

DIRECTORS' REPORT

The directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(12,142)	(7,539)
Attributable to:		
Owners of the Company	(9,404)	(7,539)
Non-controlling interests	(2,738)	-
	(12,142)	(7,539)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2020.

RESERVES OR PROVISIONS

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

DIRECTORS' REPORT

(Continued)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 had 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

(Continued)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the COVID-19 outbreak disclosed in Note 39 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 20,238,000 new ordinary shares at a price of RM0.11 each for working capital purposes for a total cash consideration of RM2,226,000 pursuant to the private placement.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debentures was made by the Company.

EMPLOYEE SHARE OPTION SCHEMES

At an Extraordinary General Meeting held on 25 September 2015, the Company's shareholders approved the establishment of an Employees Share Option Schemes ("ESOS") of not more than 15% of the total issued and paid-up ordinary share capital of the Company to eligible directors and employees of the Group.

The salient features and terms of the ESOS are disclosed in Note 21 to the financial statements.

The Company had granted a total of 42,555,000 share options of RM0.10 each under the ESOS on 16 December 2016 with an exercise price of RM0.16.

There were no share options exercised as at 31 December 2019. The Company had extended the exercisable period for the offer of ESOS granted to the eligible employees and directors on 16 December 2016 from 30 September 2018 to 30 June 2019 in accordance with the provisions of the ESOS By-Laws. However, un-exercise shares granted on 16 December 2016 has lapsed after 30 June 2019.

On 20 November 2020, the Company had extended its existing ESOS which is expiring on 24 November 2020 for another 5 years until 24 November 2025 in accordance with the terms of the ESOS By-Laws.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 29 June 2020, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

DIRECTORS' REPORT*(Continued)***TREASURY SHARES (CONTINUED)**

During the financial year, the Company repurchased 590,000 shares of its issued share capital from the open market. The average price paid for the share repurchased is RM0.07 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2020, the Company held a total of 2,283,100 of its 427,284,775 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM294,252.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar *	
Malayandi @ Kalaiarasu *	
Dato' (Dr) Asariah Binti Mior Shahrudin *	
Maha Ramanathan Palan *	
Chu Kheh Wee	
Leow Nan Chye	(Resigned on 30 July 2020)
Soh Eng Hooi	(Resigned on 30 July 2020)
Datuk Mohd Radzif Bin Mohd Yunus	(Resigned on 30 July 2020)
Lim Kwee Yong	(Appointed on 10 March 2020)
Ng Kit Ching	(Appointed on 5 August 2020)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.)	
Major General Dato' Pahlawan Dr. Mohana Dass A/L Ramasamy (Rtd.)	
Tan Sri Datuk (Dr.) Rafiah Binti Salim	
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	
Tan Sri Dr. Zulkurnain Bin Awang	
Prof. Datuk Dr. Megat Burhainuddin Bin Megat Abdul Rahman	
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	
Murugappan Kalaimani	
Subramanian A/L Amamalay	
Zalina Binti Mat Zin	
Ow Yin Lee	
Prof Dato' Dr Mohamad Bin Abd Razak	
Ramani Kumar A/L Subramaniam	
Sanjeev Nanavati	(Retired on 29 July 2020)
Navindra A/L Sivaratnam	(Resigned on 22 October 2020)
Ng Yaw Dong	(Resigned on 16 November 2020)
Chew Ann Nei	(Resigned on 16 November 2020)
Dato' Abd Rashid Bin Mohd Sharif	(Resigned on 16 November 2020)
Prof. Tan Sri Dato' Dr. Amin Bin Jalaludin	(Appointed on 1 March 2020)

DIRECTORS' REPORT*(Continued)***DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1 January 2020	Bought	Sold	At 31 December 2020
The Company				
SMRT Holdings Berhad				
<u>Direct Interest</u>				
Tan Sri Dato' Dr. Palaniappan				
A/L Ramanathan Chettiar	60,275,515	429,000	-	60,704,515
Malayandi @ Kalaiaarasu	49,999	-	-	49,999
<u>Indirect Interest</u>				
Tan Sri Dato' Dr. Palaniappan				
A/L Ramanathan Chettiar #	71,419,272	-	(130,000)	71,289,272

Deemed interested as per Section 8 and 197 of the Act, by virtue of his shareholding in Special Flagship Holdings Sdn. Bhd., and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 34 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 in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Schemes.

DIRECTORS' REPORT

(Continued)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage effected and insurance premium paid for the directors and officers of the Company were RM20,000,000 and RM32,287 respectively.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT*(Continued)***AUDITORS**

The auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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TAN SRI DATO' DR. PALANIAPPAN
A/L RAMANATHAN CHETTIAR
Director

.....
MALAYANDI @ KALAIARASU
Director

Date: 28 May 2021

STATEMENTS OF FINANCIAL POSITION*As at 31 December 2020*

	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	82,966	80,368	8	17
Right-of-use assets	6	155,460	228,427	-	-
Investment in subsidiaries	7	-	-	73,358	87,533
Investment in associates	8	-	49	-	100
Goodwill on consolidation	9	34,494	34,494	-	-
Other intangible assets	10	96,646	94,085	-	-
Deferred tax assets	11	7,514	5,831	-	-
Contract costs	12	1,968	1,583	-	-
Other investment	13	3,372	-	-	-
Total non-current assets		382,420	444,837	73,366	87,650
Current assets					
Inventories	14	1,613	1,378	-	-
Trade and other receivables	15	47,340	40,513	4,357	124
Amount due from subsidiaries	16	-	-	2,565	13,901
Contract assets	28	7,471	1,843	-	-
Contract costs	12	1,914	1,733	-	-
Current tax assets		497	520	-	-
Fixed deposit	17	14,462	2,314	-	-
Cash and bank balances		12,898	14,728	761	86
		86,195	63,029	7,683	14,111
Non-current assets held for sale	18	31,194	40,594	-	-
Total current assets		117,389	103,623	7,683	14,111
TOTAL ASSETS		499,809	548,460	81,049	101,761
EQUITY AND LIABILITIES					
Equity attributable to					
Owners of the Company					
Share capital	19	86,730	84,504	86,730	84,504
Treasury shares	20	(294)	(254)	(294)	(254)
Share based payment reserve	21	-	-	-	-
Revaluation reserve	22	5,396	-	-	-
Foreign currency translation reserve	23	(69)	(23)	-	-
Retained earnings/ (Accumulated losses)		20,317	29,721	(24,957)	(17,418)
		112,080	113,948	61,479	66,832
Non-controlling interests		78,990	80,062	-	-
TOTAL EQUITY		191,070	194,010	61,479	66,832

STATEMENTS OF FINANCIAL POSITION*As at 31 December 2020 (Continued)*

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities					
Loans and borrowings	24	17,390	-	-	-
Lease liabilities	25	150,961	220,644	-	-
Deferred tax liabilities	11	31,604	27,849	-	-
Total non-current liabilities		199,955	248,493	-	-
Current liabilities					
Trade and other payables	26	58,561	62,258	12,016	4,808
Provision	27	-	-	-	3,091
Amount due to subsidiaries	16	-	-	7,554	27,030
Loans and borrowings	24	10,492	18,922	-	-
Lease liabilities	25	9,823	7,871	-	-
Contract liabilities	28	29,691	15,540	-	-
Current tax liabilities		217	189	-	-
Dividend payable		-	1,177	-	-
Total current liabilities		108,784	105,957	19,570	34,929
TOTAL LIABILITIES		308,739	354,450	19,570	34,929
TOTAL EQUITY AND LIABILITIES		499,809	548,460	81,049	101,761

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

STATEMENTS OF COMPREHENSIVE INCOME*For the Financial Year Ended 31 December 2020*

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	29	132,176	140,959	4,275	2,093
Cost of sales		(73,990)	(104,648)	-	-
Gross profit		58,186	36,311	4,275	2,093
Other income		13,401	4,151	4,035	4,934
Administrative expenses		(54,847)	(52,530)	(2,662)	(17,520)
Other expenses		(6,042)	(18,915)	(100)	(16,862)
Net impairment losses on financial assets		(2,097)	(1,415)	-	-
Operating profit/(loss)		8,601	(32,398)	5,548	(27,355)
Finance costs	30	(21,527)	(23,599)	-	-
Share of results of an associate, net of tax	8	-	-	-	-
(Loss)/Profit before tax	31	(12,926)	(55,997)	5,548	(27,355)
Taxation	32	784	5,956	-	-
(Loss)/Profit for the financial year		(12,142)	(50,041)	5,548	(27,355)
Other comprehensive (loss)/income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Revaluation of property, plant and equipment and right-of-use assets		9,467	-	-	-
- foreign currency translation		(46)	64	-	-
Other comprehensive income for the financial year		9,421	64	-	-
Total comprehensive (loss)/income for the financial year		(2,721)	(49,977)	5,548	(27,355)

STATEMENTS OF COMPREHENSIVE INCOME*For the Financial Year Ended 31 December 2020 (Continued)*

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss attributable to:					
Owners of the Company		(9,404)	(39,960)	(7,539)	(27,355)
Non-controlling interests		(2,738)	(10,081)	-	-
		<u>(12,142)</u>	<u>(50,041)</u>	<u>(7,539)</u>	<u>(27,355)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(4,054)	(39,896)	(7,539)	(27,355)
Non-controlling interests		1,333	(10,081)	-	-
		<u>(2,721)</u>	<u>(49,977)</u>	<u>(7,539)</u>	<u>(27,355)</u>
(Loss)/Earnings per share attributable to Owners of the Company (sen):					
Basic (loss)/earnings per ordinary share	33(a)	<u>(2.32)</u>	<u>(9.82)</u>		
Diluted (loss)/earnings per ordinary share	33(b)	<u>(2.32)</u>	<u>(9.82)</u>		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Share capital RM'000	Treasury shares RM'000	Share based payment reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2020	84,504	(254)	-	-	(23)	29,721	113,948	80,062	194,010
Total comprehensive income for the financial year									
Loss for the financial year	-	-	-	-	-	(9,404)	(9,404)	(2,738)	(12,142)
Other comprehensive income/(loss) for the financial year	-	-	-	5,396	(46)	-	5,350	4,071	9,421
Total comprehensive income	-	-	-	5,396	(46)	(9,404)	(4,054)	1,333	(2,721)
Transactions with owners									
Issuance of shares via private placements	2,226	-	-	-	-	-	2,226	-	2,226
Repurchased of shares	-	(40)	-	-	-	-	(40)	-	(40)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(3,582)	(3,582)
Cancellation of dividend	-	-	-	-	-	-	-	1,177	1,177
Total transactions with owners	2,226	(40)	-	-	-	-	2,186	(2,405)	(219)
At 31 December 2020	86,730	(294)	-	5,396	(69)	20,317	112,080	78,990	191,070

STATEMENTS OF CHANGES IN EQUITY*For the Financial Year Ended 31 December 2020 (Continued)*

		Share capital RM'000	Treasury shares RM'000	Share based payment reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
	At 1 January 2019	84,504	(125)	2,893	1,498	(87)	65,290	153,973	91,230	245,203
	Total comprehensive income for the financial year									
	Loss for the financial year	-	-	-	-	-	(39,960)	(39,960)	(10,081)	(50,041)
	Other comprehensive income/(loss) for the financial year	-	-	-	(1,498)	64	1,498	64	-	64
	Total comprehensive loss	-	-	-	(1,498)	64	(38,462)	(39,896)	(10,081)	(49,977)
	Transactions with owners									
	Share options lapsed under Employee Share Option Scheme	-	-	(2,893)	-	-	2,893	-	-	-
	Repurchased of shares	-	(129)	-	-	-	-	(129)	-	(129)
	Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(1,177)	(1,177)
	Acquisition of share in subsidiary by non-controlling interest	-	-	-	-	-	-	-	90	90
	Total transactions with owners	-	(129)	(2,893)	-	-	2,893	(129)	(1,087)	(1,216)
	At 31 December 2019	84,504	(254)	-	-	(23)	29,721	113,948	80,062	194,010

STATEMENTS OF CHANGES IN EQUITY*For the Financial Year Ended 31 December 2020 (Continued)*

	Share capital RM'000	Treasury shares RM'000	Share based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2020	84,504	(254)	-	(17,418)	66,832
Total comprehensive income for the financial year					
Loss for the financial year	-	-	-	(7,539)	(7,539)
Transactions with owners					
Issuance of shares via private placements	2,226	-	-	-	2,226
Repurchased of shares	-	(40)	-	-	(40)
	2,226	(40)	-	-	2,186
At 31 December 2020	86,730	(294)	-	(24,957)	61,479
At 1 January 2019	84,504	(125)	2,893	7,044	94,316
Total comprehensive income for the financial year					
Loss for the financial year	-	-	-	(27,355)	(27,355)
Transactions with owners					
Share options lapsed under Employee Share Option Scheme	-	-	(2,893)	2,893	-
Repurchased of shares	-	(129)	-	-	(129)
	-	(129)	(2,893)	2,893	(129)
At 31 December 2019	84,504	(254)	-	(17,418)	66,832

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

STATEMENTS OF CASH FLOWS*For the Financial Year Ended 31 December 2020*

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(12,926)	(55,997)	(7,539)	(27,355)
Adjustments for:				
Amortisation of:				
- intangible assets	414	224	-	-
Depreciation of:				
-property, plant and equipment	8,614	9,600	2	4
-right-of-use assets	16,778	18,040	-	-
Fair value loss on quoted equity securities	1,189	-	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(41)	(161)	7	-
- non-current assets held for sale	(2,483)	942	-	-
- investment in a subsidiary	-	1,085	-	8,269
Gain on modification and derecognition of lease	(6,462)	(1,529)	-	-
COVID-19 related rent concession income	(2,088)	-	-	-
Allowance of impairment for:				
- goodwill on consolidation	-	3,505	-	-
- property, plant and equipment	-	6,202	-	-
- right-of-use assets	-	9,029	-	-
- investment in subsidiaries	-	-	-	16,862
- investment in an associate	-	-	100	-
- trade receivables	2,183	3,684	-	-
- other receivables	481	112	-	-
'- amount due from subsidiaries	-	-	13,087	-
Interest expense	21,527	23,599	-	-
Interest income	(36)	(79)	-	-
Dividend income	-	-	-	(2,093)
Unrealised (gain)/loss on foreign exchange	-	-	-	(11)
Written off for:	-	-	-	-
'- investment in associate	49	-	-	-
- property, plant and equipment	-	-	-	1
- inventories	-	120	-	-
- trade receivables	53	-	-	-
Bargain purchase of acquisition of subsidiary	-	(51)	-	-
Unrealised gain on foreign exchange	-	(13)	-	-
Operating profit/(loss) before changes in working capital, carried forward	27,252	18,312	5,657	(4,323)

