Minda Global
Berhad

Registration No. 201601039044 (1209985-V)

Crafting Future Minds of the World

Annual Report 2019

www.mindaglobal.com.my

VISION

Our vision is to build a community of quality learning institutions that craft the future minds of the world.

MISSION

Our mission is to promote open and equitable access to educational opportunities that empower communities.

CORPORATE VALUES

C A R E

COMMITMENT

Exceeding stakeholders' expectation with passion and vigour.

ACCOUNTABILITY

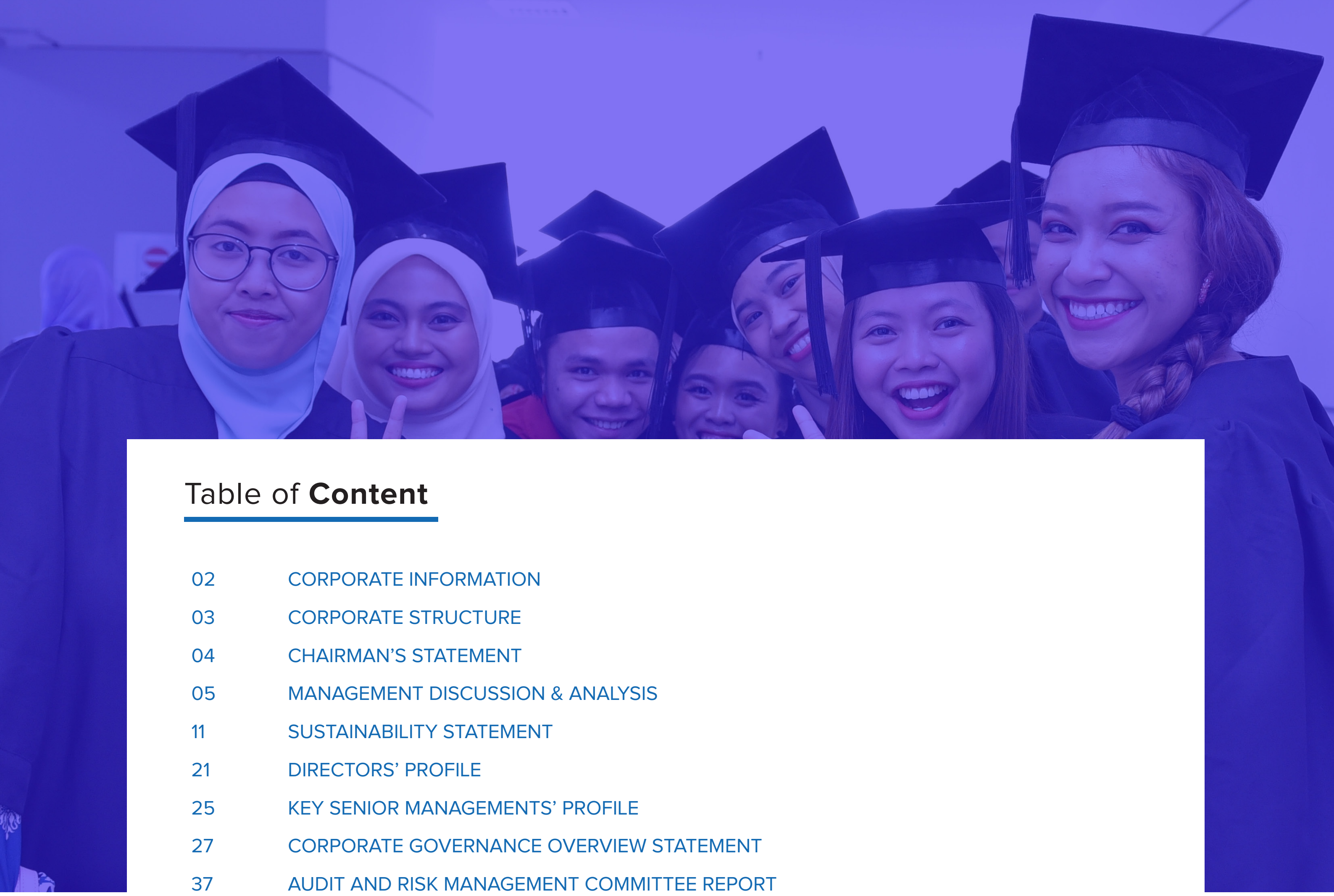
Being answerable for all our actions.

RESPECT

Appreciating diversity and equality.

EXCELLENCE

Engaging in the relentless pursuit of continuous improvement.



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CORPORATE INFORMATION
AS AT 29 MAY 2020

BOARD OF DIRECTORS
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)
(Independent Non-Executive Chairman)

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar
(Group Managing Director)

Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Senior Independent Non-Executive Director)

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)

Sanjeev Nanavati
(Independent Non-Executive Director)

Maha Ramanathan Palan
(Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Chairman)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Member)

Sanjeev Nanavati
(Member)

NOMINATION AND REMUNERATION COMMITTEE
Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Chairman)

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Member)

Sanjeev Nanavati
(Member)

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Selangor Darul Ehsan
Tel No.: (603)-8800 5295

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(formerly known as Symphony Share Registrars Sdn. Bhd.)
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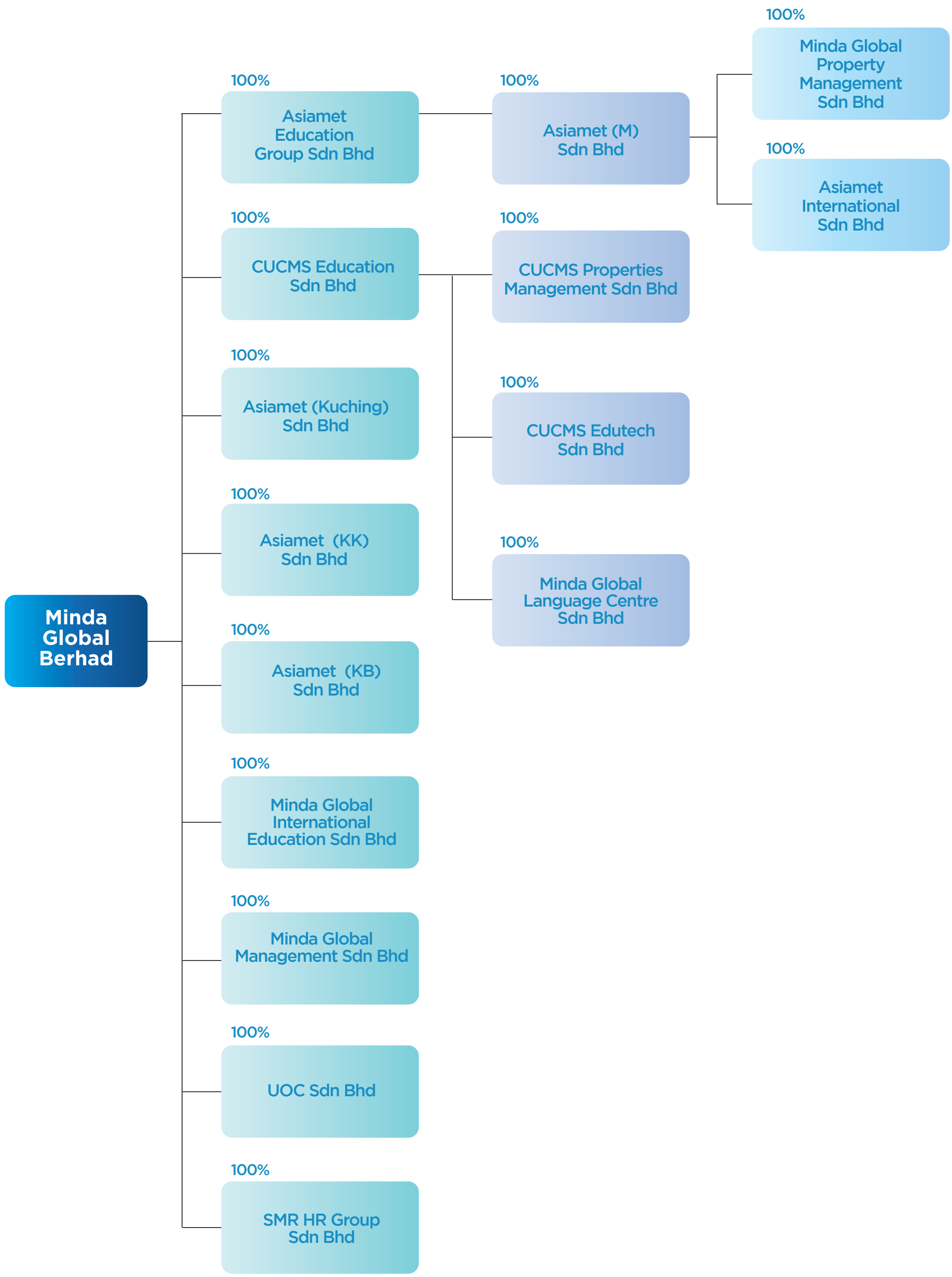
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

Stock Name: MINDA
Stock Code: 5166

Website www.mindaglobal.com.my

CORPORATE STRUCTURE
AS AT 29 MAY 2020



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

I am writing to you in the midst of what is a very challenging period for Malaysia and the rest of the world. The COVID-19 global pandemic has upended many business plans across various industries and brought significant and unanticipated changes.

