior management and staff in providing all the necessary information as and when required.

During the financial year ended 31 March 2020, the areas audited were logistics operations and credit management (Retail) covering subsidiary from Logistic Services division and Mobile retail stores within the Group. Internal Audit reports were issued to the Audit Committee at least one (1) within a year to be tabled at the Audit Committee meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management response with regards to any audit findings on the weaknesses in the systems and controls of the operations. The internal auditors will also follow up with Management on the implementation of the agreed audit recommendations.

The Group's internal audit was carried out by an independent professional internal audit service provider appointed by the Board with the recommendation of the Audit Committee. The cost incurred for the internal audit function for the financial year ended 31 March 2020 was RM 20,000 (2019: RM 20,000).

Statement on Risk Management And Internal Control

INTRODUCTION

The Board is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 March 2020. This statement is made in compliance with Rule 15.26(b) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements and the Malaysian Code on Corporate Governance (“MCCG”).

BOARD’S RESPONSIBILITY

MCCG prescribes as a principle of Corporate Governance that the Board of Directors should establish a sound risk management framework and system of internal control to safeguard shareholders’ investment and the Company’s assets. The Group’s internal control systems do not apply to associate company where the Group does not have full management control. However, the Group’s interests are served through representation on the Boards of the associate company.

The Board recognises the importance of sound internal controls and risk management practices to ensure good corporate governance. The related principal responsibilities of the Board in relation to internal controls are set out below:-

- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks; and
- Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board affirms that its overall responsibility is maintaining and implementing an adequate and effective internal control system on an ongoing basis to identify, evaluate, monitor and manage significant business risks or internal control failures. The Board wishes to highlight that in any internal control system (which covers not only financial but operational and compliance controls as well), it does have inherent limitations; and the internal control system can only provide reasonable and not absolute assurance against all business and financial risk, human error or deliberate circumvention of the controls that were put in place.

The Board is assisted by the Management 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 suitable internal controls to mitigate and control these risks.

The Group has segregated the overview of the Internal Control assessment into following components:-

1. Risk Management

The members of the Risk Management Committee at the management level (“RMC”) comprise of:-

- (i) Hwang Siew Chien
- (ii) Wong Eng Su
- (iii) Kenny Khaw Chuan Wah

The Risk Management Framework which encompasses:-

- (a) Aligning risk appetite and strategy – Management considers the entity’s risk appetite in evaluating strategic alternatives; setting related objectives; and developing mechanisms to manage related risks.
- (b) Enhancing risk response decisions – Enterprise risk management provides the rigor to identify and select among alternative risk responses i.e. risk avoidance, reduction, sharing and acceptance.
- (c) Reducing operational surprises and losses – Entities gain enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.
- (d) Identifying and managing multiple and cross-enterprise risks – Every enterprise faces a myriad of risks affecting different parts of the organisation, and enterprise risk management facilitates effective response to the interrelated impacts, and integrated responses to multiple risks.

Statement on Risk Management And Internal Control Cont'd

BOARD'S RESPONSIBILITY (CONT'D)

1. Risk Management (Cont'd)

The Risk Management Framework which encompasses (Cont'd):-

- (e) Seizing opportunities – By considering a full range of potential events, Management is positioned to identify and proactively realise opportunities.
- (f) Improving deployment of capital – Obtaining robust risk information allows Management to effectively assess overall capital needs and enhance capital allocation.

All risks were individually ranked as either high, significant, moderate or low, having regard to the following:-

- The consequence of the identified risk;
- The likelihood of the risk occurring; and
- The effectiveness of the controls currently in place to mitigate and manage the risk.

Certain risks are inherently high and therefore may not be capable of being managed to relatively lower levels but nevertheless such risk will be monitored regularly.

The risk profile will enable the Group makes conscious decisions to manage those risks. Some of the options available to Management after the risk profile has been completed are as follows:-

- Terminate the activity;
- Reduce the potential consequences or likelihood by modifying/strengthening the control environment;
- Accept the level of risk as being acceptable considering the risk/control philosophy of the organisation i.e. the adequacy of the existing control environment and the cost of strengthening the control environment; and
- Pass on the risk associated to the activities (usually through outsourcing or insurance).