STATEMENTS OF CASH FLOWS*For the Financial Year Ended 31 December 2020 (Continued)*

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Continued)				
Operating loss before changes in working capital, brought forward	27,252	18,312	5,657	(4,323)
Adjustments for: (Continued)				
Reversal of impairment loss no longer required for investment in subsidiaries	-	-	(4,020)	-
Reversal of impairment loss no longer required for trade receivables	(102)	(2,746)	-	-
Reversal of impairment loss no longer required for other receivables	-	(530)	-	-
Reversal of impairment loss for right-of-use assets	(911)	-	-	-
Impairment of right-of-use assets	3,993	-	-	-
Provision for profit guarantee	-	-	(3,091)	3,091
Operating profit/(loss) before changes in working capital, brought forward	30,232	15,036	(1,454)	(1,232)
Changes In Working Capital:				
Inventories	(235)	10,449	-	-
Payables	(6,926)	8,795	7,208	1,926
Receivables	(9,432)	5,677	(4,261)	(68)
Contract assets	(6,194)	(2,778)	-	-
Contract liabilities	14,151	996	-	-
Net cash generated from operations	21,596	38,175	1,493	626
Income tax paid	(93)	(111)	-	-
Tax refunded	-	1,838	-	-
Interest received	36	79	-	-
Net cash from operating activities	21,539	39,981	1,493	626

STATEMENTS OF CASH FLOWS*For the Financial Year Ended 31 December 2020 (Continued)*

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
(Repayment)/Advances				
to subsidiaries, net	-	-	(7,279)	15,700
Dividend income	-	-	4,275	2,093
Purchase of property, plant and equipment	(2,427)	(9,558)	-	(22)
Purchase of intangible assets	(2,975)	(143)	-	-
Additional investment in subsidiary	-	-	-	(18,182)
Acquisition of subsidiary	-	13	-	-
Additional investment in other investment	(4,561)	-	-	-
Deposits received from non current assets held for sales	3,360	-	-	-
Proceeds from disposal of:				
- investment in a subsidiary, net of cash outflows	-	(26)	-	-
- property, plant and equipment	51	3,549	-	-
- non-current assets held for sale	13,000	16,638	-	-
Net cash from/(used in) investing activities	6,448	10,473	(3,004)	(411)
Cash flows from financing activities				
Interest paid	(21,527)	(23,599)	-	-
Proceeds from issuance of shares	2,226	-	2,226	-
Purchase of treasury shares	(40)	(129)	(40)	(129)
Repayment of:			-	
- term loan	(11)	(2,119)	-	-
- lease liabilities	(3,660)	(2,118)	-	-
- Sukuk Wakalah	(16,482)	(11,000)	-	-
Issuance of share capital to non-controlling interest by a subsidiary	-	90	-	-
Fixed deposit pledged to bank	(12,148)	(2,511)	-	-
Withdrawal/(Placement) of bank accounts pledged for Sukuk Wakalah	1,100	(903)	-	-
Placement of bank accounts pledged for term loan	(3,519)	-	-	-
Drawdown of term loan	17,390	-	-	-
Dividends paid to non-controlling interest	(3,582)	-	-	-
Net cash (used in)/from financing activities	(40,253)	(42,289)	2,186	(129)

STATEMENTS OF CASH FLOWS*For the Financial Year Ended 31 December 2020 (Continued)*

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net change in cash and cash equivalents	(12,266)	8,165	675	86
Cash and cash equivalents at the beginning of the financial year	13,199	4,970	86	-
Effect on foreign exchange rate change	(46)	64	-	-
Cash and cash equivalents at the end of the financial year	887	13,199	761	86
Analysis of cash and cash equivalents				
Cash and bank balances	12,898	14,728	761	86
Deposits placed with licensed banks	14,462	2,314	-	-
Bank overdraft	(8,492)	(429)	-	-
	18,868	16,613	761	86
Less: Deposits held as security value	(14,462)	(2,314)	-	-
Less: Bank account pledged for Sukuk Wakalah	-	(1,100)	-	-
Less: Bank accounts pledged for term loan	(3,519)	-	-	-
	887	13,199	761	86

(a) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM23,259,000 (2019: RM23,937,000)

STATEMENTS OF CASH FLOWS*For the Financial Year Ended 31 December 2020 (Continued)***(b) Reconciliation of liabilities arising from financing activities:**

Group	Non-cash						31 December 2020 RM'000
	1 January 2020 RM'000	Cash flows RM'000	Amortisation of transaction RM'000	Acquisition RM'000	Modification and derecognition of lease RM'000	Covid-19 rent concession RM'000	
Term loan	2,011	17,379	-	-	-	-	19,390
Lease liabilities	228,515	(3,660)	-	8,119	(70,102)	(2,088)	160,784
Sukuk Wakalah	16,482	(16,482)	-	-	-	-	-
	247,008	(2,763)	-	8,119	(70,102)	(2,088)	180,174

	Non-cash						31 December 2019 RM'000
	1 January 2019 RM'000	Cash flows RM'000	Amortisation of transaction RM'000	Acquisition RM'000	Modification and derecognition of lease RM'000	Covid-19 rent concession RM'000	
Term loan	4,131	(2,119)	(1)	-	-	-	2,011
Lease liabilities	239,649	(2,118)	-	24,222	(33,238)	-	228,515
Sukuk Wakalah	27,299	(11,000)	183	-	-	-	16,482
	271,079	(15,237)	182	24,222	(33,238)	-	247,008

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE 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 are located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Federal Territory of Kuala Lumpur. The principal place of business of the Company is located at Level 8, Tower Block, UOC Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 May 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments Disclosure
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***2. BASIS OF PREPARATION (CONTINUED)****2.2 Adoption of amendments/improvements to MFRSs (Continued)**

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendment(s) to MFRS 16 Leases

The Group and the Company have early adopted the amendment(s) to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 31 to the financial statements as rent concession income.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

- (a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:
(Continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 16	Leases	1 June 2021/ 1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

- (c) The initial application of the above applicable amendments/improvements to MFRSs. is not expected to have material impacts to the current year financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***2. BASIS OF PREPARATION (CONTINUED)****2.4 Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires the Group to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas where assumptions and major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or areas involving judgements that have most effect on the amounts recognised in the financial statements are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

(a) Basis of Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of Consolidation (Continued)****(i) Subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- (i) the fair value of consideration transferred; plus
- (ii) the recognised amount of any non-controlling interest in the acquiree; plus
- (iii) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iv) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The accounting policy for goodwill is set out in Note 3(f)(i) to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of Consolidation (Continued)****(ii) Business combination (Continued)**

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

(iii) Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (Continued)****(v) Non-controlling interest**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary 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 comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

(vi) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any differences between the carrying amount of the associate 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 remeasured. 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 reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of Consolidation (Continued)****(vii) Transactions eliminated on consolidation**

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

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

(b) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3(m)(ii) to the financial statements.

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

(c) Property, plant and equipment**(i) Recognition and measurement**

During the financial year, the Group re-assessed its accounting policy for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

Accordingly, the Group elected to change the method of accounting for leasehold land and buildings, which are classified as right-of-use assets (Note 3(f) and Note 6) and property, plant and equipment respectively, as the Group believes that the revaluation model demonstrates the carrying value of the land and buildings more effectively.

The financial implications arising from the recognition of land and buildings are disclosed in Note 5 and Note 6.

Property and equipment (other than buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii).

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Property, plant and equipment and depreciation (Continued)****(i) Recognition and measurement (Continued)**

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Property, plant and equipment and depreciation (Continued)****(ii) Depreciation**

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings	33 1/3 years
Library	10% - 20%
Computer	20%
Office equipment	10% - 40%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%
Router	20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

(d) Goodwill and other intangible assets**(i) Goodwill**

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Goodwill and other intangible assets (Continued)****(ii) Development costs**

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) to the financial statements.

(iii) Software

Software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) to the financial statements.

(iv) Acquired education licenses

Education licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Goodwill and other Intangible assets (Continued)****(v) Other intangible assets**

Trademark with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets, other than goodwill and trademark, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(vii) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Intangible assets, other than goodwill and trademark, are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Trademarks with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that may be impaired.

The estimated useful lives for the current and comparative periods are as follows:

Development costs	3 to 10 years
Intellectual rights	5 years
Software	10 years
Franchise fee	10 years

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on a first-in-first-out method.

Cost includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

(f) Leases**(i) Definition of lease**

At inception of a contract, the Group assess whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(ii) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Leases (Continued)****(iii) Lessee accounting (Continued)**Right-of-use asset

As disclosed in Note 3(c), certain classes of property, plant and equipment have changed its accounting policy from cost model to revaluation model. Accordingly, the Group elects to apply the revaluation model to the leasehold land that relate to the classes of property and equipment.

The right-of-use asset (other than leasehold land relate to the classes of property, plant and equipment) is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k)(ii) to the financial statements.

The depreciation period for the current period are as follows:

Land	67 – 83 years
Building	1 – 19 years
Computer equipment	5 years
Motor vehicles	5 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Leases (Continued)****(ii) Lessee accounting (Continued)**Lease liability (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Leases (Continued)****(iii) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3(k)(ii) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

(g) Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Non-current assets or disposal groups held for sale (Continued)**

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

(h) Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Income tax (Continued)****(ii) Deferred tax (Continued)**

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Income tax (Continued)****(iii) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and service tax effective from 1 September 2018.

(iv) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Foreign currency translation and operations****(i) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values were determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(ii) Foreign entities

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange difference arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Financial instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Financial instruments (Continued)****(a) Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(i) Financial assets (Continued)Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3(k)(i) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3(k)(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Financial instruments (Continued)****(a) Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows
(Continued)

(i) Financial assets (Continued)Debt instruments (Continued)

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Financial instruments (Continued)****(b) Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Financial instruments (Continued)****(d) Derecognition (Continued)**

The Group and the Company 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 and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Impairment of assets****(i) Impairment of financial assets**

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counter party is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Impairment of assets (Continued)****(i) Impairment of financial assets (Continued)**

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; and
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Impairment of assets (Continued)****(i) Impairment of financial assets (Continued)**

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

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Impairment of assets (Continued)****(ii) Impairment of non-financial assets (Continued)**

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(l) Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Revenue and other income (Continued)**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounts for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) Education services

Revenue from education services rendered represents course fees, registration fees, royalty fees, resource fees and other miscellaneous charges.

Revenue from course fees will be recognised within the semester of each courses offered to the students. The revenue will then be recognised over time throughout the semester in profit or loss.

Payment terms for course fees are on cash terms (immediate payment or advance payment not exceeding 30 days).

Revenue from registration fees and resource fees are recognised over the period of the course in profit or loss.

Revenue from royalty fee is recognised on accrual basis based on substance of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income (Continued)

(i) Education services (Continued)

Other miscellaneous charges represent application fees, administration fees, processing fees, convocation fees, examination fees, training fees and clinical attachment fees. These fees are recognised at a point in time as services are rendered.

Advance payment received at the commencement of the semester will be recognised as contract liabilities.

(ii) Income from consultancy, training and software development

Income from consultancy, training and software development is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(iii) Technical supports

Revenue from technical supports are recognised when services are rendered.

(iv) Sales of hardware

Revenue from sales of hardware are recognised upon delivery of products and customer's acceptance and when the significant risks and rewards of ownership have been transferred to the buyer.

(v) Sales of software application

Income from sales of software application is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(vi) Dividend income

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

(vii) Interest income

Interest income is recognised using the effective interest method.

(viii) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Borrowing costs**

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

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

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

(n) Employee benefits**(i) Short term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(ii) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(iii) Employee share option schemes

Employees of the Group and the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expenses recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge of credit to profit or loss for a period represents the movement in cumulative expenses recognised at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Employee benefits (Continued)****(iii) Employee share option schemes (Continued)**

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(o) Operating segments

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

(p) Share capital**(i) Ordinary Shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

(q) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented after exclude deposits, collection account, cash collateral account and finance service reserve account pledged to secure borrowings.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(r) Earnings per shares****(i) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

(s) Provision

Provisions are recognised when the Group and the Company have present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(i) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

(ii) Onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Contingencies**

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

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

(u) Contract costs**(a) Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract such as commission fee paid to agents.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(u) Contract costs (Continued)****(c) Impairment (Continued)**

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

(v) Fair value measurements

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) Impairment of goodwill and other intangible assets (Note 9 and 10)

The Group determines whether goodwill and other intangible assets with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful life are allocated. Estimating a value-in-use amount requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The assumptions used in estimating the future cash flows may have significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(ii) Impairment of trade receivables (Note 15)

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation which is, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed and also uses a provision matrix to calculate ECL for trade receivables. The individually assessed ECL may be based on indicators such as students who have quit, terminated, rejected or withdrawn from their courses. The provision rates are depending on the number of days that a receivable is past due. 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. 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, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of student's or customer's actual default in the future.