I trust you too are concerned about how your company has weathered the storm and managed the welfare of its employees and students.

I am pleased to inform you that your company has remained resilient throughout this global crisis and has put in place stringent protocols to ensure the safety of our employees, students and other stakeholders. With the management's expertise and the dedication of employees at every level, your company managed to secure business continuity in time for the announcement of the Movement Control Order in Malaysia on 18 March 2020.

All institutions in the group had switched to full online learning in time for the MCO which enabled all staff to remain at home while continuing to deliver teaching & learning (T&L) activities to all our students. An estimated 90% of scheduled T&L had proceeded as scheduled while we postponed a certain number of sessions that involved clinical, bed-side teaching, laboratory sessions and internship.

The various institutions also enacted a Work From Home mechanism that allowed us to maintain a high degree of productivity during this period. Student welfare was of course of primary concern, and the Management of each institution worked closely with the relevant authorities in arranging for the mass transportation of students back to their hometowns in May. The institutions also provided food aid, counselling and other support to students who remained on campus.

I would now like to share how your company has performed in 2019.

We started the year with news that the Government had increased the seats for the Matriculation programme to 40,000. This had the effect of increasing the competition for the Foundation and Diploma programmes offered by private institutions. The Management quickly reacted to this by adjusting its sales & promotion strategy to help ensure that these pathway programmes continue to register strong enrolments. I am pleased that we ended the year recording a 39.8% growth in our Foundation & Certificate programme enrolments. This should provide a strong pipeline to our diploma and degree programmes in the coming year.

Your company also focused on increasing the enrolment for its MBBS programmes and the international market. Our core MBBS programme had registered an impressive 24% increase in new student enrolment while our international market segment posted a 29.9% growth in new student enrolments.

Your company achieved a revenue growth of 7.2% driven largely by increased enrolments in core MBBS programmes as well as through international recruitment, while strategic decisions by the Management helped us reduce our cost of services by 12.2%.

You will notice that the company's financial performance has yet to hit the mark. However, you will also notice that your company is still on the pathway to recovery as we planned the year before. Our inflated losses include impairment in goodwill and a negative impact due to the first year application of MFRS 16. Without these adjustments, our calculations suggest that the loss before tax for 2019 would have been RM14.8 million, a 20.0% improvement over the year before.

Please be assured that the Management team remains committed to ensuring that your company is on the track to profitability.

2019 is also a meaningful milestone year for your company. The Ministry of Higher Education granted a full university status to Cyberjaya University College of Medical Sciences which is now known as the University of Cyberjaya, thus making Minda Global Group the only Malaysian education player with control of 2 full universities. This provides us with various strategies to achieve increased synergy in student enrolment and operations.

The University of Cyberjaya continued to seal its place as a leading private university when it was granted 5-STARS for the categories of Teaching, Facilities, Employability and Inclusiveness under the QS STARS programme, by the publishers of the QS World University Rankings. The University was also recently inducted into the internationally acclaimed Times Higher Education (Impact) Impact Rankings 2020 where it was placed Top 601+, further highlighting management commitment to developing a truly global university.

The above are just some of the many steps that we have taken to help consolidate our position in the education industry. I encourage you to peruse this Annual Report for more information on our businesses.

Before I end, I would like to also express my appreciation to you, our shareholder, for your continued trust in the company and our mission. Rest assured that your Board of Directors will work closely with the Management team as we turn this company around and cement our position as a leading education service provider in Malaysia and the region.

Thank you.

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF MINDA GLOBAL GROUP

In 2019, Minda Global continued with its mission to build a sustainable business model in learning institutions. We achieved greater efficiency in our business and academic operations. To realise the organisation's vision, mission and values, we set the goals of creating a performance-driven culture and institutionalising the best practices. We invested further in pursuing academic excellence to provide an unparalleled learning experience for our students.

We have steadfastly faced various micro- and macro-level challenges. Our transformation plans that were commenced in 2018 to optimise cost and improve productivity, have started producing positive results, such as improving our cash flows and earnings in 2019. However, our operational improvement was not fully reflected in our financial report because of external factors beyond our control, which includes an uncertain economy, unfavourable market conditions and changes in the financial reporting standard. Consequently, our share price remained low in 2019.

In terms of operations, our top line revenue displayed a 7.2% growth driven largely by increased enrolments in core MBBS programmes and international recruitment. By implementing a leaner organisation, we reduced our cost of services by 12.2% or RM8.3 million. The improved operations brought about by successful cost savings initiatives coupled with growing revenue and impact from the adoption of MFRS 16, have improved gross profit which saw it increased by RM14.9 million to RM37.4 million.

Despite operational improvement, our losses after tax in FY2019 increased by RM21.8 million mainly because of a RM15.0 million impairment in goodwill and a negative impact of RM12.2 million due to the adoption of MFRS 16. The impact of MFRS 16 will continue in the subsequent years but at a declining amount as the outstanding lease liabilities are reducing. The impairment in goodwill is a result of our review of the value in use of the business. However, we stress that these adjustments are not directly related to the operating efficiency and viability of our business.

Adoption of MFRS 16

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. We, as a lessee, are required to recognise a right-of-use asset that represents our right to use an underlying asset and a lease liability that represents our obligations to fulfil lease payments. We adopted MFRS 16 via a modified retrospective approach and measured right-of-use assets equal to lease liabilities of RM200.5 million as at 1 January 2019 without restatement of comparative information for the year prior to the date of initial application. This approach resulted in depreciation charges of RM14.4 million and interest charges of RM17.6 million in our 2019 financial report. Their total of RM32.0 million as compared to operating lease charges under previous MFRS 117, shows a negative impact of RM12.2 million to the profit or loss of the Group for 2019.

Nonetheless, we are confident that MFRS 16 will not have an impact on our operations. We will be adapting our business plan as necessary by streamlining our operation costs and increasing our revenue stream through further diversifications of educational courses offered.

We recognise that much has yet to be done to attain profitability, but we are confident that we can turnaround our financial position by concentrating on our transformation plan to build exceptional learning institutions that will impress our stakeholders. We intend to build upon our achievements in 2019 and further improve our financial performance despite the uncertain economic outlook driven by the Covid-19 crisis.

In addition, we achieved notable triumphs in 2019 that will positively impact our Group moving forward. Our institutions were rated favourably by various agencies. Our flagship institution, Cyberjaya University College of Medical Science, was awarded university status and it is now known as University of Cyberjaya ("UOC"). UOC maintained its SETARA 5 Stars (Excellent) rating by the Ministry of Higher Education. Furthermore, it was also accorded 5 Stars for the categories of Teaching, Employability, Facilities and Inclusiveness by QS Stars, an international ratings system developed by Quacquarelli Symonds, the publishers of the QS World University Rankings.

Asia Metropolitan University ("AMU") maintained its SETARA 3 Stars rating, whereas the colleges in Kuching and Kota Kinabalu maintained their MyQuest 4 Stars rating. We strongly believe that the experiences and quality of our graduating students will drive the success of Minda Global in the coming year, even more so now that our Cyberjaya campus is running in full swing.