The Board has established a Risk Management Committee at Management level ("RMC") and the Board opined that Risk Management Committee at Board level will not be established for the time being. RMC will work closely with all departments to ensure effective implementation of the risk management. Heads of Business Unit/division to review and update their risk profile as the need arises. The review and update of the risk profile includes identification of emerging risks resulting from changing business environment and/or initiatives being implemented as well as on evaluation of the effectiveness of controls and risk management plans.

Subsequently, the business units risk will be consolidated into the Group risk register which provides an overview of the Group risk profile (as detailed in the Risk Factors and Mitigation Strategies disclosed below). The Group risk profile along with any significant changes thereto and that the required actions to manage risks are timely addressed.

Risks Factors and Mitigation Strategies

Risks Factors	Description	Mitigation Strategies
Environmental and Business Continuity Risk	This risk relates to external forces that may impact on the business such as fire, flooding, other acts of God and changes in local Government and/or international legislation and the disruption of the supply chain due to international events	• Established maintenance contracts to ensure the regular maintenance of the fire fighting equipment; • Enforced a strict "No Smoking" policy on the premises; • Established a partial business continuity plan; • Established a Human Resource department and a conducive work environment; and • Established good supplier partnerships.

Statement on Risk Management And Internal Control Cont'd

BOARD'S RESPONSIBILITY (CONT'D)

1. Risk Management (Cont'd)

Risks Factors and Mitigation Strategies (Cont'd)

Risks Factors	Description	Mitigation Strategies
Deliveries Risk	This risk relates to the inability to meet the delivery of clients' orders in particular to the quantity and timeliness of deliveries as per customer's requirements.	• Established proper sales order processing and delivery scheduling processes; • Established customer service processes; • Conduct regular sales and management meetings for effective communication; • Ensure sufficient insurance coverage for delivery of products; • Preventive maintenance plans for vehicles are implemented; • Most delivery vehicles have been purchased new; and • In-house mechanic to provide on the spot repairs of vehicles.
Loss of Good Reputation Risk	The Group has a current reputation of providing good customer service and technical support, purchasing products and treating suppliers fairly. The Group has also been very innovative in its processes and product range offered.	• Developed an efficient product delivery team; • Implemented a proper recruitment process; • Employed multi-skilled and good quality staff members; • Established an orientation and training programme; • Has in place an effective MIS system i.e. ERP; and • Established and communicated the vision, mission and values of the Company.
Financial Risk	The Group is subject to the fluctuation in foreign currency exchange. This risk relates to changes in exchange rates affecting the costs of products or services that are denominated in foreign currency. The Group offers customers payment terms to assist their purchase of the Group's products. If the Group customers are unable to make payment on time or have defaulted in payment, the Group's financial position could be adversely affected.	Management has identified and implemented the key controls to manage the risk by putting in a policy of hedging the Company's foreign denominated purchases to mitigate the effects of the depreciating Malaysia Ringgit. i. Constant review on bad payment master list; ii. Slow paymasters and dealers with over limit position will be put on credit hold until payment is received; iii. Credit limit for slow paymasters will be reduced in order to have more manageable Account Receivable ("AR") accounts; iv. More regular sales meetings with Sales Team with focus on managing AR accounts with slow payment track records; v. Credit approval for new AR accounts will also be assessed more stringently before any approval; and vi. To impose interest on overdue accounts so that debtors will see more urgency to pay up on time.

Statement on Risk Management And Internal Control Cont'd

BOARD'S RESPONSIBILITY (CONT'D)

1. Risk Management (Cont'd)

Risks Factors and Mitigation Strategies (Cont'd)