(iii) Valuation of property, plant and equipment and right-of-use assets (Note 5 and 6)

Leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers. Significant judgement is required in estimating the fair value which may be derived based on different valuation methods determined to be appropriate and the use of key assumptions.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****(iii) Valuation of property, plant and equipment and right-of-use assets (Note 5 and 6) (Continued)**

The valuation methods adopted by the valuer include cost method, being current estimates of construction costs less depreciation and comparison method, being comparison of transacted prices in an active market for similar properties in close proximity and where necessary, adjusting for location, size, tenure and other differences. Judgement has been applied in estimating the property prices for less readily observable external parameters. Any changes in these assumptions will have an impact on the carrying amounts of the revalued properties.

(iv) Funding requirements and ability to meet short term obligations

The Group applies judgement in determining the funding requirements and its ability to meet short term obligations. The Group considers the facts and circumstances and makes assumptions about the future, including the cash flows to be generated from the operations of the Group and the available financing facilities.

The details of funding requirements and ability to meet short term obligations are disclosed in Note 37(ii).

(v) Classification between property and equipment and investment property

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use for operation purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for operation purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT**

	Buildings RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Router RM'000	Total RM'000
Group									
2020									
Cost/Valuation									
At 1 January 2020	43,064	179	3,924	3,320	5,908	544	41,691	569	99,199
Additions	-	9	139	705	38	-	1,536	-	2,427
Disposals	-	-	(9)	(17)	(3)	(192)	-	(10)	(231)
Revaluation	9,179	-	-	-	-	-	-	-	9,179
Elimination on revaluation	(4,971)	-	-	-	-	-	-	-	(4,971)
Transfer to non-current assets held for sales (Note 18)	(3,464)	-	-	-	-	-	-	-	(3,464)
At 31 December 2020	43,808	188	4,054	4,008	5,943	352	43,227	559	102,139

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Router RM'000	Total RM'000
Group									
2020									
Accumulated depreciation and impairment									
At 1 January 2020	6,141	83	3,146	909	444	482	7,313	313	18,831
Depreciation for the financial year	1,910	45	487	523	1,003	37	4,420	189	8,614
Elimination on revaluation	(4,971)	-	-	-	-	-	-	-	(4,971)
Transfer to non-current assets held for sales (Note 18)	(3,080)	-	-	-	-	-	-	-	(3,080)
Disposals	-	-	(3)	(13)	(3)	(192)	-	(10)	(221)
At 31 December 2020	-	128	3,630	1,419	1,444	327	11,733	492	19,173
Carrying amount									
At 31 December 2020	43,808	60	424	2,589	4,499	25	31,494	67	82,966
Representing:									
At Cost	-	60	424	2,589	4,499	25	31,494	67	39,158
At Valuation	43,808	-	-	-	-	-	-	-	43,808
	43,808	60	424	2,589	4,499	25	31,494	67	82,966

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land RM'000	Buildings RM'000	Office suite RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Router RM'000	Total RM'000
Group												
2019												
Cost/Valuation												
At 1 January 2019	4,723	80,074	3,114	136	3,704	2,538	1,747	306	38,681	71	96	135,190
Acquisition of subsidiary	-	-	-	-	12	9	5	20	-	-	-	46
Additions	-	-	-	43	214	734	4,367	7	3,443	-	750	9,558
Disposals	-	-	(3,114)	-	(6)	(2)	(55)	(158)	(142)	-	(277)	(3,754)
Redclassification of ROU	-	-	-	-	-	-	-	369	-	-	-	369
Transfer to non-current assets held for sales (Note 17)	(4,723)	(37,010)	-	-	-	41	(156)	-	(291)	(71)	-	(42,210)
At 31 December 2019	-	43,064	-	179	3,924	3,320	5,908	544	41,691	-	569	99,199

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Office suite RM'000	Library RM'000	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Router RM'000	Total RM'000
Group 2019												
Accumulated depreciation and impairment												
At 1 January 2019	-	4,014	-	41	2,355	337	68	204	2,882	-	95	9,996
Depreciation for the financial year	-	2,895	-	42	797	572	419	19	4,638	-	218	9,600
Impairment for the financial year	-	6,202	-	-	-	-	-	-	-	-	-	6,202
Reclassification of ROU	-	-	-	-	-	-	-	369	-	-	-	369
Transfer to non-current assets held for sales (Note 17)	-	(6,970)	-	-	-	-	-	-	-	-	-	(6,970)
Disposals	-	-	-	-	(6)	#	(43)	(110)	(207)	-	-	(366)
At 31 December 2019	-	6,141	-	83	3,146	909	444	482	7,313	-	313	18,831
Carrying amount												
At 31 December 2019	-	36,923	-	96	778	2,411	5,464	62	34,378	-	256	80,368
Representing:												
At Cost	-	36,923	-	96	778	2,411	5,464	62	34,378	-	256	80,368
At Valuation	-	-	-	-	-	-	-	-	-	-	-	-
	-	36,923	-	96	778	2,411	5,464	62	34,378	-	256	80,368

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Computer RM'000	Furniture and fittings RM'000	Total RM'000
Company			
2020			
Cost			
At 1 January 2020	9	12	21
Disposal	(9)	-	(9)
At 31 December 2020	-	12	12
Accumulated depreciation			
At 1 January 2020	2	2	4
Depreciation for the financial year	-	2	2
Disposal	(2)	-	(2)
At 31 December 2020	-	4	4
Carrying amount			
At 31 December 2020	-	8	8
Representing:			
- Cost	-	8	8
- Valuation	-	-	-
At 31 December 2020	-	8	8

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Computer RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
Company				
2019				
Cost				
At 1 January 2019	-	-	-	-
Addition	9	1	12	22
Written off	-	(1)	-	(1)
At 31 December 2019	9	-	12	21
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation for the financial year	2	-	2	4
At 31 December 2019	2	-	2	4
Carrying amount				
At 31 December 2019	7	-	10	17
Representing:				
- Cost	7	-	10	17
- Valuation	-	-	-	-
At 31 December 2019	7	-	10	17

Group**(a) Revaluation of buildings**

Management determined that the buildings constitute a separate class of asset under MFRS 13 *Fair Value Measurements*, based on the nature, characteristics and risks of the properties.

Fair value of the land was determined using the comparison method where fair value of the buildings was determined using the comparison and cost method. For valuation using comparison method, valuations performed by the valuer are based on active market prices, adjusted for differences in location, size, tenure and other differences of the specific land and buildings. For valuation using cost method, valuations performed by the valuer are based on the replacement cost of the building and other sites improvement less depreciation.

As at the date of valuation on 31 December 2020, the fair values are based on valuation performed by an independent professional valuer with experience in valuing land and buildings of similar nature. As a result, gains of RM3,278,000 (Note 6) and RM9,179,000 in respect of land and buildings respectively, were recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Group (Continued)****(a) Revaluation of buildings (Continued)**

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the land and buildings that would have been included in the financial statements of the Group is as follows:

	Group 2020 RM'000
Leasehold land	21,607
Buildings	35,129
	<hr/>

(b) Impairment loss

Based on the valuation by the independent professional valuer, an impairment loss of RM3,993,000 (Note 6) in respect of leasehold land were recognised in profit or loss.

In the previous financial year, an impairment loss of RM6,202,000 was recognised in profit or loss based on comparison of fair value less costs of disposal and the carrying amount in respect of assets with recoverable amount of RM38,880,000. The fair value amounts were derived from valuation reports provided by an independent valuer based on comparison method. The fair value is within Level 3 of the fair value hierarchy, whereby the fair value is estimated using price per square foot and the adjustments on the differences in location, size, tenure, market condition and other differences.

(c) Security

Buildings with a net carrying amount of RM43,808,000 (2019: RM37,355,192) were pledged to secure bank loans as disclosed in Note 24 to the financial statements.

(d) Capital work-in-progress

Capital work-in-progress was in respect of renovation cost incurred for new campus in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Group (Continued)****(e) Fair value information**

Fair value of buildings is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2020				
- Land	-	-	20,300	20,300
- Buildings	-	-	43,808	43,808
	-	-	64,108	64,108

As the Group is adopting revaluation model in current financial year, no reconciliation of Level 3 fair value is presented.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property type	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land and buildings	Comparison method	Adjusted market price of RM42 to RM368 per square feet	The higher/lower the price per square feet, the higher/lower the fair value
	Cost method	Construction cost of RM8 to RM130 per square feet	The higher/lower the price per square feet, the higher/lower the fair value
		Depreciation rate ranging from 17% to 35%	The higher/lower the depreciation rate, the lower/higher the fair value

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Group (Continued)****(e) Fair value information (Continued)****Valuation processes applied by the Group**

The fair value of land and buildings is determined by external independent property valuers, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Changes in Level 3 fair values are analysed by the Group after obtaining the valuation report from valuers.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings, computer equipment and motor vehicles.

Information about leases for which the Group is lessee is presented below:

	Land	Buildings	Computer	Motor	Total
	RM'000	RM'000	equipment	vehicles	RM'000
			RM'000	RM'000	
Group					
Cost/Valuation					
At 1 January 2020	23,587	231,242	229	569	255,627
Additions	-	7,296	-	823	8,119
Modification and derecognition of lease	-	(71,234)	-	(570)	(71,804)
Revaluation	3,278	-	-	-	3,278
Elimination of revaluation	(65)	-	-	-	(65)
Transfer to non-current assets held for sale (Note 18)	(1,500)	-	-	-	(1,500)
At 31 December 2020	25,300	167,304	229	822	193,655

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***6. RIGHT-OF-USE ASSETS (CONTINUED)**

	Land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Accumulated depreciation and impairment loss					
At 1 January 2020					
- Accumulated depreciation	694	17,341	46	90	18,171
- Accumulated impairment	37	8,992	-	-	9,029
	731	26,333	46	90	27,200
Depreciation charge for the financial year	977	15,184	92	525	16,778
Impairment charge for the financial year	3,993	-	-	-	3,993
Revaluation					
- Depreciation	(28)	-	-	-	(28)
- Impairment	(37)	-	-	-	(37)
Reversal of impairment loss	-	(911)	-	-	(911)
Modification and derecognition of lease	-	(7,937)	-	(227)	(8,164)
Transfer to non-current assets held for sale (Note 18)	(636)	-	-	-	(636)
At 31 December 2020					
- Accumulated depreciation	1,007	24,588	138	388	26,121
- Accumulated impairment	3,993	8,081	-	-	12,074
	5,000	32,669	138	388	38,195
Carrying amount at 31 December 2020	20,300	134,635	91	434	155,460
Representing:					
At Cost	-	134,635	91	434	135,160
At Valuation	20,300	-	-	-	20,300
	20,300	134,635	91	434	155,460

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***6. RIGHT-OF-USE ASSETS (CONTINUED)**

	Land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Group Cost					
At 1 January 2019	29,087	239,104	-	792	268,983
Additions	-	23,847	229	146	24,222
Modification of lease	-	(31,709)	-	-	(31,709)
Reclassification	-	-	-	(369)	(369)
Transfer to non-current assets held for sale (Note 18)	(5,500)	-	-	-	(5,500)
At 31 December 2019	23,587	231,242	229	569	255,627
Accumulated depreciation and impairment loss					
At 1 January 2019	410	-	-	236	646
Depreciation charge for the financial year	430	17,341	46	223	18,040
Impairment charge for the financial year	37	8,992	-	-	9,029
Reclassification	-	-	-	(369)	(369)
Transfer to non-current assets held for sale (Note 18)	(146)	-	-	-	(146)
At 31 December 2019	731	26,333	46	90	27,200
Carrying amount at					
31 December 2019	22,856	204,909	183	479	228,427

- (a) The Group leases land and buildings for their operations and office space. The leasehold land has unexpired lease term of 69 to 71 years (2019: 70 to 72 years). The leases for operations and office space generally have lease terms of between 1 to 25 years (2019: 1 to 25 years).
- (b) During the financial year, the land that relate to the buildings measured at fair value were revalued. The revaluation and fair value information were disclosed in Note 5(a) and 5(e).
- (c) Land with net carrying amount of RM20,300,000 (2019: RM22,856,000) were pledged as security for borrowings as disclosed in Note 24 to the financial statements.
- (d) The Group also leased computer equipment and motor vehicles under hire purchase with lease terms of 3 to 7 years (2019: 3 to 7 years) and have options to purchase the assets at the end of the contract term.
- (e) The Group applies the practical expedient in paragraph 46A of *Amendment to MFRS 16 Leases* and accordingly, account for any reduction in lease payments resulting from the rent concession as other income.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES**

	Company	
	2020	2019
	RM'000	RM'000
At cost		
Quoted shares	-	54,757
Unquoted shares	25,278	23,400
	<u>25,278</u>	<u>78,157</u>
Less: Accumulated impairment losses		
At beginning of the financial year	(16,862)	(8,013)
Additions	-	(16,862)
Reversal of impairment losses	4,020	8,013
Disposal	12,842	-
At end of the financial year	<u>-</u>	<u>(16,862)</u>
	<u>25,278</u>	<u>61,295</u>
Capital contributions to subsidiaries	48,080	26,238
	<u>73,358</u>	<u>87,533</u>
Market value		
Quoted shares	-	14,934

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. As these balances are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long-term source of capital to the subsidiaries.

Impairment loss

During the financial year, the disposal of investment in Minda Global Berhad by the Company to a subsidiary of the Company resulted in a reversal of impairment loss of RM4,020,000 which were recognised in profit or loss.