The current bearish market caused by the Covid-19 crisis is affecting many businesses. We are addressing these

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

challenges by effectively implementing tough decisions which will drive towards the long-term success of the Group. Recognising that education is a long-term investment, our objective is to remain relevant in a fast-changing market whilst maintaining competitive costs. We embraced leaner operations by optimising cost structure and actively reviewing each programmes' profitability. Cost reduction exercise was difficult but necessary to alleviate our business and to improve our cost base. It simplified our purpose and forced us to deliver our targets without compromising on student experience and employee engagement.

OUR BUSINESS ENTITIES – OPERATING UNITS

University of Cyberjaya ("UOC") (formerly Cyberjaya University College of Medical Science (CUCMS))

UOC was relocated in 2018 to a five-acre eco-friendly campus in Cyberjaya, Malaysia's first smart city, and was awarded university status in 2019. This modern campus with a capacity of 8,000 students, provides an unparalleled student experience. It offers a world-class living and learning environment that features a plethora of amenities and student services. Our newly awarded university status will further enhance our brand name and our ability to attract new student. In addition, we aim to introduce additional programmes to strengthen our revenue base.

UOC has been consistently rated highly for the excellent quality of its Medical and Pharmacy Faculties. Both faculties were rated amongst the top tier in Malaysia by the Malaysian Qualifications Agency in the discipline-based D-SETARA ratings exercise, in which it performed on par with other leading private medical and pharmaceutical schools.

Being an ISO 9001:2015 certified organisation, presently it offers 28 programmes, including Bachelor's degrees, Master's degrees and Doctorate-level postgraduate research courses in a wide variety of disciplines, such as medical sciences, pharmaceutical sciences, psychology, physiotherapy, homoeopathic medical sciences, occupational safety, business, and biomedical technology engineering. Several UOC programmes are accredited by international bodies as well as overseas medical councils from India, Bangladesh, Maldives and many more.

Asia Metropolitan University ("AMU")

AMU, which has campuses in Kuala Lumpur and Johor Bahru, has produced over 25,000 graduates since 2001. AMU is undergoing consistent improvement, and our goal is to transform it into a reputable international university.

AMU is an ISO 9001:2008 certified institution that offers 30 comprehensive programmes, ranging from foundation and diploma studies for post-secondary school students to Bachelor's degree, Master's degree and Doctoral programmes in medicine, nursing, healthcare management, business administration, teaching methodology and many more.

Asia Metropolitan Colleges ("AMC")

AMC Kota Kinabalu is a market leader for healthcare education in Sabah. It's been awarded a 4-Star (Very Good) rating by the Ministry of Education under its college-based MyQuest ratings framework, and is classified as a 5-Star (Excellent) institution under the Health & Wellness cluster of MyQuest.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

This campus offers nine programmes in different areas of healthcare and has started accepting applicants for its Foundation programmes as a feeder to UOC and AMU.

On the other hand, AMC Kuching is a leading MyQuest 4-Star (Very Good) rated college in Sarawak. This college offers eight programmes, including Foundation programmes as a feeder to universities.

Asia Metropolitan International School ("AMETIS")

AMETIS, a fully accredited Cambridge International School and Cambridge International Examinations Centre, offers primary Year 1 to A Levels studies. The newly expanded campus sited in our own property in Ipoh can accommodate up to 800 students. As an international school, its environment promotes the sharing of cultures, experiences, opportunities and aspirations. AMETIS is non-denominational and multicultural. Our students and teachers come from diverse backgrounds, reflecting the international spirit of unity and collaboration.

OUR INITIATIVES

The Group is building a sustainable model that can produce academic and financial excellence, the academic and business teams joined forces to implement the following initiatives:

Strengthening Pathway Programmes

We have consistently strengthened the pathway programmes offered in our institutions. Foundation and Diploma programmes serve as stepping stones to higher-value degree programmes, whilst Certificate-level programmes provide opportunities to diploma programmes.

Through concerted effort, we increased the enrolments to Foundation programmes at both UOC and AMU. Foundation programmes have also been launched in AMC Kota Kinabalu and AMC Kuching to complement its Certificate programmes. As a result, there were increased enrolments to Certificate and Foundation programmes as feeders into their respective degree and diploma programmes in the future.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

Our language centre had recently established a partnership with Oxford English Academy from UK. An initiative to support the holistic development and improvement of students' English language proficiency both for UOC and AMU to pursue with their academic programmes. The language centre is fully committed to provide all essentials for teaching and learning of English Language to gain local and internationally recognised qualification in order to prepare them for high quality education and profession.

This initiative in 2019 resulted in the following:

1. Our scholarship grant in 2019 increased by RM1.8 million from that in 2018.
2. Enrolments to our Certificate and Foundation programmes across the Group increased by 39.8% in 2019 driven largely by improved teaching quality and student experience at a targeted pricing strategy.
3. The increased enrolments to Foundation and Diploma programmes are projected to increase the number of enrolments to their corresponding degree programmes in succeeding years.
4. 2019 also saw a 4.4% increase in in new student enrolments to our higher-value degree programmes.
5. Increase in international student enrolments by 29.9%.

Scholarship Programmes

In FY2019, we continued with our scholarship programme that bridged the financial gap between the funding given by PTPTN/other agencies and our fees. The scholarships will continue to benefit students from the B40 group who are heavily reliant on PTPTN.

Yayasan Palan

Yayasan Palan is an educational non-profit foundation founded by our Group Managing Director, Tan Sri Dato' Dr. Palan. The goal of this philanthropic endeavour is to provide financial assistance to young disadvantaged individuals, so that they can gain proper education and be equipped with the necessary knowledge and skills to break free from the cyclical trappings of poverty. Since 2015, many of our university students have benefited from Yayasan Palan scholarships.

International students

To encourage revenue and student enrolment growth we have expanded to the international market, which accounts for higher fees and margins. This initiative also sought to integrate competitiveness and values in our programmes whilst building multi-cultural and diversified learning institutions.

Today, we cater to over 400 students from over 40 countries in the Middle East, Sub-Sahara Africa, South Asia, and our neighbours, including Brunei and Indonesia. Under this initiative, we allocated higher investments on agent networks and international education fairs to explore new countries for recruitment potential. Corporate synergy amongst the marketing and sales teams across our institutions increased international student enrolments by 29.9% in 2019.

Rationalising programmes

In addition to innovations in front-line activities, we also embarked on rationalising our programme offerings in all of our institutions. Our goal was to improve the cost efficiency and academic delivery of existing programmes. By focusing on improving the quality of our core programmes, we can produce graduates with higher employability, which in turn increases student enrolments and leads to greater operational profitability. We will monitor our cost structure in 2020 and beyond, so that we can optimise the returns from our programmes.

Consolidation

Our initiatives also support backend operations by consolidating for growth. We have relocated select AMU programmes from Cyberjaya and Cheras to the JB campus, which has closer proximity to Singapore and the southern Malaysian market. This campus is nearby a scenic lake and furnished with accommodations that offer a great atmosphere and exceptional facilities for students. The objective of this consolidation is to reduce operational costs. Operational improvements will proceed in 2020 across our business units through the enhancement of systems and processes, the centralisation of support services, and the development of measures for teaching productivity.

WHAT'S IN STORE FOR MINDA GLOBAL'S FUTURE

New Business Acquisition

New business acquisition can serve as an avenue for Minda Global to exploit non-academic revenue. On 11 November 2019, we entered into a share sale agreement with SMRT Holdings Berhad (SMRT) to acquire the entire equity interest in SMR HR Group Sdn Bhd ("SMRHRG"), for an aggregate consideration of RM5,230,000. SMRHRG primarily provides Human Resources Development (HRD) solutions covering training, consulting, outsourcing, events, learning resources and advisory support services. SMRHRG owns two trademarks related to HRD and training, and is the sole authorised training provider in Malaysia to conduct the Chartered Institute of Personnel Development (CIPD), an internationally recognised United Kingdom–based training qualification. SMRHRG also conducts training programmes accredited by the Institute of Leadership and Management.

The proposed acquisition signifies another positive step for Minda Global to establish itself in the private education sector and the learning and training industry in Malaysia. In line with Minda Global's goal to increase complementary revenue streams, SMRHRG will synergise education, learning and training, and executive certificates, diplomas and degrees for companies within Minda Global.

Other significant synergies are expected to be realised from the integration of Minda Global's existing businesses and that of SMRHRG's operations, including cost savings in capital and operational expenditure.