Risks Factors	Description	Mitigation Strategies
Inventory Management Risk	This risk relates to purchasing and the availability of inventory to efficiently meet the Group's customer requirements and maintain appropriate inventory levels.	• Ensure effective product planning through sales forecasts; • Established proper warehouse storage conditions; • Trained warehouse staff members in place; • Review of customer history for product planning; • Regular review of inventory levels; • Timely follow-up of deliveries from suppliers; and • Implemented approved suppliers list and regular supplier performance evaluation.
New Product Risk	This risk relates to the unsuccessful launch of new products in the market due to inappropriate marketing strategy, which is mostly developed by the Principals and executed by the Group, and lack of brand development and promotions. A new product, which could be a product-line extension or enhancement, or a different product previously not available in the market, may fail if it is not accepted by the consumers or a competitor reaches the market first. Notwithstanding, a new product may be introduced into the local market based on its success in another market, but may not be eventually successful in the Malaysian market.	• Entered into agreement with Principals for launching of new products including product launching strategy, marketing strategy, provision of promotional budgets, listing fees, consumer sampling, etc.; • Good support staff employed; • Point of Sales materials available prior to launch; and • Good relationship with vendors and customers.

Statement on Risk Management And Internal Control Cont'd

BOARD'S RESPONSIBILITY (CONT'D)

2. Information and Communication

The Board continuously emphasises communication with all employee in carrying out the internal control responsibilities to support the achievement of the Group's business objectives. The Board has taken following steps to enable sharing of information throughout the organisation.

- **Documentation and Procedures**

To ensure subsidiaries, business units, divisions and employees are working coherently to achieve the Group's overall business objectives, corporate policies and procedures of the Group are clearly documented and disseminated through internal memorandums, staff briefings and operational meetings.

- **Whistleblowing**

The Group has established a whistleblowing policy whereby employees to raise concern, in confidence, about misconduct, malpractice or irregularity in any matters related to the Company. All reports and complaints received will be assessed and the whistleblower identities are protected in confidence to the extent reasonably practical and the Company will endeavor to advise the whistleblower in advance if his or her identity may become apparent or need to be disclosed. All disclosures received, investigation findings and recommendations is reported to Managing Director ("MD") and/or Chairman of the Company. The Audit Committee ("AC") has been delegated overall responsibilities for implementation, monitoring and periodic review of the policy and any matter raised to put forward to the Board for approval.

3. Control Environment and Activities

- **Organisational Structure**

The organisational structure ensures that the roles and responsibilities of the Board and the Management are clearly defined in ensuring effective discharge of roles and responsibilities that will provide authority limits, terms of reference and functions with clear hierarchical reporting procedures within the Group. The MD, Executive Director ("ED") and Chief Financial Officer ("CFO") lead all board papers presentation with the support from the respective heads of divisions and reports to the Board on all pertinent issues that may affect the Group's business and operations.

- **Management, Audit, Nomination and Remuneration Committees**

Management meetings are held and attended by key personnel to address operational issues, performance, budgets, business review/planning and control management. Key personnel will be invited from the respective subsidiaries and divisions to provide reports to the Management on their performance, compliance, strategic plans and highlight major issues that need attention.

The MD, ED and CFO will report material findings and/or variances at the AC meeting and thereafter tabled to their Board, and the Board will review its implication to the Group and provide recommended strategies to address them.

The Nomination Committee ("NC") and Remuneration Committee ("RC"), whose majority members consist of Independent Directors, were established to maintain a higher level of Corporate Governance and exercise independence judgment and decision in discharging the duties of nominating and remunerating Directors, and key senior management based on performance, skills and experience.

- **Reporting**

Monthly financial and operations reports will be provided to the key senior management to perform the assessment and review and unaudited financial results is publicly disclosed on a quarterly basis.

Statement on Risk Management And Internal Control Cont'd

BOARD'S RESPONSIBILITY (CONT'D)

4 Monitoring Activities

In the year under review, the Board and key senior management have performed the following activities to provide assurance on the effectiveness of risk management and internal control.

- (a) The Board and key senior management continue to take measures to strengthen the risk and control environment and monitor the risk and internal control framework;
- (b) The AC and key senior management report to the Board on a quarterly basis on the progress of action plans to manage the operational risks and its mitigation strategies;
- (c) The internal auditors report to the AC on a half yearly basis on the process and compliance exceptions during the internal audit review. The control measures or action plans for exceptions noted and agreed with the status implementation action plans reported to AC on half yearly basis; and
- (d) The Board also received assurance from the MD and the CFO that the Group's risk management and internal controls system are operating adequately and effectively.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional internal audit service provider at a cost of RM20,000 for the year 2019/2020. The role of the internal audit function, which reports directly to the AC, is to support the AC by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the AC and key senior management of the Group.