In the previous financial year, the Company assessed the recoverable amount of Minda Global Berhad and SMR HR Group Sdn. Bhd. in view of the recent operating losses. An impairment of RM4,020,000 and RM12,842,000 respectively were recognised based on the recoverable amount determined based on value-in-use of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Direct subsidiaries				
Minda Global Berhad ^	Malaysia	-	20	Investment holding
SMR HR Group Sdn. Bhd.@	Malaysia	-	100	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
SMR Education Sdn. Bhd.	Malaysia	100	100	Investment holding
SMR Properties Management Sdn. Bhd.	Malaysia	100	100	Investment holding
Strategic Ambience Sdn. Bhd.	Malaysia	100	100	Investment holdings
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	64	64	Investment holding and IT solutions related telecommunication
Talentoz Sdn. Bhd. #	Malaysia	55	55	Development and marketing software of human resources

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Indirect subsidiaries				
Subsidiary of Talento Sdn. Bhd.				
Forzia Tech Private Limited #	Indian	100	100	IT solutions related to telecommunication
Subsidiaries of N'osairis Technology Solutions Sdn. Bhd.				
Teknologi Bumi Era Q Sdn. Bhd. #	Malaysia	100	100	IT solutions related to telecommunication
PT Nosairis Teknologi Solutions #	Indonesia	90	90	IT solutions related to telecommunication
Subsidiaries of SMR Education Sdn. Bhd.				
Minda Global Berhad ^	Malaysia	57	30	Investment holding
Subsidiaries of Strategic Ambience Sdn. Bhd.				
Minda Global Berhad ^	Malaysia	-	7	Investment holding

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Direct subsidiaries				
Subsidiaries of Minda Global Berhad				
ASIAMET Education Group Sdn. Bhd. ("AEGSB")	Malaysia	100	100	Investment holding
Minda Global International Education Sdn. Bhd. ("MGIESB")	Malaysia	100	100	Provision of education services
Minda Global Management Sdn. Bhd. ("MGMSB")	Malaysia	100	100	Provision of management service
ASIAMET (KB) Sdn. Bhd. ("AKBSB")	Malaysia	100	100	Provision of education services
ASIAMET (KK) Sdn. Bhd. ("AKKSB")	Malaysia	100	100	Provision of education services
ASIAMET (Kuching) Sdn. Bhd. ("AKSB")	Malaysia	100	100	Provision of education services
CUCMS Education Sdn. Bhd. ("CESB")	Malaysia	100	100	Provision of education services
UOC Sdn. Bhd.	Malaysia	100	100	Dormant
SMR HR Group Sdn. Bhd.	Malaysia	100	-	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
Subsidiary of AEGSB				
ASIAMET (M) Sdn. Bhd. ("AMSB")	Malaysia	100	100	Provision of education services

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Indirect subsidiaries				
Subsidiaries of CESB				
CUCMS Properties Management Sdn. Bhd. *	Malaysia	100	100	Provision of properties management services
CUCMS Edutech Sdn. Bhd.	Malaysia	100	100	Development of software, application development technology consulting services
Minda Global Language Centre Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiaries of AMSB				
Minda Global Property Management Sdn. Bhd.	Malaysia	100	100	Dormant
ASIAMET International Sdn. Bhd.	Malaysia	100	100	Dormant

Audited by auditors other than Baker Tilly Monteiro Heng PLT.

* Entered into share sale agreement to dispose 2 ordinary shares for a total consideration of RM1.

^ During the financial year, the shareholdings of Minda Global Berhad in SMRT Holdings Berhad and Strategic Ambience Sdn. Bhd. were disposed to SMR Education Sdn. Bhd.. Thus, SMR Education Sdn. Bhd. now hold 57% of the shareholding in Minda Global Berhad after the said disposal.

@ During the financial year, the shareholdings of SMR HR Group Sdn. Bhd. in SMRT Holdings Berhad were disposed to its subsidiary, Minda Global Berhad. Thus, SMR HR Group Sdn. Bhd, became a wholly owned subsidiary of Minda Global Berhad after the said disposal.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(a) Acquisition of direct/indirect subsidiaries****2019**

On 3 January 2019, the Company completed the acquisition of one (1) ordinary share in Cendana Edisi Sdn. Bhd. ("Cendana") representing 100% of the equity share capital of Cendana for a cash consideration of RM1 ("Acquisition"). Upon the Acquisition, Cendana became a wholly-owned subsidiary of the Company. Subsequently, Cendana changed its name to Talentoz Sdn Bhd ("Talentoz") on 14 February 2020.

On 30 March 2019, Talentoz had acquired 9,999 ordinary shares and SMR Management Sdn. Bhd. had acquired 1 ordinary share respectively in Forzia Tech Pte. Ltd. ("Forzia") representing in total 100% equity interest in Forzia for a cash consideration of Rs 1,261,600, equivalent to RM74,272. Upon the acquisition, Forzia became an indirect subsidiary of the Company.

On 4 October 2019, Talentoz entered into an Intellectual Property Sale and Purchase Agreement ("SPA") with a third party to acquire an Intellectual Property for a consideration valued at RM90,000 to be satisfied by the issuance of new ordinary shares of Talentoz of up to 45% of the enlarged paid-up capital of Talentoz. The acquisition was completed on 2 December 2020. Consequently, the Company's ownership interest in Talentoz was diluted to 55%.

Summary of effect on acquisition of subsidiary

Identifiable assets acquired and liabilities recognised.

	Forzia RM'000
Assets	
Tangible assets	46
Long term loans and advance	92
Trade receivable	163
Other current assets	63
Cash and cash equivalents	87
Total assets	<u>451</u>
Liabilities	
Long term borrowings	26
Other current liabilities	287
Provision	13
Total liabilities	<u>326</u>
Total identifiable net assets acquired	125
Bargain purchase	(51)
Fair value of consideration transferred	<u>74</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(a) Acquisition of direct/indirect subsidiaries (Continued)****2019 (Continued)***Effects of acquisition of statements of comprehensive income*

	Forzia RM'000
Revenue	1,747
Profit for the financial year	<u>84</u>

If the acquisition had occurred on 1 January 2019, the consolidated results for the financial year ended 31 December 2019 would have been as follows:

	Forzia RM'000
Revenue	2,242
Profit for the financial year	<u>51</u>
Fair value of consideration transferred	74
Less: Non-cash consideration	<u>-</u>
Consideration paid in cash	74
Less: Cash and cash equivalents of a subsidiary acquired	<u>(87)</u>
Net cash inflows on acquisition	<u>(13)</u>

(b) Disposal of subsidiary**2019**

The Company had on 10 December 2019 disposed of 1,000,000 ordinary shares in SMR HR Technologies Sdn. Bhd. ("SHRTSB"), representing the entire equity interest in SHRTSB for a cash consideration of RM2 to third parties.

The Company had on 10 December 2019 disposed of 750,000 ordinary shares in Management Made Easy Sdn. Bhd. ("MMESB"), representing the entire equity interest in MMESB for a cash consideration of RM2 to third parties.

The Company had on 10 December 2019 disposed of 2 ordinary shares in SMR Management Sdn. Bhd. ("SMSB"), representing the entire equity interest in SMSB for a cash consideration of RM2 to third parties.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(b) Disposal of subsidiaries (Continued)****2019 (Continued)****Summary of effect of disposal of 3 subsidiaries**

	SMSB RM'000	SHRTSB RM'000	MMESB RM'000	Total RM'000
Assets				
- property, plant and equipments	-	-	-	-
- receivables	586	322	7	915
- investment in subsidiaries	-	7	-	7
- current tax assets	-	144	-	144
- cash and cash equivalents	*	8	18	26
	586	481	25	1,092
Liabilities				
- payables	-	-	7	7
- current tax liabilities	-	-	-	-
	-	-	7	7
Total net assets	586	481	18	1,085
Loss on disposal of subsidiary	(586)	(481)	(18)	(1,085)
Total consideration	*	*	*	*
Less: Non-cash consideration	-	-	-	-
Add: Cash and cash equivalents of subsidiary disposed	*	8	18	26
Disposal of subsidiary, net of, cash and cash equivalents disposed	*	8	18	26

* Amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(c) Non-controlling interests in subsidiaries**

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/ Country of incorporation	Ownership interest	
		2020 %	2019 %
Minda Global Berhad ("MGB")	Malaysia	43	43
N'sairis Technology Solutions Sdn. Bhd.	Malaysia	36	36
Talentoz Sdn. Bhd.	Malaysia	45	45

Carrying amount of material non-controlling interests:

Name of company	2020 RM'000	2019 RM'000
Minda Global Berhad ("MGB")	69,106	73,809
N'sairis Technology Solutions Sdn. Bhd.	9,884	7,591

Profit or loss allocated to material non-controlling interests:

Name of company	2020 RM'000	2019 RM'000
Minda Global Berhad ("MGB")	(7,557)	(12,338)
N'sairis Technology Solutions Sdn. Bhd.	4,819	2,446

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(c) Non-controlling interests in subsidiaries (Continued)**

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	MGB RM'000	N'osairis RM'000
Summarised statements of financial position		
As at 31 December 2020		
Non-current assets	352,553	1,999
Current assets	83,211	33,614
Non-current liabilities	(150,380)	(1,752)
Current liabilities	(91,186)	(5,171)
Net asset	194,198	28,690
Summarised statement of comprehensive income		
Financial year ended 31 December 2020		
Revenue	91,166	38,385
(Loss)/Profit for the financial year	(10,213)	14,539
Total comprehensive (loss)/income	(10,213)	14,539
Summarised cash flow information		
Financial year ended 31 December 2020		
Cash flows from operating activities	887	9,888
Cash flows from/(used in) investing activities	4,381	(4,339)
Cash flows used in financing activities	(8,136)	(4,131)
Net (decrease)/increase in cash and cash equivalents	(2,868)	1,418

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****(c) Non-controlling interests in subsidiaries (Continued)**

	MGB RM'000	N'osairis RM'000
Summarised statements of financial position		
As at 31 December 2019		
Non-current assets	400,048	1,640
Current assets	76,165	29,928
Non-current liabilities	(196,033)	-
Current liabilities	(86,644)	(10,760)
Net asset	193,536	20,808
Summarised statement of comprehensive income		
Financial year ended 31 December 2019		
Revenue	97,501	40,546
(Loss)/Profit for the financial year	(37,783)	6,728
Total comprehensive (loss)/income	(37,783)	6,753
Summarised cash flow information		
Financial year ended 31 December 2019		
Cash flows (used in)/from operating activities	(2,350)	10,773
Cash flows from/(used in) investing activities	19,371	(1,176)
Cash flows (used in)/ from financing activities	(16,972)	198
Net increase in cash and cash equivalents	49	9,795

8. INVESTMENT IN ASSOCIATES

		Group 2020 RM'000	2019 RM'000
At cost			
Unquoted shares	(a)	73	73
Share of post-acquisition reserves		(73)	(24)
		-	49
Carrying value		-	49

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***8. INVESTMENT IN ASSOCIATES (CONTINUED)**

	Company	
	2020 RM'000	2019 RM'000
At cost		
Unquoted shares		
At 1 January	100	-
Reclassification of equity investment (Note 7(a))	-	100
Written off	(100)	-
At 31 December	-	100

(a) Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Ownership interest		Nature of relationship
		2020 %	2019 %	
Held by SMR Education Sdn. Bhd.				
SMR Education Solutions Sdn. Bhd. ("SMRES") *	Malaysia	-	10	Dormant.
Held by N'osairis Technology Solutions Sdn. Bhd.				
Nosairis Philippines Corporation ("NPC")	Philippines	36	36	Provision of IT solutions related to telecommunications.

* This associate has been striking off during the financial year.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***8. INVESTMENT IN ASSOCIATES (CONTINUED)**

- (b) The following table illustrates the summarised financial information of the Group's material associates:

Group

	SMRES RM'000	individually immaterial associates RM'000	Total RM'000
2019			
Reconciliation of net assets to carrying amount:			
Share of the net assets at the acquisition date	#	-	-
Fair value adjustments	100	-	100
Cost of investment	100	-	100
Share of post-acquisition loss	(51)	-	(51)
Carrying amount in the statements of financial position	49	-	49
Group's share of results:			
Group's share of profit or loss	-	-	-
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	-	-	-

Represents RM2

9. GOODWILL ON CONSOLIDATION

	Education unit RM'000	Technology unit RM'000	Total RM'000
Group			
2020			
At 1 January / 31 December	31,672	2,822	34,494
2019			
At 1 January	35,177	2,822	37,999
Less: Impairment loss during the financial year	(3,505)	-	(3,505)
At 31 December	31,672	2,822	34,494

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***9. GOODWILL ON CONSOLIDATION (CONTINUED)**

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating units ("CGUs").

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by the Group covering a five-year period. The same method has been used in the previous financial year.

Technology unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected over 5 years based on past experience and actual operating results;
- Revenue is projected based on existing and future expected sales of hardware and maintenance contracts; and
- The 17% (2019: 16%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the information technology business.

Education unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on past experience and actual operating results and management's plans. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the education business;
- Revenue growth rates are based on several strategies in place such as increase in students' number;
- The growth rate used in determining the terminal value is 1% (2019: 1%) which is based on the country headline inflation rate; and
- The 12% (2019: 14%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***10. OTHER INTANGIBLE ASSETS**

	Education licenses RM'000	Trademark RM'000	Development costs RM'000	Intellectual rights RM'000	Softwares RM'000	Franchise fee RM'000	Total RM'000
Group 2020							
Costs							
At 1 January	91,715	1,500	20,701	1,075	992	53	116,036
Addition							
- acquired separately	-	-	2,975	-	-	-	2,975
At 31 December	91,715	1,500	23,676	1,075	992	53	119,011
Accumulated amortisation							
At 1 January	-	-	12,796	985	403	-	14,184
Amortisation for the financial year	-	-	116	90	202	6	414
At 31 December	-	-	12,912	1,075	605	6	14,598
Accumulated allowance for impairment							
At 1 January	-	-	7,767	-	-	-	7,767
At 31 December	-	-	7,767	-	-	-	7,767
Carrying Amount							
At 31 December	91,715	1,500	2,997	-	387	47	96,646

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***10. OTHER INTANGIBLE ASSETS (CONTINUED)**

	Education licenses RM'000	Trademark RM'000	Development costs RM'000	Intellectual rights RM'000	Softwares RM'000	Franchise fee RM'000	Total RM'000
Group 2019							
Costs							
At 1 January	91,715	1,500	20,701	985	992	-	115,893
Addition							
- acquired separately	-	-	-	90	-	53	143
At 31 December	91,715	1,500	20,701	1,075	992	53	116,036
Accumulated amortisation							
At 1 January	-	-	12,774	985	201	-	13,960
Amortisation for the financial year	-	-	22	-	202	-	224
At 31 December	-	-	12,796	985	403	-	14,184
Accumulated allowance for impairment							
At 1 January	-	-	7,767	-	-	-	7,767
At 31 December	-	-	7,767	-	-	-	7,767
Carrying Amount							
At 31 December	91,715	1,500	138	90	589	53	94,085

(a) Amortisation

The amortisation of development costs of the Group is included in cost of sales. The amortisation of software and intellectual rights of the Group is included in administrative expenses.