Programmes offered by SMRHRG, such as CIDP, can be mapped with existing programmes offered by Minda-owned educational institutions to provide an additional option for students to secure professional certificates recognised by the United Kingdom. SMRHRG has also initiated eVarsity, an online platform for short courses and executive development programmes targeted at distance learning markets. eVarsity.my is a robust online learning management system (LMS) that allows users to learn via the Internet. eVarsity.my consists of two categories: short courses and academic courses. We aim to launch this platform in July 2020 with three short courses.

With years of experience in education and other industries, this new team of professionals will significantly contribute to Minda Global's progress in the near future.

The professional management team is focused on strengthening business growth through efficient daily operations and enhanced revenue streams under the oversight, governance and direction by a strong board of directors ("Board").

With these changes, shareholders can expect a structurally robust organisation that values complete transparency and effective leadership. These changes will complement and stimulate our other initiatives towards our transformation into a strong regional educational powerhouse.

Our management team is headed by our Group Managing Director, Tan Sri Dato' Dr. Palan, who brings with him four decades of experience in the learning business and private sector education. His entrepreneurial journey is defined by his vision to promote education. Spurred on by a lifelong desire to make quality education accessible to everyone, he has dedicated his entrepreneurial skills on education-related ventures. He founded Yayasan Palan, which facilitates corporate social responsibility activities. He serves as the Pro-Chancellor of UOC.

The management team of Minda Global that supports Tan Sri Dato' Dr. Palan comprises the following professionals:

Mr. Leong Tuck Yee was appointed as the Group Chief Financial Officer on 5 March 2020. He graduated from University of Malaya with an Honorary Bachelor Degree of Accounting from the University of Malaya. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA). He served as the Senior Finance Director of Pure Circle Sdn Bhd (a subsidiary of Pure Circle (UK) Limited, headquartered in Chicago). Prior to joining Pure Circle, he had held various senior roles, including Finance Director, Global Controller, Managing Director and Group Financial Controller in leading global and regional organisation.

Dato' Hj Abd Rashid bin Hj Mohd Sharif acts as the Group Chief Regulatory Officer, who manages government liaisons, partnerships and compliance. Dato' Abd Rashid has more than 25 years of experience in the education industry and had formerly served as Deputy President of Asia Metropolitan University overseeing Corporate Governance, Quality Compliance, and Student Affairs. Dato' Abd Rashid also previously served as Chief Operating Officer of DRB HICOM University of Automotive Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

Mr. Subramanian Amamalay heads the Group's executive education, corporate training and human capital development businesses as the Group Director for Executive Education. He started his career with the Malaysian Ministry of Social Welfare, Bernard Van Leer Foundation and subsequently with the MBf Education Group. He was the CEO of SMR HR Professional Services Sdn Bhd prior to his appointment to the Asiamet Education Group's Board of Directors in 2015. He had also worked extensively in the education, oil and gas, and finance sectors. He specialises in Operations Leadership, Human Resources Management and Business Development. His experience spans the whole of ASEAN and the Gulf Cooperation Countries.

Mr. Kalaiarasu Malayandi was recently appointed as the Group Chief Commercial Officer, who is charged with driving business development across the various business entities in the Group. He began his career as a consultant for several technology consultancy firms, including Tech Mahindra and Accenture. He also worked on projects for various clients, such as the Ministry of Health in Singapore and Shell Oil Company. He previously served as Executive Director of SMRT Holdings Berhad. He reports to the Group Managing Director.

Prof. Dato' Dr. Mohd Abdul Razak as the Vice Chancellor of UOC is responsible for ensuring the university's academic and operational excellence. He previously served as Orthopaedic (Spinal) Surgeon and Director of Hospital University Kebangsaan Malaysia and Deputy Vice Chancellor of University Kebangsaan Malaysia. Prof. Dato' Dr. Razak is a well-respected veteran in the orthopaedic industry. He also serves as Chairman of Research and Development for the Advisory Panel of Delphax Sdn Bhd.

Prof Dr. Mohamad Khan Jamal Khan sits as the Vice Chancellor at AMU. As the principal academic and administrative representative, he ensures that the academic and operational functions of the University are delivered properly and are consistent with AMU's mission, vision, aims and objectives. He is an expert in occupational health and safety management, and has had a vast experience in the field of education and academics.

The Board and the management are optimistic about the positive outcomes of the implementation of the transformation initiatives in our business operations in 2019, as these endeavours have brought the Group closer to achieving its Vision and Mission.

We intend to persevere with our transformation initiatives until our books are in the 'green' and have remained strong in the 'green'. Consistent quality improvement will be a key strategy at all levels and in all areas to ensure that all of our campuses are aligned with our Vision and Mission. We will continue to seek ISO certifications in our operations as well as strive for MOE and international accreditations to elevate the quality and standard of our programmes. We have started highlighting artificial intelligence (AI) and technology education programmes to position the Group as an online education and technology education player in the region.

The Group will continue implementing meaningful initiatives to reach out to potential students and remain relevant to society. Our core student groups originate from B40 & M40 groups, who are more likely to stay in Malaysia and are therefore more involved in building a better future for Malaysia.

We instil this core belief amongst our students by integrating volunteerism into their curriculum. Every year, our medical and health science students form a contingent of cross faculty volunteers to raise funds and bring medical aide and other assistance to poor rural communities outside Malaysia. They reach out to communities impacted by natural disasters, such as floods and earthquake victims in Nepal and Bangladesh, as well as poor villages in Laos and Indonesia.

Other outreach activities include awareness campaigns to villages and rural townships in Malaysia about health and medical treatment as part of the Karnival Mesra Ubat programme.

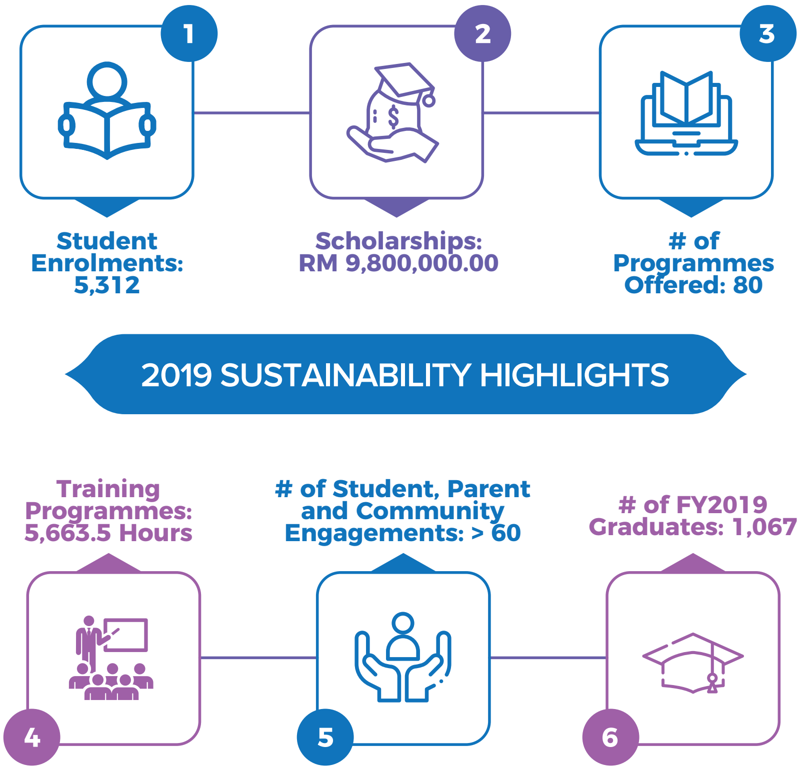
Our approach to nurture holistic students has made UOC the first private university to emerge as the consecutive champion of the National Pharmacy Sports Carnival, an inter-university tournament joined by USM, UiTM and many more.

The Board and the management of Minda Global Group are confident that our market positioning strategy and transformation initiatives are shifting the Group towards profitability. Our growth and expansion are reflected by our promising sustainable performance with diversified and increased enrolments in our institutions and with the increased capacity of new campuses. Our objectives are to become an employer of choice and practice sustainable business operations that balance the interests of all our stakeholders, including our students, teachers, shareholders and the community. In summary, our transformation aims to make Minda Global an outstanding place to work, live, play and learn.