The internal audit adopts a COSO Framework and risk-based approach with focus on effective risk management practices and is guided under International Professional Practice Framework.

CONCLUSION

The Board has reviewed the risk management and internal controls system and of the view that the system of internal controls and risk management in place for the year under review are adequate and effective to safeguard the shareholders' interests and assets of the Group.

This statement was approved by the Board of Directors on 21 August 2020.

List of properties 2020

No.	Location	Tenure	Existing use	Date of acquisition/ *revaluation	Description	Approximate age of building (Years)	Net book value as at 31.3.2020 (RM'000)
1	No. 6, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park Seksyen U1, 40150 Shah Alam Selangor Darul Ehsan	Freehold	Renting out	*4.11.2013	Land area Approximately 51,419 sq ft	15	18,938
2	No. 10, Persiaran Seputeh, 58000 Kuala Lumpur	Freehold	Vacant	17.8.2015	7,987 sq ft	10	2,722
3	A-5-02, Residence 8, Jalan Sri Jati Off Jalan Klang Lama 58200 Kuala Lumpur	Freehold	Vacant	17.8.2015	1,299 sq ft	6	817
4	B-23A-05, Residence 8, Jalan Sri Jati Off Jalan Klang Lama 58200 Kuala Lumpur	Freehold	Vacant	17.8.2015	1,362 sq ft	6	686
5	No. 18-2 Sunway SPK 3 No. 1 Jalan Daun Inai Besar Sunway SPK Damansara 52200 Kuala Lumpur	Freehold	Renting out	18.7.2017	2,895 sq ft	7	1,296
6	No. 3, Jalan TP2 Taman Perindustrian UEP 47600 Subang Jaya Selangor Darul Ehsan	Leasehold	Office cum warehouse	1.3.2019	203,694 sq ft	1	19,377
7	Lot 17204, Jalan Seroja 7 Seksyen BS 6, Bukit Sentosa 48300 Rawang Selangor Darul Ehsan	Freehold	Vacant	7.2.2019	41,603 sq ft	N/A	1,000
8	Lot 17205, Jalan Seroja 7 Seksyen BS 6, Bukit Sentosa 48300 Rawang Selangor Darul Ehsan	Freehold	Vacant	7.2.2019	42,550 sq ft	N/A	1,000
9	No. 3, Jalan Melur 1 Taman Melur, Bandar Segamat 85000 Segamat Johor Darul Tak'zim	Leasehold	Vacant	*22.4.2019	1,959 sq ft	35	830
10	No. 36-2, Jalan Genuang Bandar Segamat 85000 Segamat Johor Darul Tak'zim	Freehold	Office cum warehouse	*22.4.2019	1,600 sq ft	45	715

List of properties 2020 Cont'd

No.	Location	Tenure	Existing use	Date of acquisition/ *revaluation	Description	Approximate age of building (Years)	Net book value as at 31.3.2020 (RM'000)
11	No. 36-3, Jalan Genuang Bandar Segamat 85000 Segamat Johor Darul Tak'zim	Freehold	Vacant	*22.4.2019	1,600 sq ft	45	715
12	No. 18, Jalan Empayar 4 Taman Perindustrian Empayar 81550 Gelang Patah Johor Darul Tak'zim	Freehold	Vacant	*22.4.2019	11,178 sq ft	2	2,476
13	No. 20, Jalan Empayar 4 Taman Perindustrian Empayar 81550 Gelang Patah Johor Darul Tak'zim	Freehold	Office cum warehouse	*22.4.2019	11,178 sq ft	2	2,476
14	No. 10, Jalan Empayar 2 Taman Perindustrian Empayar 81550 Gelang Patah Johor Darul Tak'zim	Freehold	Vacant	*22.4.2019	18,090 sq ft	2	3,469
15	No. 12, Jalan Empayar 2 Taman Perindustrian Empayar 81550 Gelang Patah Johor Darul Tak'zim	Freehold	Vacant	*22.4.2019	18,090 sq ft	2	3,469
GRAND TOTAL							59,986