(b) Trademark

Trademark represents the rights to use the Asia HRD Congress brand which the Group have assessed to have indefinite useful life. Trademark is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount to its recoverable amount. The recoverable amount of trademarks has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering five-year period. Calculation of value-in-use for the trademarks is most sensitive to the revenue projected and discount rate used.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***10. OTHER INTANGIBLE ASSETS (CONTINUED)****(c) Education licenses**

Education licenses to conduct the Bachelor of Medicine and Bachelor of Surgery ("MBBS") programme in universities are allocated to the education segment that generates revenue from MBBS programme. The useful life of these licenses are estimated to be indefinite.

Education licenses are assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGUs.

The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by management covering a five-year period.

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and management's plans. The Group believes that the 5 years forecasts period together with its estimated terminal value was justified due to the long-term nature of the education business;
- Revenue growth rates are based on several strategies in place such as increase in students' number;
- The growth rate used in determining the terminal value is 1% (2019: 1%) which is based on the country headline inflation rate; and
- The 14% (2019: 14%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the cash-generating unit ("CGU") to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGU.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***11. DEFERRED TAX ASSETS/(LIABILITIES)**

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	(22,018)	(27,659)
Recognised in other comprehensive income	(3,001)	-
Transfer to profit or loss (Note 32)	929	5,641
At 31 December	<u>(24,090)</u>	<u>(22,018)</u>

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group	
	2020	2019
	RM'000	RM'000
Deferred tax assets	7,514	5,831
Deferred tax liabilities	(31,604)	(27,849)
	<u>(24,090)</u>	<u>(22,018)</u>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	As at 1 January 2020 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive profit or loss RM'000	As at 31 December 2020 RM'000
Group				
Deferred tax assets				
Other deductible temporary differences	2,735	(665)	-	2,070
Unutilised tax losses	223	(223)	-	-
Unabsorbed capital allowances	1,266	(1,200)	-	66
Deferred income	687	363	-	1,050
Contract liabilities	-	3,081	-	3,081
Right-of-use assets	920	113	-	1,033
	<u>5,831</u>	<u>1,469</u>	<u>-</u>	<u>7,300</u>
Deferred tax liabilities				
Education licenses	(22,012)	-	-	(22,012)
Property and equipment	(5,837)	226	-	(5,611)
Other taxable temporary differences	-	(766)	-	(766)
Revaluation reserves	-	-	(3,001)	(3,001)
	<u>(27,849)</u>	<u>(540)</u>	<u>(3,001)</u>	<u>(31,390)</u>
	<u>(22,018)</u>	<u>929</u>	<u>(3,001)</u>	<u>(24,090)</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (Continued):

	As at 1 January 2019 RM'000	Recognised in profit or loss RM'000	As at 31 December 2019 RM'000
Group			
Deferred tax assets			
Other deductible temporary differences	1,951	784	2,735
Unutilised tax losses	-	223	223
Unabsorbed capital allowances	-	1,266	1,266
Deferred income	709	(22)	687
Right-of-use assets	-	920	920
	<u>2,660</u>	<u>3,171</u>	<u>5,831</u>
Deferred tax liabilities			
Education licenses	(22,012)	-	(22,012)
Property and equipment	(8,307)	2,470	(5,837)
	<u>(30,319)</u>	<u>2,470</u>	<u>(27,849)</u>
	<u>(27,659)</u>	<u>5,641</u>	<u>(22,018)</u>

The directors are of the opinion that the subsidiary will have sufficient future taxable profit to offset against the deductible temporary differences based on increase in the number of students and cost structure together with understanding that the recent years' losses are aberration.

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

	Group 2020 RM'000	2019 RM'000
Property, plant and equipment	-	3,442
Unutilised investment tax allowances	90,466	90,466
Unutilised tax losses	133,300	133,060
Unabsorbed capital allowances	284,180	279,433
Other deductible temporary differences	52,869	52,665
	<u>560,815</u>	<u>559,066</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries which will expire in the following financial years:

	Group	
	2020	2019
	RM'000	RM'000
2025	126,110	126,110
2026	6,826	6,950
2027	364	-
	133,300	133,060

12. CONTRACT COSTS

Contract costs represent commission fees paid to the agents.

Contract costs are amortised in accordance with the pattern of transfer of services under the contracts with customers.

During the financial year, amortisation amounting to RM2,865,000 (2019: RM2,641,000) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

13. OTHER INVESTMENT

	Group	
	2020	2019
	RM'000	RM'000
Fair Value through profit or loss		
Quoted equity securities	3,372	-

Investment in quoted equity were obtained as settlement consideration for the disposal of a business operation. The Group has assessed and provided a fair value loss of RM1,189,000 (2019: Nil) based on market value of these quoted shares as at reporting date. The Group's intention is to dispose this investment when a suitable buyer is being identified.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***14. INVENTORIES**

	Group	
	2020	2019
	RM'000	RM'000
At cost		
Consumable inventories	1,613	1,378

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM15,760,026 (2019: RM20,391,758).

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
	Note				
Trade receivables	(a)	81,090	80,335	-	-
Less: Impairment losses for trade receivables		(49,860)	(53,683)	-	-
		31,230	26,652	-	-
Other receivables	(b)	4,859	3,308	4,257	-
Less: Impairment losses for other receivables		(593)	(112)	-	-
		4,266	3,196	4,257	-
Prepayments		4,043	1,113	96	91
Deposits	(c)	7,736	8,232	4	33
GST refundable		65	1,320	-	-
		47,340	40,513	4,357	124

(a) Trade Receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2019: 30 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***15. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade Receivables (Continued)**Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	53,683	56,395
Charge for the financial year		
- individually assessed	1,742	3,684
- collectively assessed	441	-
Reversal of impairment losses	(102)	(2,746)
Written off	(5,904)	-
Disposal of subsidiary	-	(3,650)
At 31 December	<u>49,860</u>	<u>53,683</u>

The information about the credit exposures are disclosed in Note 37(i) to the financial statements.

Currency exposure profile

The Group's currency exposure profiles on trade receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	80,934	79,955
United States Dollar	-	32
Indian Rupee	12	19
Oman Dollar	-	96
Indonesian Rupiah	144	233
	<u>81,090</u>	<u>80,335</u>

(b) Other Receivables

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	112	530
Impairment loss	481	112
Reversal of impairment loss no longer required	-	(530)
At 31 December	<u>593</u>	<u>112</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***15. TRADE AND OTHER RECEIVABLES (CONTINUED)****(c) Deposits**

Included in deposits of the Group is rental deposits amounting to RM4,908,757 (2019: RM3,381,782).

16. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Amount due from subsidiaries	16,805	15,054
Less: Impairment losses	(14,240)	(1,153)
	<u>2,565</u>	<u>13,901</u>
Amount due to subsidiaries	<u>(7,554)</u>	<u>(27,030)</u>

The amount due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand and is expected to be settled in cash.

The movement in the allowance for impairment loss of amount due from subsidiaries were:

	Company	
	2020	2019
	RM'000	RM'000
At 1 January	1,153	32,632
Addition - individually assessed	13,087	-
Written off	-	(31,479)
At 31 December	<u>14,240</u>	<u>1,153</u>

The above were individually impaired in view of operating losses by the subsidiaries.

17. FIXED DEPOSIT

The deposits placed with licensed banks of the Group amounting to RM5,379,226 (2019: RM2,314,129) are pledged to certain banks to secure banking facilities granted to the Group as disclosed in Note 24 to the financial statement.

The effective interest rates of the deposits placed with licensed banks of the Group range from 1.50% to 3.10% (2019: 3.05% to 3.35%) per annum at the end of the reporting period. All deposits have maturity period of 30 to 365 days (2019: 30 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***18. NON-CURRENT ASSETS HELD FOR SALE**

	Group	
	2020	2019
	RM'000	RM'000
Group		
Cost		
At 1 January	47,710	17,580
Transfer from property, plant and equipment (Note 5)	3,464	42,210
Transfer from right-of-use assets (Note 6)	1,500	5,500
Disposals	(13,796)	(17,580)
At 31 December	38,878	47,710
Accumulated depreciation and impairment loss		
At 1 January	7,116	-
Transfer from property and equipment (Note 5)	3,080	6,970
Transfer from right-of-use assets (Note 6)	636	146
Disposals	(3,148)	-
At 31 December	7,684	7,116
Carrying Amount		
At 31 December	31,194	40,594

Included in the non-current assets held for sale are properties with carrying amount of RM27,725,297 (2019: RM27,725,297) registered under master title which have yet to be sub-divided or strata and register in the name of the subsidiary.

- (a) On 30 June 2020, ASIAMET (M) Sdn. Bhd. ("AMSB"), an indirect subsidiary of the Company entered into Sale and Purchase Agreement ("SPA") with HG Team Spirit Sdn. Bhd. ("HGTSSB") for the disposal of four units of four storey terraced shop/offices for a total cash consideration of RM3,600,000 ("Proposed Building Disposal"). The Proposed Building Disposal is expected to be completed in year 2021. Accordingly, leasehold premises have been classified as non-current assets held for sale.
- (b) On 29 August 2019, AMSB entered into SPA with Heng Kui Heng, GNP Properties Sdn. Bhd., Wee Shin Hong and Koh Siew Bin for the disposal of nineteen units of three storey intermediate terraced shop/offices, three units of three storey end terraced shops/offices and one three storey corner terraced shops/offices for a total cash consideration of RM13,000,000 ("Proposed Building Disposal"). The Proposed Building Disposal was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***18. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)**

- (c) In previous financial year, an earnest deposit was received from Ascent Resource Holdings Sdn. Bhd. ("ARHSB") by AMSB, an indirect subsidiary of the Company for the disposal of institutional premises comprising fifteen contiguous units of four storey terraced shop offices/offices, a single storey auditorium, eleven units of stratified ground floor shop offices/offices, five units of stratified first floor shop offices/offices and three units of stratified second floor shop offices/offices and a car park area for a total cash consideration of RM30,000,000 ("Proposed Building Disposal"). On 25 February 2020, AMSB entered into a sale and purchase agreement with ARHSB for the Proposed Building Disposal. The Proposed Building Disposal is expected to be completed in year 2021. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

19. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of Shares Units ('000)	RM'000	Number of Shares Units ('000)	RM'000
Issued and fully paid up:				
At 1 January	407,047	84,504	407,047	84,504
Issuance of shares via:				
- Private placements	20,238	2,226	-	-
At 31 December	427,285	86,730	407,047	84,504

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In current financial year, the Company:

- (i) issued 20,238,000 new ordinary shares at a price of RM0.11 each for working capital purposes for a total cash consideration of RM2,226,000 pursuant to the private placement as disclosed in Note 39 to the financial statements.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***20. TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 29 June 2020, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 590,000 (2019: 1,467,000) shares of its issued share capital from the open market. The average price paid for the share repurchased is RM0.07 (2019: RM0.09) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2020, the Company held as treasury shares a total of 2,283,100 (2019: 1,693,100) of its 427,284,775 (2019: 407,046,775) issued ordinary shares. Such treasury shares are held at a carrying amount of RM294,252 (2019: RM253,964).

21. SHARE BASED PAYMENT RESERVE

The share based payment reserve comprises the cumulative value of director and employees services received and as incentive for the employees to remain in the Group for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share options were granted to directors and employees who had rendered services of at least 2 years and 1 year respectively. All share options granted were immediately vested except for the share options granted to employees of a subsidiary which was vested after 31 March 2017. The exercise price was fixed by on five-day volume weighted average price starting from 8 December 2016 to 15 December 2016. The contractual term of each option granted is five years. The options carry neither rights to dividends nor voting rights.

The Company had extended the exercisable period for the offer of ESOS granted to the eligible employees and directors from 31 March 2018 to 30 September 2018, and further extended to 30 June 2019 in accordance with the provisions of ESOS By-Laws. However, un-exercise shares granted on 16 December 2016 had lapsed after 30 June 2019.

On 20 November 2020, the Group and the Company have resolved to extend its existing ESOS which is expiring on 24 November 2020 for another 5 years until 24 November 2025 in accordance with the terms of the ESOS By-Laws.

During the financial year, the Group and the Company did not grant any additional shares options under the ESOS.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***21. SHARE BASED PAYMENT RESERVE (CONTINUED)**Movement of share options during the financial year

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

	Group and Company			
	2020		2019	
	Number of ordinary shares Unit	Weighted average exercise RM	Number of ordinary shares Unit	Weighted average exercise RM
At 1 January				
Outstanding	5,230,000	-	30,548,500	-
- Lapsed	(5,230,000)	-	(25,318,500)	
At 31 December	<u>-</u>		<u>5,230,000</u>	
Exercisable				
At 31 December	<u>-</u>	-	<u>5,230,000</u>	0.160

The option outstanding at 31 December 2020 had an exercise price of RM Nil (2019: RM0.16) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was Nil (2019: 0.96 years).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

Parameter and Assumptions	Granted Date
	16.12.2016
Share price at valuation date	RM0.175
Exercise price	RM0.160
Expected option tenure	3.95 years
Expected volatility (% p.a.)	64.62%
Dividend yield (% p.a.)	0.00%
Risk-free interest rate (% p.a.)	3.70%

The expected volatility is based on the historical share price volatility over the last 4 years.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***22. REVALUATION RESERVE**

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	-	1,498
Addition	5,396	-
Disposal	-	(1,498)
At 31 December	5,396	-

The revaluation reserve represents surplus arising from revaluation of land and buildings as disclosed in Note 5 and 6 to the financial statements.

23. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

24. LOANS AND BORROWINGS

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Secured					
Non-current					
Term loan (Islamic)	(a)	17,390	-	-	-
Current					
Term loans		2,000	2,011	-	-
Sukuk Wakalah	(b)	-	16,482	-	-
Bank overdraft	(c)	8,492	429	-	-
		10,492	18,922	-	-
Total loans and borrowings		27,882	18,922	-	-

(a) Term loan (Islamic)

Term loan of a subsidiary bears profit rate at 5.51% (2019: Nil) per annum and is repayable by 59 monthly instalments over seven years commencing on the 25th month after the first drawdown and is secured and supported as follows:

- (i) Charge over property of a subsidiary as disclosed in Note 5 and Note 6;
- (ii) Guarantee from a director;
- (iii) Corporate guarantee of a subsidiary; and
- (iv) Charged over cash deposit – debt service reserve account.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***24. LOANS AND BORROWINGS (CONTINUED)****(b) Sukuk Wakalah**

CUCMS Education Sdn. Bhd. ("CESB"), an indirect subsidiary of the Company on 20 April 2018 has established an Islamic Medium Term Note Programme ("IMTN Programme") under the Sukuk Wakalah of RM150,000,000 for which Asiamet (M) Sdn. Bhd., an indirect subsidiary of the Company has undertaken to provide a third party first legal charge in favour of Amanahraya Trustees Berhad (the Security Trustee) over certain properties of the Group as disclosed in Note 5. Certain bank accounts of AMSB and CESB also have been charged and assigned for the Sukuk Wakalah facility as disclosed in Note 15. Asiamet Education Group Sdn. Bhd. ("AEGSB"), a subsidiary of the Company has undertaken to channel any profit guarantee shortfall received pursuant to the Share Sale Agreement entered into on 5 December 2016 between SMRT Holdings Berhad, SMR Education Sdn. Bhd. and AEGSB to CESB in the event if there is a shortfall in the minimum required balance under the IMTN. The Company also entered into Kafalah Guarantee Agreement as guarantor for the IMTN Programme.

In the previous financial year, the Sukuk Wakalah bears a yield payable of 8.80% per annum.

As at 31 December 2019, the CESB had not met the financial covenant of debt to equity ratio because the computation for the debt includes lease liabilities during the financial year resulted from the adoption of MFRS 16 Leases. CESB also had exceeded the limit of intercompany advances to shareholders and related companies for the Sukuk Wakalah facility under the financial covenant. Accordingly, the non-current borrowing of RM16,481,862 has been reclassified to current liabilities. During the financial year, the Group had drawdown its term loan facility to redeem the Sukuk Wakalah.

(c) Bank overdraft

The bank overdraft bear interest at rates ranging from 6.51% to 7.40% (2019: 8.52% to 8.85%) per annum.

25. LEASE LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Non-current		
Lease liabilities	150,961	220,644
Current		
Lease liabilities	9,823	7,871
	160,784	228,515

Certain buildings, computers and motor vehicles of the Group as disclosed in Note 6 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The interest rate implicit in the leases is 2.29% to 8.12% (2019: 2.35% to 8.43%).

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***25. LEASE LIABILITIES (CONTINUED)**

	Group	
	2020	2019
	RM'000	RM'000
Minimum lease payments:		
- not later than one year	21,351	26,546
- later than one year but not later than five years	107,335	140,921
- later than five years	130,161	244,617
	<hr/> 258,847	<hr/> 412,084
Less: Future interest charges	(98,063)	(183,569)
Present value of minimum lease payables	<hr/> 160,784	<hr/> 228,515
Present value of minimum lease payments receivables:		
- not later than one year	9,823	7,871
- later than one year but not later than five years	50,834	55,262
- later than five years	100,127	165,382
	<hr/> 160,784	<hr/> 228,515
Less: Amount due within 12 months	(9,823)	(7,871)
Amount due after 12 months	<hr/> 150,961	<hr/> 220,644

26. TRADE AND OTHER PAYABLES

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables	(a)	10,305	7,204	-	-
Non-trade					
Other payables	(b)	25,495	25,823	8,149	2,023
Deposits	(c)	5,835	5,324	-	-
Accruals		16,335	16,310	3,867	2,785
SST payables		591	594	-	-
Amount due to directors	(d)	-	7,003	-	-
		<hr/> 48,256	<hr/> 55,054	<hr/> 12,016	<hr/> 4,808
Total trade and other payables		<hr/> 58,561	<hr/> 62,258	<hr/> 12,016	<hr/> 4,808

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***26. TRADE AND OTHER PAYABLES (CONTINUED)****(a) Trade payables**

The normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

The Group's currency exposure profile on the trade payables is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Ringgit Malaysia	10,079	7,120
Indonesian Rupiah	197	-
United States Dollar	24	-
Indian Rupee	5	84
	<u>10,305</u>	<u>7,204</u>

(b) Other payables

(i) Included in other payables of the Group are:

- an amount of RM1,093,213 (2019: RM4,544,396) due to contractor for the renovation of new campus;
- an amount of RM3,348,745 (2019: RM1,946,258) in respect of rental of premises; and
- an amount of RM353,933 (2019: RM353,933) which is due to a foundation in which a director of the Company is the founder and director.

(ii) Included in other payables of the Company an amount of RM5,909,000 (2019: RM Nil) in respect of profit guarantee compensation payable to a subsidiary.

(c) Included in deposits are amounts of RM3,360,000 (2019: RM2,535,000) received from purchasers of properties of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***27. PROVISION**

	Company	
	2020	2019
	RM'000	RM'000
At 1 January	3,091	2,415
Recognised in profit or loss	-	3,091
Reclassification	(3,091)	-
Utilised during the financial year	-	(2,415)
At 31 December	-	3,091

Provision relates to the profit guarantee compensation payable arising from the disposal of CUCMS Education Sdn. Bhd. to Asiamet Education Group Sdn. Bhd.

28. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets		
Accrued income	7,471	1,843
Contract liabilities		
Deferred income	(18,379)	(6,004)
Advances received from students	(11,312)	(9,536)
	(29,691)	(15,540)

Significant changes in contract liabilities:

	Group	
	2020	2019
	RM'000	RM'000
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	15,540	(14,544)
Increases due to billing/cash received in advance not recognised as revenue at the end of the financial year	(29,691)	(15,540)
Contract assets		
Increased due to revenue recognised for unbilled goods or services transferred to customers	7,471	1,843
Transfer from contract assets recognised at the beginning of the financial year to receivables	(1,843)	-

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***29. REVENUE**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers:				
Course fee	84,607	83,466	-	-
Royalty fee	4,094	5,715	-	-
Training, event and recruitment	977	920	-	-
Software consultancy and development	19	499	-	-
IT solutions	39,349	40,547	-	-
Consultancy fee	-	620	-	-
Others	1,059	4,376	-	-
	130,105	136,143	-	-
Revenue from other sources:				
Rental income	2,071	4,816	-	-
Dividend income	-	-	4,275	2,093
	132,176	140,959	4,275	2,093

(a) Disaggregation of revenue

The Group reports the following major segments: education, training, technology and other non-reportable segments comprise operation related to investment holding and non-active companies in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary, major goods or services and timing of revenue recognition.

	Education	Training	Technology	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2020				
Revenue from contract with customers:				
Tuition fee	84,607	-	-	84,607
Royalty fee	4,094	-	-	4,094
Training, event and recruitment	-	977	-	977
Software consultancy and development	-	-	19	19
IT solution	-	-	39,349	39,349
Others	-	-	1,059	1,059
	88,701	977	40,427	130,105

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***29. REVENUE (CONTINUED)****(a) Disaggregation of revenue (Continued)**

Group	Education RM'000	Training RM'000	Technology RM'000	Total RM'000
2020				
At a point in time	-	977	40,427	41,404
Over time	88,701	-	-	88,701
	88,701	977	40,427	130,105
2019				
<i>Revenue from contract with customers:</i>				
Tuition fee	83,466	-	-	83,466
Royalty fee	5,715	-	-	5,715
Training, event and recruitment	-	920	-	920
Software consultancy and development	-	-	499	499
Consultancy fee	-	620	-	620
IT solution	-	-	40,547	40,547
Others	4,376	-	-	4,376
	93,557	1,540	41,046	136,143
<i>Timing of revenue recognition:</i>				
At a point in time	4,376	1,540	41,046	46,962
Over time	89,181	-	-	89,181
	93,557	1,540	41,046	136,143

30. FINANCE COSTS

	Group	
	2020 RM'000	2019 RM'000
Interest expenses		
- borrowings	1,932	2,464
- bank overdraft	442	76
- lease liabilities	19,153	21,059
	21,527	23,599

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***31. LOSS BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory				
- current year	527	674	110	120
- prior year	143	189	(8)	12
- non-statutory	12	16	6	10
Impairment loss for:				
- investment in subsidiaries	-	-	-	16,862
- investment in an associate	-	-	100	-
- trade receivables	2,183	3,684	-	-
- other receivables	481	112	-	-
- amount due from subsidiaries	-	-	13,087	-
- property, plant and equipment	-	6,202	-	-
- right-of-use assets	3,993	9,029	-	-
- goodwill on consolidation	-	3,505	-	-
Amortisation of:				
- contract cost	2,865	2,641	-	-
- intangible assets	414	224	-	-
Depreciation of:				
- property, plant and equipment	8,614	9,600	2	4
- right-of-use assets	16,778	18,040	-	-
Loss on disposal of				
- investment in subsidiaries	-	1,085	-	8,269
- property, plant and equipment	-	515	7	-
- non-current assets held for sale	-	942	-	-
Fair value loss on quoted equity securities	1,189	-	-	-
Written off for:				
- investment in associate	49	-	-	-
- property, plant and equipment	-	-	-	1
- inventories	43	120	-	-
- trade receivables	53	104	-	-
Realised loss on foreign exchange	193	60	-	1
Expenses relating to low value assets	446	760	-	-
Staff costs:				
- salary, wages, allowances and bonus	49,216	50,157	126	1,254
- Employees' Provident Fund and SOCSO	4,596	4,513	11	93
- other staff related expenses	290	133	50	54

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***31. LOSS BEFORE TAX (CONTINUED)**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax (Continued):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend income	-	-	(4,275)	(2,093)
Gain on disposal of:				
- property, plant and equipment	(41)	(676)	-	-
- non-current assets held for sale	(2,483)	-	-	-
Bargain purchase of acquisition of subsidiary	-	(51)	-	-
Gain on modification and derecognition of lease	(6,462)	(1,529)	-	-
COVID-19 related rent concession	(2,088)	-	-	-
Realised gain on foreign exchange	-	#	-	-
Unrealised gain on foreign exchange	-	(13)	-	(11)
Interest income	(36)	(79)	-	-
Reversal of impairment loss no longer required for:				
- trade receivables	(102)	(2,746)	-	-
- other receivables	-	(530)	-	-
- investment in subsidiaries	-	-	(4,020)	(4,923)
- right-of-use assets	(911)	-	-	-

Represents amount less than RM1,000

32. TAXATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- current year	286	232	-	-
- prior years	(141)	(592)	-	-
	145	(360)	-	-
Real property gain tax	-	45	-	-
Deferred tax (Note 11)				
- current year	(1,402)	(5,264)	-	-
- prior years	473	(377)	-	-
	(929)	(5,641)	-	-
Income tax expense recognised in profit or loss	(784)	(5,956)	-	-

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***32. TAXATION (CONTINUED)**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax related to other comprehensive income (Note 11):				
Revaluation of property plant and equipment and right-of-use assets	3,001	-	-	-
Total tax expense recognised in other comprehensive income	3,001	-	-	-

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2019: 24%) of the estimated assessable (loss)/profit for the financial year.

The reconciliation from the tax amounts at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(12,926)	(55,997)	(7,539)	(27,355)
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	(3,102)	(13,439)	(1,809)	(6,565)
Adjustments:				
- non-deductible expenses	5,479	10,323	5,859	8,251
- income not subject to tax	336	(1,892)	(4,050)	(1,686)
- Tax exempt income	(4,256)	(2,430)	-	-
- deferred tax assets not recognised during the financial year	427	2,514	-	-
- tax effect arising from real property gains tax	-	(63)	-	-
- under provision of deferred tax in prior years	473	-	-	-
- over provision of current tax in prior years	(141)	(969)	-	-
Income tax expense	(784)	(5,956)	-	-

CUCMS Edutech Sdn. Bhd. ("Edutech"), an indirect subsidiary of the Company was granted the MSC Malaysia Status which entitled Edutech to the tax incentive under the pioneer status (100% tax exemption on taxable statutory income for a period up to 10 years and renewable after the expiry of the first five years, subject to compliance with terms and conditions, and relevant laws) effective from 8 December 2016 pursuant to the Promotion of Investments Act 1986.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***33. LOSS PER SHARE****(a) Basic loss per ordinary shares**

Basic loss per share is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Loss attributable to owners of the Company	(9,404)	(39,960)
	Number of Shares Unit ('000)	Number of Shares Unit ('000)
Weighted average number of ordinary shares in issue		
At 1 January	407,047	407,047
Add: Effect of issuance of shares	55	-
Less: Effect of treasury shares held	(2,173)	(170)
At 31 December	404,929	406,877
Basic loss per share (sen)	(2.32)	(9.82)

(b) Diluted loss per ordinary share

Diluted loss per share is based on the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Loss attributable to owners of the Company	(9,404)	(39,960)
Weighted average number of ordinary shares in issue	404,929	406,877
Effect of dilution for:		
Employee Share Option Scheme	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	404,929	406,877
Diluted loss per share (sen)	(2.32)	(9.82)

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share for the financial year ended 31 December 2020 as the potential ordinary shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***34. RELATED PARTIES****(a) Identification of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Entities in which directors have substantial financial interests; and
- (iv) Key management personnel of the Group and the Company comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend Income				
Subsidiaries	-	-	4,275	2,093
Revenue				
Tuition fee from an entity in which a director have substantial interest	874	75	-	-
Software maintenance from an entities in which directors have substantial interests	575	1,405	-	-
Contingent consideration				
Subsidiaries	-	-	-	3,091

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 15, 16 and 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***34. RELATED PARTIES (CONTINUED)****(c) Key management personnel compensation**

The details of key management personnel compensation during the financial year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Salaries and allowances	1,138	2,272	-	1,169
Fees	813	387	801	227
Contribution to Employees' Provident Fund	139	114	*	92
Other emoluments	38	119	38	116
	2,128	2,892	839	1,604
Other key management personnel				
Salaries and allowances	1,165	1,784	-	-
Contribution to Employees' Provident Fund	71	155	-	-
	1,236	1,939	-	-
	3,364	4,831	839	1,604

* Represents amount less than RM1,000

35. SEGMENTAL INFORMATION

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operations in each of the Group's reportable segments:

- (a) Education: Business of operating educational institutions and provisions educational management services
- (b) Training: Provide Human Resources or Human Resources Development training, consulting, outsourcing, events, learning resources and advisory support services.
- (c) Technology: Provide software consultancy and development and its related services.