SUSTAINABILITY STATEMENT

Minda Global Berhad's ("Minda Global") commitment to sustainability is anchored to our Vision and Mission.

Our Core Values are the principles that drive our journey towards becoming responsible citizens and realising our Vision. As proof of our commitment to these values, we ascertain the impacts that we impose and consequently undertake measures that can positively contribute to and enhance the Economy, Environment and Society (EES).



ABOUT THIS STATEMENT

As a demonstration of Minda Global's continuous commitment to operate as a sustainable organisation, in this statement, we report on our EES initiatives to all our stakeholders and the communities where we serve and operate.

As we prepare this year's annual report, the world is confronting one the greatest global crisis. Globally, we are faced with health and economic threats, and our thoughts remain with the communities and individuals affected by Covid-19. As we move forward to FY2020, we will focus on what we can do as an educational institution to support our students and the health of communities across the nation.

Reporting Guideline:

Principal Guideline: Sustainability Reporting Guide by Bursa Malaysia Securities Berhad (2nd Edition).
Additional Guideline: United Nation Sustainable Development Goals (SGDs)

Scope and Boundary: This report covers the entire domestic operation of the Group.

Reporting Period: This statement enumerates our ESS activities from 1 January 2019 to 31 December 2019.

Reporting Cycle: Annually coinciding with our Annual Report

Engage with Us: We value your feedback. Email us at: IR@mindaglobal.com.my

SUSTAINABILITY STATEMENT
(Continued)

MATERIALITY

Materiality Analysis

In FY2018, we conducted our first materiality analysis, which was based on the surveyed responses of our stakeholders, meetings with the management and on the mapping of our Group's material issues. In our materiality assessment, we identified the EES issues that presented either risks or opportunities to Minda Global and its subsidiaries (the Group), and we addressed those that pressingly concerned our stakeholders.

Materiality Review

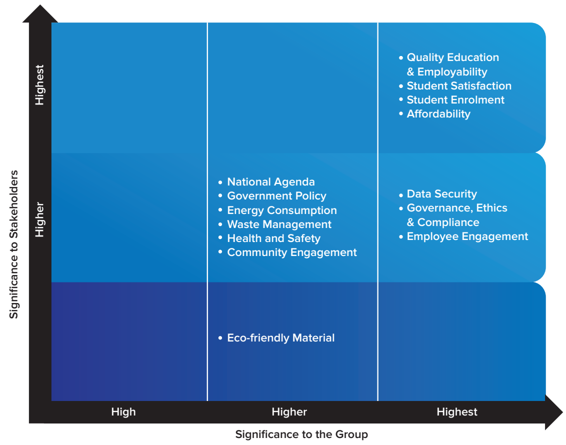
In the year under review, we have reassessed our materiality themes to identify those currently affecting our stakeholders and our business and operations.

This assessment revealed that the material issues that we identified previously remained consistent with the type of activities that we have today. Our business underwent no significant change. As such, our materiality issues are unchanged in the current report.

Materiality Matrix

The EES impacts of the Group and their influence on stakeholder assessments and decisions are illustrated below:

Each issue's level of importance to the Group is plotted along the X-axis, whereas its level of importance to our stakeholders is plotted along the Y-axis.



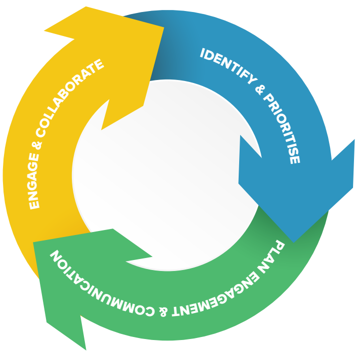
The sustainable aspects that are of utmost importance to our stakeholders and our Group are Quality Education and Employability, Student Satisfaction, Student Enrolment and Affordability.

The least important issue currently is the use of Eco-friendly Materials. Our campuses do not exert a significant impact on carbon footprint on the environment. Therefore, Eco-friendly Materials do not carry much weight for our attention at present.

Nevertheless, we do expect this to be addressed as we continue our operations in the future and pay more attention in being an organisation that cares about the use of resources in a responsible and sustainable manner.

STAKEHOLDER ENGAGEMENT

'Ensure that effective, transparent and regular communication is maintained with the stakeholders.'



Engagement Process

Our engagement is a continuous process that involves categorising stakeholder Groups in terms of priority, followed by identifying opportunities for engagement and communication. We believe that a year-round interaction with all stakeholders will provide a platform through which they can communicate their concerns when they desire rather than wait for the next scheduled communication event. We clarify perceptions and address stakeholders' concerns, and then we proceed to plan for meaningful stakeholder collaborations to realise our sustainability goals

The table below shows the list of our stakeholders, their concerns and actions that we have taken to respond to the matters important to each Group.

SUSTAINABILITY STATEMENT
(Continued)

Stakeholder Groups	Concern	Response
Students and Parents	Cost	Scholarships and PTPTN
	Academic Performance	Student progress report is communicated each semester, with face-to-face communication if required.
	Health and Safety	Security measures in the campus and in the hostel/residence. Emergency Response Programme
Future Employers	Quality	Complying to Ministry of Education (MOE) audits and Inspection, ISO 9001 certification and partnerships with International Universities.
	Employee Competencies	ICT knowledge, balanced emotional quotient (EQ) and IQ competencies
Government/ Regulators	Accreditation and Requirements	Submission of new programmes and renewal of accreditation
	Employability	Courses are geared towards the 21st century job market.
Sponsors	Uplifting of B40 and M40 groups	Ensure that quality and relevant subjects are offered. Monitor enrolment and student retention.
Investors/ Financiers	Transparent and Timely Reporting	Upload latest financial results and announcements on the Company website. Whistle Blowing Policy
Suppliers/Contractors	Contract Terms	Fair renewal and evaluation of contractors and vendors
Employees	Career Advancement	Performance evaluations and career development training.
Non-Governmental Organisation (NGO)/ Community	Collaboration	Engage with NGO and the community through relevant and meaningful projects. Insightful student initiatives with the community and NGO's Increase Student participation Global University Ranking

Education is both a goal in itself and a means for attaining all the other United Nations Sustainable Development Goals (SDGs); hence, education is a basic component and key enabler of SDGs. At Minda, we have systems in place to include sustainability principles in management structures and appropriate educational response.

United Nations Educational, Scientific and Cultural Organization · Sustainable Development Goals

The Global Education 2030 Agenda

United Nations Educational, Scientific and Cultural Organisation (UNESCO) is the United Nations' specialized agency for education that is entrusted to lead and coordinate the Education 2030 Agenda. Minda's SDGs contribution is mapped according to UNESCO'S Education for SDGs Learning Objectives.

SUSTAINABILITY STATEMENT
(Continued)

SDGs Agenda	Minda Global's Contribution
1 NO POVERTY	**Goal 1: End poverty in all its forms everywhere** • Develop partnerships between schools and universities in different regions. • Partnership with Institutions and NGO's to provide scholarships to B40 economic group
3 GOOD HEALTH AND WELL-BEING	**Goal 3: Ensure healthy lives and promote well-being for all.** • Driving various research projects to improve public health • Rural community focused programmes to promote heath awareness
4 QUALITY EDUCATION	**Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** • Certifications: ISO9001 and global recognitions and accreditations • Youth empowerment and empowerment of marginalized groups. • Conducts employee learning programmes • Providing scholarships to encourage lifelong
5 GENDER EQUALITY	**Goal 5: Achieve gender equality and empower all women and girls** • Encourage greater participation of female students in STEM through targeted scholarships • Encourage female student polulation and equal gender employment opportunities • Established Confidential avenue to voice complaints
8 DECENT WORK AND ECONOMIC GROWTH	**Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** • Fair employee compensation , Parental and compassionate leaves • Run student internships in conjunction with local businesses • Established the Employment Placement Unit (EPU) platform • Include student employability as material issue
17 PARTNERSHIPS FOR THE GOALS	**Goal 17: Strengthen the implementation and revitalize the global partnership for sustainable development** • Carry out global partnerships between governments, the private sector and civil society • Hosting the Regional Unit o fteh UN Bioethics Chair • Incorporating sustaibaility as part of the curiculum

SUSTAINABLE GOVERNANCE

Board of Directors

Minda Global's commitment to carry out the EES objectives is enshrined in Minda Global's Board Charter. The Board is chiefly accountable for integrating and driving the sustainability in our Group as well as for ensuring that the management recognises and addresses the obligations arising from the EES stakeholders impacted by the Company's operations.