Analysis of Shareholdings - Ordinary Shares

as per Record of Depositors as at 30 July 2020

Total Number of Issued Shares : 1,025,636,313 ordinary shares
 Voting Rights : One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS (ORDINARY SHARES)

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	HOLDINGS	%
Less than 100 shares	286	12,086	negligible
100 to 1,000 shares	299	149,476	0.01
1,001 to 10,000 shares	761	3,484,241	0.34
10,001 to 100,000 shares	784	26,538,460	2.59
100,001 to less than 5% of issued shares	228	597,129,750	58.22
5% and above of issued shares	3	398,322,300	38.84
Total	2,361	1,025,636,313	100.00

SUBSTANTIAL SHAREHOLDERS (ORDINARY SHARES)

Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Swee Ying	271,624,800	26.48	-	-
Marina Teguh Sdn. Bhd.	71,208,500	6.94	-	-
Chong Koon Meng	375,000	0.04	71,208,500 #	6.94
Wong Eng Su	-	-	71,208,500 #	6.94
Kenny Khaw Chuan Wah	75,594,600	7.37	71,208,500 #	6.94

DIRECTORS' SHAREHOLDINGS (ORDINARY SHARES)

Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Johari Bin Yahya	-	-	-	-
Wong Eng Su	-	-	71,208,500 #	6.94
Chong Koon Meng	375,000	0.04	71,208,500 #	6.94
Yeap Say Woi	-	-	-	-
Hwang Siew Chien	-	-	-	-
Chan Swee Ying	271,624,800	26.48	-	-
Goh Eugene	-	-	-	-

Note:-

Deemed interest by virtue of his interest in Marina Teguh Sdn. Bhd.

Analysis of Shareholdings - Ordinary Shares Cont'd

THIRTY (30) LARGEST SHAREHOLDERS (ORDINARY SHARES)

No.	Shareholders	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN SWEE YING</i>	271,624,800	26.48
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MARINA TEGUH SDN BHD (THIRD PARTY)</i>	71,208,500	6.94
3.	GRANDSTEAD SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KENNY KHOW CHUAN WAH</i>	55,489,000	5.41
4.	GRANDSTEAD SDN BHD	46,503,300	4.53
5.	GRANDSTEAD SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE</i>	40,000,000	3.90
6.	KENANGA NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR GREEN PACKET HOLDINGS LTD</i>	34,500,000	3.36
7.	GRANDSTEAD SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI</i>	32,026,000	3.12
8.	GRANDSTEAD SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK</i>	30,430,000	2.97
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOO SWEE WENG</i>	29,627,200	2.89
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG</i>	27,112,600	2.64
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KENNY KHOW CHUAN WAH (008)</i>	20,105,600	1.96
12.	GRANDSTEAD SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOO SWEE WENG</i>	20,000,000	1.95
13.	LANDASAN SIMFONI SDN BHD	15,525,600	1.51
14.	MMAG CAPITAL SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SMART WISDOM SDN BHD</i>	13,350,000	1.30
15.	HONG TECK HUAT	13,034,600	1.27
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIN CHIN CHAI</i>	12,151,000	1.18
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK (08E00033Q-008)</i>	11,931,200	1.16
18.	NG THEM SEANG	9,984,100	0.97
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIN LOY SHIN</i>	9,080,000	0.89
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MASTER KNOWLEDGE SDN BHD</i>	9,009,000	0.88

Analysis of Shareholdings - Ordinary Shares Cont'd

THIRTY (30) LARGEST SHAREHOLDERS (ORDINARY SHARES) (CONT'D)

No.	Shareholders	No. of Shares	%
21.	BENCHMARK VISTA SDN BHD	8,651,000	0.84
22.	VALHALLA CAPITAL SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TWINSTAR CENTURY SDN BHD</i>	8,200,000	0.80
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH LEE YIN</i>	8,177,300	0.80
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG</i>	7,856,100	0.77
25.	SMART WISDOM SDN BHD	7,710,000	0.75
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT</i>	7,530,000	0.73
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI</i>	7,095,800	0.69
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHA WEAY CHIA</i>	7,000,000	0.68
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE</i>	7,000,000	0.68
30.	VALHALLA CAPITAL SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SMART WISDOM SDN BHD</i>	6,676,900	0.65