Other non-reportable segments comprise operations related to investment holding and non-active companies.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)**2020****Revenue:**

Revenue from external customers
Inter-segment revenue *

	Education RM'000	Training RM'000	Technology RM'000	Investment holding RM'000	Eliminations of Inter Segment Transactions RM'000	Total RM'000
	90,189	977	40,427	583	-	132,176
	-	-	-	13,583	(13,583)	-
	90,189	977	40,427	14,166	(13,583)	132,176

Results:

Included in the measure of segment

(loss)/profit

Interest income

Interest expense

Depreciation of:

- property, plant and equipment

- right-of-use assets

(Impairment loss)/Reversal of impairment loss:

- trade receivables

- other receivables

Amortisation of intangible assets

COVID-19 related rent concession

Gain on modification and derecognition of lease

19	16	1	-	-	-	36
(18,107)	(57)	(45)	(10,695)	7,377	-	(21,527)
(7,035)	(8)	(485)	(17)	(1,069)	(1,069)	(8,614)
(15,621)	(113)	(349)	(7,702)	7,007	(16,778)	(16,778)
(2,081)	-	-	-	-	-	(2,081)
(481)	-	-	-	-	-	(481)
(324)	-	(90)	-	-	-	(414)
(4,026)	-	-	(1,035)	2,973	(2,088)	(2,088)
(6,516)	-	-	-	54	(6,462)	(6,462)

Segment (loss)/profit

(11,922)	(91)	15,634	(6,393)	(10,154)	(12,926)
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Income tax expense

1,818	(17)	(1,975)	-	958	784
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(Loss)/Profit for the financial year

(10,104)	(108)	13,659	(6,393)	(9,196)	(12,142)
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NOTES TO THE FINANCIAL STATEMENTS

(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)**2019****Revenue:**

Revenue from external customers
Inter-segment revenue *

	Education RM'000	Training RM'000	Technology RM'000	Investment holding/ Others RM'000	Eliminations of Inter Segment Transactions RM'000	Total RM'000
	98,337	920	41,046	656	-	140,959
	-	-	-	10,008	(10,008)	-
	98,337	920	41,046	10,664	-	140,959
	25	24	30	-	-	79
	(20,086)	(62)	(107)	(10,785)	7,441	(23,599)
	(8,610)	(134)	(600)	(73)	(183)	(9,600)
	(14,723)	(123)	(317)	(8,367)	5,490	(18,040)
	(3,684)	-	-	-	-	(3,684)
	(112)	-	-	-	-	(112)
	-	-	-	(3,505)	-	(3,505)
	-	-	-	(9,029)	-	(9,029)
	(6,202)	-	-	-	-	(6,202)
	(224)	-	-	-	-	(224)

Results:

Included in the measure of segment
(loss)/profit

Interest income

Interest expense

Depreciation of:

- property, plant and equipment

- right-of-use assets

Impairment loss of:

- trade receivables

- other receivables

- goodwill

- right-of-use assets

- property, plant and equipment

Amortisation of intangible assets

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***35. SEGMENTAL INFORMATION (CONTINUED)**

2019	Education RM'000	Training RM'000	Technology RM'000	Investment holding/ Others RM'000	Eliminations of Inter Segment Transactions RM'000	Total RM'000
Segment (loss)/profit	(52,627)	524	16,830	(23,454)	2,730	(55,997)
Income tax expense	4,257	519	140	-	1,040	5,956
(Loss)/Profit for the financial year	(48,370)	1,043	16,970	(23,454)	3,770	(50,041)

* Inter-segment revenue is eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

35. SEGMENTAL INFORMATION (CONTINUED)

Segment profit or loss is measured based on segment (loss)/profit before tax that are reviewed by the Chairman. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Information about major customers

Major customers' information represents revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

The Group has a major customer with revenue equal or more than 18% (2019: 19%) of the Group revenue from the technology segment contributing total revenue of RM23,471,680 (2019: RM26,973,063).

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***36. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows:

Group	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
2020			
Financial assets			
Other investment	3,372	-	3,372
Trade and other receivables *	-	43,232	43,232
Deposits placed with licensed banks	-	14,462	14,462
Cash and bank balances	-	12,898	12,898
	3,372	70,592	73,964
Financial liabilities			
Trade and other payables #	-	57,970	57,970
Loans and borrowings	-	27,882	27,882
Lease liabilities	-	160,784	160,784
	-	246,636	246,636
2019			
Financial assets			
Trade and other receivables *	-	38,080	38,080
Deposits placed with licensed banks	-	2,314	2,314
Cash and bank balances	-	14,728	14,728
	-	55,122	55,122
Financial liabilities			
Trade and other payables #, @	-	61,664	61,664
Loans and borrowings	-	18,922	18,922
Lease liabilities	-	228,515	228,515
	-	309,101	309,101

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***36. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (Continued)**

	Amortised cost RM'000	Total RM'000
Company		
2020		
Financial assets		
Trade and other receivables *	4,261	4,261
Amount due from subsidiaries	2,565	2,565
Cash and bank balances	761	761
	<hr/> 7,587	<hr/> 7,587
Financial liabilities		
Other payables and accruals	12,016	12,016
Amount due to subsidiaries	7,554	7,554
	<hr/> 19,570	<hr/> 19,570
2019		
Financial assets		
Trade and other receivables *	33	33
Amount due from subsidiaries	13,901	13,901
Cash and bank balances	86	86
	<hr/> 14,020	<hr/> 13,987
Financial liabilities		
Other payables and accruals	4,808	4,808
Amount due to subsidiaries	27,030	27,030
	<hr/> 31,838	<hr/> 31,838

* The amount excludes prepayments and GST refundable.

The amount excludes SST payables.

@ Exclude deposit received for sale of properties as disclosed in Note 18(b).

(b) Fair values**(i) Determination of Fair Value**

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value due to the relatively short-term nature of these financial instruments.

In respect of the long-term borrowings with variable interest rates, the carrying amounts approximate fair values as they are repriced to market interest rates for liabilities with similar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***36. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Fair values (Continued)****(i) Determination of Fair Value (Continued)**

The following table provide the fair value measurement hierarchy of the Group's financial instrument:

	Fair value measurement Level 1 RM	Carrying amount RM
Group		
2020		
Financial assets at fair value		
- other investment	3,372	3,372

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)****(i) Credit risk (Continued)****Trade receivables**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
Education	20,645	66%	11,042	41%
Technology	10,208	33%	14,400	54%
Investment holding/ others	377	1%	1,210	5%
	31,230	100%	26,652	100%

The Group and the Company applied the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)****(i) Credit risk (Continued)****Trade receivables and contract assets (Continued)**

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets using provision matrix are as follows:

	ECL rate	Gross carrying amount RM'000	ECL allowance RM'000	Net balance RM'000
Group 2020				
1 to 30 days past due	0% to 14%	5,273	(43)	5,230
> 30 days past due	0% to 12%	4,215	(55)	4,160
> 60 days past due	1% to 10%	6,722	(115)	6,607
> 90 days past due	0% to 17%	4,672	(72)	4,600
> 120 days past due	8% to 100%	15,675	(5,042)	10,633
Credit impaired:				
- individually impaired	100%	44,533	(44,533)	-
		81,090	(49,860)	31,230
2019				
1 to 30 days past due	1% to 4%	3,972	(23)	3,949
> 30 days past due	2% to 6%	1,280	(41)	1,239
> 60 days past due	3% to 6%	1,593	(56)	1,537
> 90 days past due	4% to 10%	2,634	(102)	2,532
> 120 days past due	6% to 100%	21,958	(4,563)	17,395
Credit impaired:				
- individually impaired	100%	48,898	(48,898)	-
		80,335	(53,683)	26,652

The reconciliations of loss allowance for trade receivables as at 31 December 2020 are disclosed in Note 15 to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and balance balances, and related company balance), the Group and the Company minimise credit risk by dealing with credit worthy counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)****(i) Credit risk (Continued)****Other receivables and other financial assets (Continued)**

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the intercompany does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3(m)(i) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 31 December 2020 to have low credit risk and the expected credit loss is negligible. The reconciliations of loss allowance for other receivables as at 31 December 2020 are disclosed in Note 15 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company will ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM864,000 and the Group had short-term payables and borrowings of RM58,561,000 and RM10,492,000 respectively.

The Group has taken new banking facilities in which the Group is able to utilise these facilities to finance its capital expenditure, working capital and/or other funding requirements. Subsequent to the end of the financial year, the Group had drawdown the term loan to redeem its Sukuk Wakalah.

The Group has prepared a cash flow forecast to consider the availability of cash and unutilised funding facilities in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumption and judgements are used in the preparation of the cashflow forecast.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)****(ii) Liquidity risk (Continued)**Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities based on contractual undiscounted repayment at the reporting date are as follows:

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand or within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities					
Group					
2020					
Trade and					
other payables #	57,970	57,970	57,970	-	-
Lease liabilities	160,784	258,847	21,351	107,335	130,161
Loans and					
borrowings	27,882	31,649	11,452	16,436	3,761
	246,636	348,466	90,773	123,771	133,922
2019					
Trade and					
other payables #	61,664	61,664	61,664	-	-
Lease liabilities	228,515	412,084	26,546	140,921	244,617
Loans and					
borrowings	18,922	19,699	19,699	-	-
	309,101	493,447	107,909	140,921	244,617
Company					
2020					
Trade and					
other payables #	12,016	12,016	12,016	-	-
Amount due to					
subsidiaries	7,554	7,554	7,554	-	-
	19,570	19,570	19,570	-	-
2019					
Trade and					
other payables #	4,808	4,808	4,808	-	-
Amount due to					
subsidiaries	27,030	27,030	27,030	-	-
	31,838	31,838	31,838	-	-

The amount exclude SST and GST payables.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)****(iii) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in basis point	Effect on profit for the financial year (Increase/ (Decrease)) RM'000	Effect on equity (Increase/ (Decrease)) RM'000
Group			
31 December 2020	+ 50	(106)	(106)
	- 50	106	106
31 December 2019	+ 50	(72)	(72)
	- 50	72	72

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Euro and United States Dollar. The Group's trade receivables and trade payables balance at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of the RM against respective foreign currencies as at the end of the reporting period would have immaterial impact on profit before tax.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***38. CAPITAL MANAGEMENT**

The Group's objectives 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 investors, creditors and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratios as at 31 December 2020 and 31 December 2019 were as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings (Note 24)	27,882	18,922	-	-
Less : Cash and bank balances	(12,898)	(14,728)	(761)	(86)
Less : Fixed deposits	(14,462)	(2,314)	-	-
Net debts	522	1,880	(761)	(86)
Total equity attributable to the owners of the Company	112,080	113,948	61,479	66,832
Total equity plus net debts	112,602	115,828	60,718	66,746
Gearing ratio	0.01	0.02	-	-

The Group do not have any externally imposed capital requirement other than a debt to service coverage ratio of a subsidiary effective in year 2021 in respect of term loan facility as disclosed in Note 24 to the financial statements.

39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**(a) Disposal of business**

A subsidiary of the Company, namely Talentoz Sdn. Bhd. ("TSB") had on 14 July 2020 entered into an Asset Purchase Agreement ("APA") with Pay Asia Pte Ltd and PayMy Outsourcing Sdn. Bhd. for the disposal of the entire businesses of TSB for a consideration of Singapore Dollar One Million Six Hundred Twenty Five Thousand (S\$1,625,000) which equivalent to approximately RM4,979,000.

This APA was exercised simultaneously with the APA entered into between Forzia Tech Pte Ltd ("Forzia"), a subsidiary of TSB, and Pay Asia Management Pte Ltd for the proposed disposal of the entire business in Forzia for a purchase consideration of Singapore Dollar Twenty Five Thousand (S\$25,000) which is equivalent to approximately RM77,000.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)****(b) COVID-19 Pandemic**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 outbreak in Malaysia and subsequently, followed by Recovery MCO and Conditional MCO. On 10 May 2021, the Government again imposed a nationwide MCO from 12 May 2021 until 7 June 2021. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities on the financial statements for the current financial year. The MCO and travel restrictions affected the arrival of international students to Malaysia and conduct of on-campus classes. The MCO also resulted in deferment on student recruitment and graduation. Nevertheless, the Group was able to recruit students and conduct its courses online.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(c) Private placement up to 40,476,300 new ordinary shares

On 18 December 2020, the issuance price of the first tranche of private placement was fixed at RM0.11 per placement share.

On 31 December 2020, the Company proposed to undertake a private placement of up to 40,476,300 new ordinary shares of the Company, represents 10% of the existing total number of ordinary shares, to independent third party investors.