The Management

The Executive Committee (Exco) was established to lead the management in monitoring and implementing sustainability-related strategies as well as in coordinating with and providing support to various departments in the identification, management, implementation and monitoring of material sustainability issues.

To ensure that sustainability is embedded in the strategic direction of our business, members of the Exco regularly update the Board. In turn, the Board regularly reviews and reassesses whether existing strategies are in keeping with the current best practices. Moreover, the Board is tasked with recognising and taking advantage of opportunities as well as overcoming material sustainability risks and challenges.

Sustainability Risk and Internal Control

The Group's Risk Management and Internal Control Framework includes systems for evaluating and monitoring whether the Company's policies and practices are in compliance with legal and regulatory requirements.

To emphasise our commitment to operating our business in a sustainable and responsible manner, we will endeavour to organise and develop resources in addressing the components of EES relevant to our organisation. We are looking forward to more robust and comprehensive sustainability practices that are capable of meeting the challenges, needs and expectation of all our stakeholders.

Ethics and Transparency

Our Employee Handbook guides our employees in their conduct and responsibilities and doing business in an equitable and just manner. We have established a Whistle Blowing Policy which is open to all parties who wish to provide information related to a reasonable belief that an improper activity has occurred.

STUDENT DEVELOPMENT

'Providing affordable, quality education that allows our students to stand head to head with the very best in their fields.'

Minda Global, together with our best educators, is privileged and proud to have contributed and helped the next generation in nation building and creating a better future for everyone. True to our mission, we provide access to education that allows our students to stand head to head with the very best in their fields.

Quality Education

'Skilled workers, the backbone of Malaysia's development'

As with previous years, Minda Global's primary focus in the development of its programmes is the quality of education that our students receive. Our goals align with the Malaysian government's commitment to the United Nations Sustainable Development Goal (SDG) of creating inclusive and equitable quality education opportunities for all.

Malaysia's progress as a nation is largely dependent on the quality of its workforce. With that in mind, we have taken steps to ensure that everything from our facilities to our lecturers are up to par with international standards. Our university programmes are fully accredited by the Malaysian Qualifications Agency (MQA) and ISO 9001 certified.

Our institutions are recognised by the Association of Commonwealth Universities and listed on the International Association of Universities' World Higher Education Database.

SUSTAINABILITY STATEMENT
(Continued)

Minda Global Institutional Accreditations & Recognitions

University of Cyberjaya
Ministry of Higher Education SETARA Ratings: 5 Stars (Excellent)
QS STARS Ratings: 3 Stars Overall, 5 Stars for Teaching, 5 Stars for Employability, 5 Stars for Facilities, 5 Stars for Inclusiveness
Times Higher Education (THE) Impact Rankings 2020: Overall Top 601+

Asia Metropolitan University (AMU)
Ministry of Higher Education SETARA Ratings: 3 Stars (Good)

Asia Metropolitan College Kuching
Ministry of Higher Education MyQuest College Based Ratings: 4 Stars (Very Good)

Asia Metropolitan College Kota Kinabalu
Ministry of Higher Education MyQuest College Based Ratings: 4 Stars (Very Good)
MyQuest Health & Welfare Cluster Based Ratings: 5 Stars (Excellent)

Asia Metropolitan International School (AMETIS)
Certified Cambridge International School

Accreditation Service for International Schools, Colleges and Universities (ASIC) – Rated Premier Institution

The development of the youth under our educational programmes is vital to not only our business development but also the country's advancement. Because of this, our goals are aligned with that of the government.
We tailor our syllabus so that it meets the needs of both the private and public industries. With our health and medical science courses in particular, we aim to boost the national doctor-to-patient ratio. Most developed countries maintain a doctor-to-patient ratio of 2–4: 1000. In comparison, Malaysia currently stands at a ratio of 1.6: 1000. In this way, and in many others, Minda Global is an important contributor to the nation's development.

To expose our graduates to career and job opportunities, we established the Employment Placement Unit (EPU) platform, which has helped numerous graduates to gain employment in Malaysia and Singapore.

Student Diversity

A 2015 Harvard study demonstrated the advantages of a diverse student body in college and university and the overall improvement it brings to the quality of education. At Minda, we recognise the unique talents, abilities and perspectives that each race, religion and background that each student brings.

The Group has always taken progressive steps towards celebrating the diverse cultural, religious and economic backgrounds of each individual by celebrating cultural festivals such as Ramadhan, Pongal celebrations, Mid-Autumn and Chinese New Year, as well as organising a cultural month to meld them all together and educate our students on one another's traditional values and practices.

STUDENT GENDER DIVERSITY		
	FY2018	FY2019
Male	1,856	1,954
Female	3,077	3,358

Providing Equal Opportunity

The Group places importance on cultivating the innate talent of the B40 households. Parents typically cannot afford the cost of higher education without economic aid. It is the view of the Group that we can contribute to successfully growing the number of highly skilled employees in Malaysia by providing education to this particularly vulnerable group.

Health and Safety

The safety of our student body is always ensured through our efforts to create a healthy environment.

We provide facilities, supplies, amenities and whatever avenue our students need to practice safe and healthy habits. Among these are the provision of canteen food with healthy nutritional value, declaring the campuses non-smoking zones, 24-hour security and regular patrols of classrooms in one-hour intervals, well-lit parking areas, and traffic enforcement during rush hours.

In the planning of each of our campuses, Minda Global's goal has been to generate a conducive work environment. With this in mind, we offer a variation of study areas and amenities that assist our students' workflow and even their social experience.

Our campuses provide study areas surrounded by lush greenery, a well-stocked library, student lounges for meetings and relaxation, modern learning laboratories and lecture rooms, advanced technology and digital tools and sports facilities such as basketball, badminton courts and futsal fields

Stakeholder Engagement: *Students, Parents, Employees and the Public*

The campus also looks to consistently improve or modify our facilities to the needs of our students. Hence, we've installed suggestion boxes throughout our grounds, coupled with other avenues for constructive criticism such as surveys, email addresses and evaluation forms.

The Group has also installed a grievance mechanism so that anyone can come forward via a protected and confidential avenue to voice their complaints and report any improper conduct or unethical activity.

We comply with the Personal Data Protection Act 2010 and implement measures to ensure that all collected data are securely protected.

WORKFORCE

Human Capital Development

Our industry is arguably one of the most vital components of the Malaysian economy. The development and retention of human capital is a major aspect that decides success or failure of a developing economy. As a knowledge institution, Minda Global is committed in ensuring that our employees continue to actively educate themselves in the newest developments in their respective fields.

We achieve this through a constant and regular reassessment of employment trends. We then adjust our syllabus and ensure our teaching staff imparts practically applicable skills to our students in order to meet those perpetually changing requirements.

Our Educators and Support Staff

'Strong emphasis on enhancing the skillsets of its employees'

Minda Global also understands that a student's success is largely dependent on the capability of their teachers. With this in mind, the company supports the continual upskilling of the teaching staff by providing ample opportunity for employment progression, thereby enabling them to build a rewarding professional career.

Our educators are one of Minda Global's most valuable assets and play an important role in our continuous success. For this reason, we give great attention to the development of their capabilities and careers. As our staff is filled with some of the most gifted educators in the industry, we consult with them in crafting our programmes and provide the resources for their continuous growth. They are the backbone of Minda Global's business, and are treated as such with our provision of trainings based on their skillset, job role, and core functional areas.

'967 hours of professional staff training programmes organised'

Performance reviews

Another contributor to our employee growth is Minda Global's implementation of regular performance reviews and appraisals by the heads of each department. These performance reviews are conducted both formally, once a year, and informally, at a frequency which is decided by our managers.

These performance reviews are planned and structured to provide critical constructive assessments of their strengths and weaknesses. The Heads of Departments then evaluate the lacking areas in the workforce, if any, and plan training programmes that are targeted towards improving these areas.

Employee Benefits

Faced with national brain drain and the increasing immigration of skilled employees out of Malaysia, we have taken steps to make the teaching profession more attractive to skilled educators by investing in both their physical health and future employability.