Analysis of Shareholdings - Irredeemable Convertible Preference Shares (“ICPS”)

as per Record of Depositors as at 30 July 2020

Total Number of Shares Issued : 37,731,018 ICPS 2017/2022

DISTRIBUTION OF SHAREHOLDINGS (ICPS)

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	HOLDINGS	%
Less than 100 ICPS	8	318	negligible
100 to 1,000 ICPS	27	9,600	0.03
1,001 to 10,000 ICPS	66	385,450	1.02
10,001 to 100,000 ICPS	164	7,681,550	20.36
100,001 to less than 5% of issued ICPS	50	24,654,100	65.34
5% and above of issued ICPS	2	5,000,000	13.25
Total	317	37,731,018	100.00

SHAREHOLDERS HOLDING 5% OR MORE OF THE TOTAL NUMBER OF ICPS ISSUED

Shareholders	Direct Interest		Indirect Interest	
	No. of ICPS	%	No. of ICPS	%
Tai Hong Chuan	3,000,000	7.95	-	-
Lim Chiew Fang	2,000,000	5.30	-	-

DIRECTORS' SHAREHOLDINGS (ICPS)

Director	Direct Interest		Indirect Interest	
	No. of ICPS	%	No. of ICPS	%
Dato' Johari Bin Yahya	-	-	-	-
Wong Eng Su	-	-	-	-
Chong Koon Meng	300,000	0.80	-	-
Hwang Siew Chien	-	-	-	-
Yeap Say Woi	-	-	-	-
Chan Swee Ying	-	-	-	-
Lim Siew Ping	-	-	-	-

Analysis of Shareholdings - Irredeemable Convertible Preference Shares (“ICPS”) Cont’d

THIRTY (30) LARGEST SHAREHOLDERS (ICPS)

No.	Shareholders	No. of Shares	%
1.	TAI HONG CHUAN	3,000,000	7.95
2.	LIM CHIEW FANG	2,000,000	5.30
3.	TAI KIM CHUAN	1,800,000	4.77
4.	HSBC NOMINEES (ASING) SDN BHD <i>FOR CREDIT SUISSE (SG BR-TST-ASING)</i>	1,750,000	4.64
5.	TWINSTAR CENTURY SDN BHD	1,662,000	4.40
6.	WONG WEN SHENG	1,617,600	4.29
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR THAM WAI CHEE</i>	1,216,000	3.22
8.	CHEE CHE TING	1,000,000	2.65
9.	TAI SHU BING	1,000,000	2.65
10.	TAN KWEE BER	933,000	2.47
11.	LAU CHEE KIN	921,500	2.44
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIN CHIN CHAI</i>	813,000	2.15
13.	SOON KHIAT VOON	750,000	1.99
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MASTER KNOWLEDGE SDN BHD</i>	740,000	1.96
15.	CHONG ME HONG	500,000	1.33
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT (8083338)</i>	500,000	1.33
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE</i>	500,000	1.33
18.	TAN THIAM HOK	500,000	1.33
19.	LOH CHUN SEAN	460,000	1.22
20.	LOKE PEK YOKE	425,000	1.13
21.	WONG WEH KOON	425,000	1.13
22.	LEE KOK HOONG	393,700	1.04
23.	SOON KHIAT VOON	350,000	0.93
24.	HEH WUN YEE	346,700	0.92
25.	GOH CHEW GUIK @ GOH KOK SIANG	300,000	0.80
26.	LIEW THONG	300,000	0.80
27.	CHONG KOON MENG	300,000	0.80
28.	TAN BEE LAY	300,000	0.80
29.	CHONG WAH CHAI	300,000	0.80
30.	LEONG LEEI JIA	300,000	0.80

Analysis of Warrantholdings

as per Record of Depositors as at 30 July 2020

Total Number of Warrants Issued: 227,183,203 Warrants 2017/2022

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	HOLDINGS	%
Less than 100 Warrants	124	5,892	negligible
100 to 1,000 Warrants	38	17,975	0.01
1,001 to 10,000 Warrants	109	562,620	0.25
10,001 to 100,000 Warrants	143	5,570,341	2.45
100,001 to less than 5% of issued Warrants	62	114,741,075	50.51
5% and above of issued Warrants	4	106,285,300	46.78
Total	480	227,183,203	100.00