On 30 December 2020, 20,238,150 units of ordinary shares were issued for the first tranche of the private placement at RM0.11 per placement share. Consequently, the share capital of the Company had increased to RM86,730,230.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***40. COMPARATIVE FIGURES**

Certain comparatives have been reclassified to conform with current year's presentation as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
As at 31 December 2019			
Statements of Financial Position			
Trade and other receivables	42,356	(1,843)	40,513
Contract assets	-	1,843	1,843
Statements of Comprehensive Income			
Cost of sales	(86,608)	(2,593)	(89,201)
Administrative expenses	(70,570)	2,593	(67,977)

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR** and **MALAYANDI @ KALAIARASU**, being two of the directors of **SMRT HOLDINGS BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 64 to 181 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 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....
**TAN SRI DATO' DR. PALANIAPPAN
A/L RAMANATHAN CHETTIAR**
Director

.....
MALAYANDI @ KALAIARASU
Director

Date: 28 May 2021

STATUTORY DECLARATION**SMRT HOLDINGS BERHAD**

(Incorporated in Malaysia)

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **CHU KHEH WEE**, being the director primarily responsible for the financial management of **SMRT HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 64 to 181 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

.....
CHU KHEH WEE

MIA Membership No.: CA 15220

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 May 2021.

Before me,

.....
 Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMRT HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMRT Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to financial statements, including significant accounting policies, as set out on pages 64 to 181.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Group

Goodwill (Note 4(i) and Note 9 to the financial statements) and Other intangible assets (Note 4(i) and Note 10 to the financial statements)

The Group has significant balances of goodwill and education licenses arising from the acquisition of Minda Global Berhad. The goodwill and education licenses are tested for impairment annually. We focused on this area because this assessment requires significant judgements by the directors on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which includes future revenue and operating costs.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- assessing the valuation methodology adopted by the Group in measuring the recoverable amount is in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's key assumptions to our assessment in relation to key inputs such as discount rate, future revenue and operating costs;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions by assessing the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT*(Continued)***Key Audit Matters (Continued)****Group (Continued)****Trade receivables (Note 4(ii) and Note 15 to the financial statements)**

The Group has significant trade receivables as at 31 December 2020 which include certain amounts which are long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions and forward looking information at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and impairment assessment of trade receivables that were either in default or significantly overdue;
- understanding of the calculation of provision matrix and significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- testing the mathematical calculation of expected credit loss as at the end of the reporting period;
- review of significant component auditors' working papers; and
- reviewing receipts subsequent to the end of the financial year.

Funding requirement and ability to meet short term obligations (Note 4(iv) and Note 37(ii) to the financial statements)

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM864,000 and the Group had payables of RM58,561,000 and short-term borrowings of RM10,492,000. We focused on this area due to significant judgement made by the directors on assumptions relating to future revenue, operating costs and source of funding.

The Group's policies and processes for the management of liquidity risk is disclosed in Note 37(ii) to the financial statements.

Our response:

Our audit procedures included, among others:

- assessing the cash flow forecast over the next 12 months;
- comparing the Group's assumption in the cash flow forecast to our assessment in relation to key inputs such as revenue and operating costs;
- testing the mathematical accuracy of the cash flow forecast calculation;
- performing stress tests for a range of possible scenarios; and
- agreeing sources of financing and uses of funds to supporting documents.

INDEPENDENT AUDITORS' REPORT

(Continued)

Key Audit Matters (Continued)

Group (Continued)

Property and equipment and Right-of-use assets (Note 4(iii), Note 5 and Note 6 to the financial statements)

During the financial year, the Group adopted revaluation model in measuring the carrying amount of its properties. As at 31 December 2020, the properties that are classified as property and equipment and right-of-use of assets amounted to RM43,808,000 and RM20,300,000 respectively. Upon adoption of revaluation model, these properties are carried at revalued amount, being the fair value of the property, less accumulated depreciation and any accumulated impairment loss.

The Group estimated the fair value of the properties based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key inputs to use in the valuation process.

Our response:

Our audit procedures included, among others:

- understanding the scope and purpose of the valuation by reading the terms of engagement between the Group and the external valuer to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties;
- assessing the valuation approach used and appropriateness of the key inputs based on our knowledge of the property industry;
- review of significant component auditors' working paper, especially in relation to their discussion with external valuer on the valuation approach and the significant judgements made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- testing the mathematical calculation of the carrying amount of the properties.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

(Continued)

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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 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 identify during our audit.

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
03264/04/2023 J
Chartered Accountant

Kuala Lumpur

Date: 28 May 2021

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting (“AGM”) of SMRT Holdings Berhad (“SMRT” or “Company”) will be held at Lecture Hall 3, Level 4, Academic Block, University of Cyberjaya Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Tuesday, 29 June 2021 at 10.00 a.m. for the following purposes :

AGENDA

ORDINARY BUSINESS :

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. *Explanatory Note 1*
2. To approve the payment of Directors’ fees to be paid to Executive Directors from 1 January 2020 to 29 June 2021. **Ordinary Resolution 1**
Explanatory Note 2
3. To approve the payment of Directors’ fees and meeting allowances to be paid to Directors from 30 June 2021 until the conclusion of the next Annual General Meeting. **Ordinary Resolution 2**
Explanatory Note 2
4. To re-elect Tan Sri Dato’ Dr Palaniappan A/L Ramanathan Chettiar who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers himself for re-election. **Ordinary Resolution 3**
5. To re-elect Dato’ (Dr) Asariah Binti Mior Shaharuddin who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers herself for re-election. **Ordinary Resolution 4**
6. To re-elect Ms Ng Kit Ching who retires by casual vacancy pursuant to Clause 104 of the Company’s Constitution and being eligible, offers herself for re-election. **Ordinary Resolution 5**
7. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modifications, the following resolutions :

8. **SPECIAL RESOLUTION** **SPECIAL RESOLUTION 1**
PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY *Explanatory Note 3*
(“PROPOSED AMENDMENT”)

“THAT the Proposed Amendment to Clause 15 of the Constitution of the Company as set out below be approved and adopted :

Clause No.	Existing Clause	Amended Clause
15.	Issue of Securities	Issue of Securities
	Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds 10% of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.	Unless otherwise provided in the Listing Requirements (including any directives or modifications or relief issued by the Exchange from time to time in relation to the general mandate for issue of securities), the Act, the Central Depositories Act and/or the Rules and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities without the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

(Continued)

AND THAT the Directors of the Company be authorised with full power to make any modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to do all acts and things and to take all such steps as they may deem necessary or expedient to give full effect to the Proposed Amendment.”

9. **ORDINARY RESOLUTION**

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016

Ordinary

Resolution 7

Explanatory Note 4

“THAT subject always to the passing of Special Resolution 1, the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Section 75 and Section 76 of the Companies Act 2016 to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being.

THAT the Directors be and are hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad.

AND THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

ANY OTHER BUSINESS :

10. To transact any other business 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

WONG YOUN KIM (MAICSA 7018778)
PRACTICING CERTIFICATE NO. 201908000410
YIP SIEW CHENG (MAICSA 7006780)
PRACTICING CERTIFICATE NO. 202008001527
Company Secretaries

Kuala Lumpur
Dated : 31 May 2021

NOTES :

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING*(Continued)*

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”) as defined under the Securities Industry (Central Depositories) Act 1991, 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. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors on 23 June 2021 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

EXPLANATORY NOTES :**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

This item of the Agenda is meant for discussion only. The provision of Section 340(1) of the Companies Act 2016 requires that the Audited Financial Statements and the Reports of Directors and Auditors thereon be laid before the Company at its AGM. As such, this item of the Agenda is not a business which requires a resolution to be put to vote by shareholders.

2. DIRECTORS' REMUNERATION

Section 230(1) of the Companies Act 2016 provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors of the Company at the 17th AGM in 2 separate resolutions as stated below :

Ordinary Resolution 1 seeks approval for payment of Directors' fees of RM832,500 to be paid to Executive Directors of the Company from 1 January 2020 to 29 June 2021 as Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar and Mr Chu Kheh Wee have voluntarily waived their salaries and statutory entitlements for the year 2020 and 2021, and to be provided on accrued basis, in support of the challenges faced by the Company during Covid-19 pandemic, comprising the following :

Directors	Position	Directors' Fees (From 1/1/2020 to 29/6/2021) RM
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	Executive Chairman	720,000
Mr Chu Kheh Wee	Executive Director	112,500

Ordinary Resolution 2 seeks approval for payment of Directors' fees and meeting allowances to be paid to Directors of the Company from 30 June 2021 until the conclusion of the next AGM of the Company, comprising the following :

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING*(Continued)*

Board/ Committees	Position	Meeting Allowances (Per Meeting) RM	Directors' Fees (Per Director per month)	
			Executive Directors RM	Non-Executive Directors RM
Board of Directors	Non-Executive Directors	500	Up to RM40,000 Per Director	Up to RM4,000 Per Director
Audit and Risk Management Committee	Chairman	1,000	-	
	Member	500		
Nomination and Remuneration Committees	Chairman	1,000	-	
	Member	500		

3. PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY ("PROPOSED AMENDMENT")

The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the measures allowed or empowered by Bursa Malaysia Securities Berhad ("Bursa Securities") from time to time.

The proposed Special Resolution 1 is in line with Bursa Securities' letter dated 16 April 2020 where Bursa Securities has initiated to grant several additional temporary relief measures to listed corporations, amongst others, to allow a listed corporation to seek a higher general mandate under Rule 6.04 of the ACE Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities at the prevailing statutory and regulatory requirements.

This Special Resolution 1 shall be passed by a majority of not less than 75% of such members who are entitled to vote either in person or by proxy.

4. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016

The proposed Ordinary Resolution 7 is a renewal of the previous year's general mandate and if passed, will provide flexibility for the Company and empower the Directors to issue new shares up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company for any possible fund raising activities, including but not limited to placement of shares for purpose of funding investments, projects, working capital and/or acquisition as deemed necessary. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain shareholders' approval for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM.

Having considered the current economic environment arising from the global Covid-19 pandemic and the current and future financial needs of the Group, the Board would like to procure approval for the 20% general mandate pursuant to Section 75(1) of the Companies Act 2016 from its shareholders at the 17th AGM of the Company. In the face of the unprecedented challenges, further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings would allow the Company to preserve its cash flow and achieve a more optimal capital structure. Bursa Securities has also allowed that the 20% general mandate may be utilised by the Company to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board is of the opinion that the 20% general mandate is in the best interest of the Company and its shareholders.

The general mandate granted by the shareholders at the last AGM held on 30 July 2020 has been utilised via a private placement exercise where 40,476,300 new ordinary shares have been issued. The proceeds of RM4,290,487.80 raised from the private placement exercise had been utilised in the following manner as at 28 May 2021:

	RM'000
Proceed from Private Placement	4,290
Utilisation	4,237
Balance of unutilised proceeds as at 28 May 2021	53

STATEMENT ACCOMPANYING NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

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

The Directors seeking re-election at the Seventeenth Annual General Meeting of the Company are as follows :

1. Clause 97 of the Company's Constitution :
 - (i) Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar
 - (ii) Dato' (Dr) Asariah Binti Mior Shaharuddin
2. Clause 104 of the Company's Constitution :
 - (i) Ms Ng Kit Ching

The profiles of the Directors who are seeking for re-election at the Seventeenth Annual General Meeting of the Company are set out in "Directors' Profiles" section on pages 5 and 11 of the Company's Annual Report 2020.

The details of any interest in securities held by the said Directors are set out in "Directors' Report" section on pages 57 to 63 of the Company's Annual Report 2020.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Seventeenth Annual General Meeting of the Company for the details.

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FORM OF PROXY

SMRT

HOLDINGS BERHAD

Company Registration No : 200401021019 (659523-T)
(Incorporated in Malaysia)

I/We..... *NRIC/Company No
(Block Letters)

of

being a member/members of the abovenamed Company, hereby appoint

of.....

or failing *him/her,.....

of

or failing *him/her, the CHAIRMAN of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Seventeenth Annual General Meeting ("**AGM**") of SMRT Holdings Berhad to be held at Lecture Hall 3, Level 4, Academic Block, University of Cyberjaya Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Tuesday, 29 June 2021 at 10.00 a.m. and/or any adjournment thereof in the manner indicated below :

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTIONS			
1.	To approve the payment of Directors' fees to be paid to Executive Directors from 1 January 2020 to 29 June 2021.		
2.	To approve the payment of Directors' fees and meeting allowances to be paid to Directors from 30 June 2021 until the conclusion of the next Annual General Meeting.		
3.	To re-elect Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers himself for re-election.		
4.	To re-elect Dato' (Dr) Asariah Binti Mior Shaharuddin who retires by rotation pursuant to Clause 97 of the Company's Constitution and being eligible, offers herself for re-election.		
5.	To re-elect Ms Ng Kit Ching who retires by casual vacancy pursuant to Clause 104 of the Company's Constitution and being eligible, offers herself for re-election.		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016.		
SPECIAL RESOLUTION			
8.	Proposed Amendment to the Constitution of the Company.		

Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. If no specific instruction as to voting is given, the proxy will vote at *his/her discretion.

Number of Shares	
CDS Account No	
Date	

Signature of Member / Common Seal

Fold This Flap For Sealing

Notes :

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
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") as defined under the Securities Industry (Central Depositories) Act 1991, 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. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors on 23 June 2021 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

**Delete where inapplicable*

Fold Here

Affix
Stamp
here

SMRT Holdings Berhad (659523-T)


Level 8, Tower Block,
University of Cyberjaya (UoC) Campus,
Persiaran Bestari, Cyber 11
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia

Fold Here

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:

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



A SMRT Holdings Berhad (659523-T)
Level 8, Tower Block, University of Cyberjaya Campus
Persiaran Bestari, Cyber 11
63000 Cyberjaya, Selangor, Malaysia

T +(603) 2770 9199

F +(603) 2770 9099

W www.smrt.holdings