On top of the basic remuneration, we go above and beyond to reward our most outstanding employees. The company conducts assessments of our employees' top preferences of benefits and tailors our incentive programme to their feedback.

Within the incentive scheme, we provide non-compulsory financial benefits, such as promotions, pay increments, bonuses, medical and dental reimbursements and mileage claims. Additionally, our non-financial benefit scheme includes staff insurance, free parking, accommodation, annual medical and hospitalisation coverage, maternity, paternity, congratulatory, compassionate, replacement and examination leaves.

Employee Wellbeing

Minda Global believes in allowing flexibility for the balance of our employees' professional and personal lives. The reason is that in our experience, an employee that is fulfilled by having stability in their work, family, health and social commitments perform better than those who do not. As such, in all our campuses, programmes that are designed to improve productivity, manage stress, and foster social relationships have been implemented accordingly. Team bonding and networking events encourage camaraderie both within and beyond the confines of the workplace.

Health and Safety

The Group complies with the Occupational Safety and Health Act 1994 and organises training sessions with the objective of educating our staff on the risks that exist in the workplace. We have established Health and Safety policies that eliminate and reduce the risks to the wellbeing of Minda Global's staff, students, contractors, visitors and any third party who may face risks in the course of their work.

Special attention is given to the faculty and students of the medical sciences in the handling of possible workplace hazards due to the nature of their activities. Educators and students are regularly reminded of safety protocols, including the proper handling and disposal of high-risk materials such as agar media, sharp objects, and test kits.

In the event of an emergency, our staff have been trained in CPR, fire safety and basic first aid skills. All incidents are recorded, examined, and actioned upon through appropriate precautionary procedure. The incident log is reviewed regularly by our team and the relevant heads of department to prevent reoccurrence.

Diversity

The Group recognises the advantages of having a diverse workforce made up of men and women of all races in order to take advantage of the different perspectives that each individual has to offer. We are committed in treating every employee equally and upholding a culture of meritocracy regardless of religious beliefs, age, gender or ethnicity.

Workforce Distribution by Employment type		
FYE	**2018**	**2019**
Permanent	413	320
Contract	201	211

Workforce Representation by Gender	
FYE	**2019**
Male	188
Female	343

Workforce Breakdown by Category & Gender				
FYE	**2018**		**2019**	
Position	**Male**	**Female**	**Male**	**Female**
Top Management	7	3	8	3
Managers	111	99	25	34
Executives	84	220	135	252
Non-Executives	42	48	20	54

Workforce Breakdown by Age			
FYE 2019	**30 years and below**	**31–40 years old**	**41 years and above**
Employees	135	218	178

COMMUNITY

"Play a prominent role in improving the welfare of the community.'

Being a socially conscious company is important to us. An organisation can leave real and lasting positive or negative impact on the communities it operates in, and Minda Global takes a cautious approach with regard to its impact on the communities where it operates.

The Board encourages charitable projects and initiatives that help communities, and our educational institutions attract socially responsible individuals care for the welfare of the communities they live in and interact with.

Sustainability Education programmes are also regularly organised for students, faculty and residents of our communities.

Minda Global exerts a significant positive economic impact on local residents. Our campuses increase the overall population that they're located in and actively promote local businesses. Our students often run small F&B businesses within the communities, thereby providing goods and services that may otherwise be unavailable or inconvenient to acquire.

The Group also observes a local sourcing and hiring practice where preference is given to the purchase of supplies and goods as well as hiring of staff that resides in the immediate community.

The government has outlined its national education agenda for its vision to create an industrialised developed nation. As such, we've aligned our teaching syllabus and our educators to respond to their needs by tailoring our courses to meet the workforce.

SUSTAINABILITY STATEMENT
(Continued)

SUPPLY CHAIN

'Provision of goods and services that meet requirements, are timely, ethical and compliant and represent good value."

Minda Global is constantly conducting active negotiation with each of our suppliers to ensure that the stakeholders' interests are being prioritised.

Vendor Selection and Qualification

During the vendor selection process, we assess the product or service by initiating trial periods before any commitment is given to any long-term business relationship. Throughout the trial period, we note the specifications of each supplier, such as delivery time, quality, cost, and overall service experience.

Each vendor is then assigned a percentage rating that reflects their service quality. Before making long-term buying commitments to any single supplier, our procurement department exercises due diligence by exploring and meeting with alternative suppliers and assessing their businesses as options to be presented to the relevant decision makers.

Vendor Monitoring

If deemed necessary, the internal team may also conduct surveys within students, employees and any relevant party as regards the effectiveness of such a product or service in order to garner feedback and review the necessity or effectiveness of the provided product.

Once a supplier has been chosen, the supplier relationship is reviewed on an annual basis or whenever deemed appropriate to ensure that our suppliers maintain the integrity and quality of the provided product or service.

ENVIRONMENT

As an institution of higher learning, we take on the responsibility of imparting the importance of environmental preservation to our students.

Management has strived to implement strategies that manage our environment through the conservation of energy and water consumption by putting in place strict rules on the proper steps for the socially responsible disposal of waste.

Energy Initiatives

The Group has invested in 11 school buses that ferry our students to and from the campus and the residential apartments. This not only reduces the Group's carbon footprint but contributes to the acclimatisation of students to the use of public transportation. University accommodations are strategically built at a short distance from the campus in order to encourage walking.

Electricity Consumption

Lights are switched off during lunch hours, and campus staff have been directed to patrol classrooms in one-hour intervals to ensure that corridor lights and classroom facilities are switched off when not in use. We have also installed timers for LED lights and air conditioning units within campuses to reduce unnecessary wastage.

Waste Management Initiatives

The Group has switched most of its processes to digital systems to reduce the use of paper, ink and electricity. If paper must be used, reusing single sided paper is encouraged. We also control the use of paper through a quota system.

Also, the installation of drinking water fountains around the campus for our students and staff has reduced the need to purchase bottled water. This lowers the usage and disposal of plastic water bottles and cuts plastic waste.

Minda Global abides by the prescribed standards of the Department of Environment (DOE) in the disposal of our scheduled waste. Our scheduled waste partners also meet all DOE certification criteria in the treatment of our waste disposals.

Responsible Disposal of Scheduled Waste

As our medical program is one of our most prominent, we produce some amount of clinical and medical waste from our health science programmes and always take the utmost precautions in the disposal of any hazardous material.

DIRECTORS' PROFILE

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)

- Independent Non-Executive Chairman
- Aged 72
- Malaysian/Male

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.) ("Tan Sri Dato' Seri Mohd Shahrom") was appointed as the Independent Non-Executive Chairman of the Board on 9 January 2018.

After his secondary education, Tan Sri Dato' Seri Mohd Shahrom was selected for Officer Cadet training at the Royal Military College, Kuala Lumpur in 1966 and was commissioned as a Second Lieutenant into the Royal Malay Regiment in 1968. He served in various appointments at command, staff, training and the diplomatic services levels and was the Chief of the Malaysia Army in 2003. Prior to that appointment, he was the Chief of Staff at the Armed Forces Headquarters.

Currently, Tan Sri Dato' Seri Mohd Shahrom is the Executive Director (Defence and Business Development) of the National Aerospace & Defence Industries Sdn Bhd ("NADI") and also a Director of SME Ordance Sdn Bhd (SMEO), a subsidiary company of the NADI Group of Companies. He is also a member of the Executive Committee of the Retired Armed Forces Officers' Association.

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar

- Group Managing Director
- Aged 64
- Malaysian / Male
- Non-Independent Executive Director

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr. Palan") was appointed to the Board on 9 January 2018 and redesignated as Group Managing Director and Group Chief Executive Officer on 20 February 2018. He was then redesignated as Group Managing Director on 23 January 2019.

Tan Sri Dato' Dr. Palan is a lifelong educator with the goal of helping people learn and perform. His entrepreneurial journey with a strong foundation in the areas of technology and education is premised on uplifting communities with quality and affordable education. He has authored 16 books and a number of articles.

He completed his second PhD (Education) at the Federation University, Ballarat, Australia, and the Advanced Management Programme, Harvard Business School. In a career spanning over four decades, he has worked in Human Resources, Marketing and General Management. More details about Tan Sri Dato' Dr. Palan can be found at www.palan.org

He founded Yayasan Palan to support Corporate Social Responsibility initiatives and his voluntary contributions include serving on non-profit organisations, both governmental and private.