WARRANTHOLDERS HOLDING 5% OR MORE OF THE TOTAL NUMBER OF WARRANTS ISSUED

Warrantholders	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
CHAN SWEE YING	51,950,000	22.87	-	-
LANDASAN SIMFONI SDN BHD	27,213,900	11.98	-	-
TAN KAY YEN	23,000,000	10.12	-	-
HSBC NOMINEES (TEMPATAN) SDN BHD FOR BNP PARIBAS SINGAPORE BRANCH (LOCAL)	13,121,400	5.78	-	-

DIRECTORS' WARRANTHOLDINGS

Director	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Johari Bin Yahya	-	-	-	-
Wong Eng Su	-	-	-	-
Chong Koon Meng	-	-	-	-
Hwang Siew Chien	-	-	-	-
Yeap Say Woi	-	-	-	-
Chan Swee Ying	51,950,000	22.87	-	-
Goh Eugene	-	-	-	-

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	KENANGA NOMINESS (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN SWEE YING</i>	51,950,000	22.87
2.	KENANGA NOMINESS (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KAY YEN</i>	23,000,000	10.12
3.	LANDASAN SIMFONI SDN BHD	18,213,900	8.02

THIRTY (30) LARGEST WARRANTHOLDERS (CONT'D)

No.	Name	No. of Warrants	%
4.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (LOCAL)</i>	13,121,400	5.78
5.	BENCHMARK VISTA SDN BHD	10,764,200	4.74
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MASTER KNOWLEDGE SDN BHD</i>	9,737,400	4.29
7.	HONG TEK HUAT	9,360,000	4.12
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KENNY KHOW CHUAN WAH (008)</i>	9,182,500	4.04
9.	CGS-CIMB NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)</i>	9,000,000	3.96
10.	LANDASAN SIMFONI SDN BHD	9,000,000	3.96
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIN CHIN CHAI</i>	8,979,600	3.95
12.	LEONG SENG HOONG	4,950,000	2.18
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE</i>	4,844,500	2.13
14.	LOH CHUN SEAN	3,982,800	1.75
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KON TEK YOONG</i>	2,938,500	1.29
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TECHASIA BOUTIQUE SDN BHD</i>	2,210,900	0.97
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM BOON HONG</i>	2,201,600	0.97
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE MIK SEN</i>	2,000,000	0.88
19.	NG TENG CHER	2,000,000	0.88
20.	TAN GINN AN	1,629,200	0.72
21.	TOH YEE KEONG	1,176,000	0.52
22.	TEOH HIN HENG	1,125,000	0.50
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHOO PENG HUNG</i>	1,100,000	0.48
24.	LOKE PEK YOKE	1,059,375	0.47
25.	TEO AH SENG	1,000,050	0.44
26.	TAI KIM CHUAN	1,000,000	0.44
27.	FOONG AI LIN	1,000,000	0.44
28.	CHUAH CHONG BOON	1,000,000	0.44
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN CHOOI TENG</i>	1,000,000	0.44
30.	LIM FONG	755,000	0.33

Additional Compliance Information

(i) Utilisation of Proceeds

Status of utilisation of proceeds raised from corporate exercises (Special Bumiputera Issue, Rights Issue and Irredeemable Preference Shares Issue):-

	Proposed Utilisation RM'000	Actual Utilisation as at 31 March 2020 RM'000	Intended time frame for utilisation RM'000
Expansion of Line Clear Express and Logistics Sdn. Bhd.	40,390	38,950	Within 36 months
Working capital for ICT distribution businesses	32,706	32,706	Within 36 months
Estimated expenses in relation to the proposals	1,000	1,000	Within 2 weeks
Total	74,096	72,656	

(ii) Audit fees and non-audit fees

The amount of audit and non-audit fees incurred for the services rendered by external auditors of the Group for the financial year ended 31 March 2020 were as follows:-

	Group RM	Company RM
Audit fees	151,000	40,000
Non-audit fees	26,000	26,000

(iii) Material Contract

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

(iv) Recurrent Related Party Transactions

During the financial year, there were no recurrent related party transactions of revenue or trading nature entered into by the Group.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (“AGM”) of the Company will be held at the Greens II, Main Wing, Level 1, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Tuesday, 29** day of **September 2020** at **10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees and benefits up to **RM213,500.00** (Ordinary Resolution 1) from 1 October 2020 until the next AGM of the Company.
3. To re-elect the following Directors retiring in accordance with the Company’s Constitution and being eligible, have offered themselves for re-election:-
 - i) Wong Eng Su [Clause 78] (Ordinary Resolution 2)
 - ii) Chan Swee Ying [Clause 78] (Ordinary Resolution 3)
 - iii) Goh Eugene [Clause 79] (Ordinary Resolution 4)
4. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 6)

“THAT, subject always to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company at the time of submission to the authority and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors be hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the additional shares so issued.”
6. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.

By Order of the Board

LIM SECK WAH

(Company Secretary)

Membership No. MAICSA 0799845

SSM Practicing Certificate No. 202008000054

Dated this 28 day of August 2020.
Kuala Lumpur

Notice of Annual General Meeting Cont'd

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 23 September 2020. Only a depositor whose name appears on the Record of Depositors as at 23 September 2020 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.
2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies he shall specify the proportion of his shareholdings to be represented by each proxy. All voting will be conducted by way of poll.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member 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.
5. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney duly authorised.
6. The Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. Explanatory note on Special Business

7.1 Ordinary Resolution 6 - Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to Allot Shares

The proposed Ordinary Resolution 6 is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company at any point of time ("20% General Mandate"). No shares have been allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 29 August 2019.

The 20% General Mandate is pursuant to temporary relief measures due to COVID-19 pandemic issued by Bursa Securities on 16 April 2020. The temporary relief measures may be utilised until 31 December 2021, after that the 10% limit under rule 6.04(1) of the ACE Market Listing Requirements will be reinstated.

The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders due to unprecedented challenges from the COVID-19 impact, and will enable the Company to raise higher fund more speedily during this challenging period to ensure sustainability of the Company's existing activities as well as funding for future business expansion and investment activities.



MMAG

MMAG HOLDINGS BERHAD

[Registration No. 200301007003 (609423-V)]

Incorporated in Malaysia

PROXY FORM

No. of ordinary shares held

(Before completing this form please refer to the notes below)

*I/We _____ NRIC No./Passport No./Company No. _____
(Full name in Block Letters)

of _____
(Full address)

being a member/members of MMAG HOLDINGS BERHAD hereby appoint the following person(s):-

Name of proxy, NRIC No. & address

No. of shares to be represented

1. _____
2. _____

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the **Seventeenth Annual General Meeting** of the Company to be held at the Greens II, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Tuesday, 29** day of **September 2020** at **10.00 a.m.** and at every adjournment thereof to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1 -	Directors' fees and benefits up to RM213,500.00 from 1 October 2020 until next Annual General Meeting.				
Ordinary Resolution 2 -	Re-election of Wong Eng Su				
Ordinary Resolution 3 -	Re-election of Chan Swee Ying				
Ordinary Resolution 4 -	Re-election of Goh Eugene				
Ordinary Resolution 5 -	Re-appointment of auditors				
Ordinary Resolution 6 -	Authority to allot shares				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

As witness my hand this.....day of 2020.

Signature/Common Seal of Shareholders

* Strike out whichever is not desired.

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 23 September 2020. Only a depositor whose name appears on the Record of Depositors as at 23 September 2020 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.
2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies he shall specify the proportion of his shareholdings to be represented by each proxy. All voting will be conducted by way of poll.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. 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.
5. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney duly authorised.
6. The Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP

The Company Secretary
MMAG HOLDINGS BERHAD
[Registration No. 200301007003 (609423-V)]
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

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MMAG

MMAG HOLDINGS BERHAD

200301007003 (609423-V)

No 3, Jalan TP2,

Taman Perindustrian UEP Subang Jaya,

47600 Subang Jaya,

Selangor Darul Ehsan.

Email: info@mmag.com.my