He serves as the Pro-Chancellor of University of Cyberjaya (UoC) (formerly known as Cyberjaya University College of Medical Sciences) and is also the Executive Chairman of SMRT Holdings Berhad, a listed company on the ACE Market of Bursa Malaysia Securities Berhad.

Tan Sri Dato' Dr. Palan is a substantial shareholder of the Company. He is the father of Mr. Maha Ramanathan Palan who is the Executive Director of the Company.

DIRECTORS' PROFILE
(Continued)

Tan Sri Datuk (Dr.) Rafiah Binti Salim

- Senior Independent Non-Executive Director
- Aged 73
- Malaysian / Female
- Chairman of Nomination and Remuneration Committee

Tan Sri Datuk (Dr.) Rafiah Binti Salim ("Tan Sri Datuk (Dr.) Rafiah") was appointed as an Independent Non-Executive Director to the Board on 9 January 2018 and redesignated as Senior Independent Non-Executive Director on 20 February 2018.

Tan Sri Datuk (Dr.) Rafiah graduated with a Masters and a Bachelor's Degree in Law from Queen's University, Belfast, United Kingdom and was awarded an honorary Doctorate by the same University in 2002. She was called to the Malaysian Bar in 1988.

Tan Sri Datuk (Dr.) Rafiah has excellent service records within both the domestic public and private sectors, and international environment. She has served as a Lecturer, Deputy Dean and Dean of the Law Faculty of University of Malaya, Assistant Governor of the Central Bank of Malaysia, Human Resource General Manager of Malayan Banking Berhad and the Assistant Secretary General for United Nations Human Resource Management in New York. Tan Sri Datuk (Dr.) Rafiah was previously an Executive Director of the International Centre for Leadership in Finance and in 2006, she was appointed as the first female Vice-Chancellor in Malaysia posted to University of Malaya.

Tan Sri Datuk (Dr.) Rafiah is currently the Chairman of Allianz Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad and Malaysian Genomics Resource Centre Berhad. Tan Sri Datuk (Dr.) Rafiah is also a director of Nestle (Malaysia) Berhad and Lotte Chemical Titan Holding Berhad.

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar

- Independent Non-Executive Director
- Aged 64
- Malaysian / Male
- Chairman of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar ("Tan Sri Datuk Wira Dr. Mohd Shukor"), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

Tan Sri Datuk Wira Dr. Mohd Shukor holds a Bachelor of Economics with University Malaya, a Postgraduate Diploma in Computer Science with Malaysia University of Technology, and Master of Taxation and Doctor of Public Administration with the Golden Gate University, USA. He also received an Honorary Doctor of Management from Universiti Tenaga Nasional (UNITEN) and Asia MetropolitanUniversity.

Tan Sri Datuk Wira Dr. Mohd Shukor started his career as a Bank Officer back in 1978. He later joined the Inland Revenue Board of Malaysia as an Assessment Officer. He then quickly rose through the ranks and was appointed as the Chief Executive Officer in January 2011 until his retirement in December 2016.

Tan Sri Datuk Wira Dr. Mohd Shukor was elected as the President of the Malaysian Association of Statutory Bodies and Chairman of The Commonwealth Association of Tax Administrators (CATA); and was awarded the CEO of the Year 2015 by The European Emerging Markets Awards and received the 2015 Lifetime Achievement Award – Outstanding Contribution in Shaping People by The Asia HRD Award.

Tan Sri Datuk Wira Dr. Mohd Shukor also serves as the Chairman of McMillan Woods National Tax Firm and MSM Management Advisory. Tan Sri Datuk Wira Dr. Mohd Shukor is currently a Director of Paragon Globe Berhad (formerly known as Goh Ban Huat Berhad) and Censof Holdings Berhad. He is also an Advisor to Century Software (M) Sdn Bhd.

DIRECTORS' PROFILE
(Continued)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

- Independent Non-Executive Director
- Aged 70
- Malaysian / Female
- Member of the Audit and Risk Management Committee

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa ("Dato' Esther Tan"), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

She is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA), a Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Chartered Tax Institute of Malaysia.

Dato' Esther Tan began her career as an auditor with Grant Thornton in UK and later with Kingston Smith in UK before coming back to Malaysia. In 1984, she started her practice which eventually merged to be what is known as GEP Associates. The firm is a member firm of an International Organisation called AGN International with its headquarters in the United Kingdom boasting of 465 offices worldwide. In 2008 and 2009, Dato' Esther Tan became its first lady Chairperson to lead the international organisation and is today still an active Board member in the Asia Pacific region.

In 2006, Dato' Esther Tan received the award from the National Association of Women Entrepreneur Malaysia as "The Woman Entrepreneur of the Year" under the Finance section.

Dato' Esther Tan currently also sits as director of Poh Kong Holdings Berhad and MK Land Holdings Berhad.

Sanjeev Nanavati

- Independent Non-Executive Director
- Aged 60
- United States of America, Permanent Resident of Malaysia / Male
- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Mr. Sanjeev Nanavati ("Mr. Nanavati") was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

He holds an MBA in Finance from the Whitman School of Business, Syracuse University in New York and a Bachelor's degree in Accounting from Delhi University in India. Mr. Nanavati began his career in the United States with Bank of Boston (now Bank of America) where he spent twelve years. He subsequently moved to India to join Standard Chartered Bank, where he was the country head of the investment bank and subsequently the corporate and investment bank. Mr. Nanavati was the longest serving Chief Executive Officer of Citibank Malaysia until July 2014 and subsequently a Senior Advisor to the Asian Pacific Banking Practice of McKinsey & Company until 2017.

Mr. Nanavati was the Managing Principal of Falcon Associates, a firm that provides corporate advisory services to banks and companies and leadership mentoring and coaching to senior executives and top teams. He was the past President of the American Malaysian Chamber of Commerce (Amcham) serving three terms over six years.

Mr. Nanavati is currently an advisor to the board and head of strategy at a local bank based in Ho Chi Minh City, Vietnam.

DIRECTORS' PROFILE
(Continued)

Maha Ramanathan Palan

- Redesignated as Executive Director on 30 March 2020
- Aged 26
- Malaysian / Male

Mr. Maha Ramanathan Palan ("Maha Palan") was appointed as Non-Independent Non-Executive Director to the Board on 23 July 2018. He was redesignated as Executive Director on 30 March 2020.

He has a Bachelors (Hons) in Chemical Engineering from the University of Manchester and a Masters in Financial Engineering from Imperial College London.

Maha Palan has served in investment-focused roles in firms such as British Petroleum Plc, Piton Capital LLP and Creador Sdn Bhd. During his tenure with these firms, he has invested in and helped grow companies that improved the UK National Health Service, provided valuable analytics to rural farmers and facilitated the growth of emerging economies by reliably supplying them with affordable energy.

Maha Palan has also worked on a wide variety of deals ranging from Europe's largest venture deal of 2018 with a valuation in excess of €2.5 billion to a direct sale and purchase agreement for crude & oil products with a gross exposure in excess of $4 billion.

Prior to his appointment, Maha Palan had been working with SMRT Holdings Berhad and Minda Global since January of 2018 with a focus on driving growth, implementing operational restructures and strategy alignment.

Maha Palan is a co-founder of The Palan Foundation, a registered non-profit organisation committed to improve the educational attainment of young disadvantaged individuals.

Maha Palan is a Director of SMRT Holdings Berhad. He is the son of Tan Sri Dato' Dr. Palan who is the Group Managing Director of the Company.

Save as disclosed, none of the Directors have :-
- Any family relationship with any Directors and/or major shareholders of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past five (5) years (other than traffic offences)
- Any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENTS' PROFILE

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar

- Group Managing Director
- Aged 64
- Malaysian / Male
- Non-Independent Executive Director

The profile of Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is set out in the Directors' Profile of this Annual Report.

Leong Tuck Yee

- Group Chief Financial Officer
- Aged 47
- Malaysian / Male

Mr. Leong Tuck Yee ("Mr. Leong") joined the Company in end 2019 and was identified as the Group Chief Financial Officer – designated succeeding Mr. Lai Swee Sim, the former Group Chief Financial Officer of the Company. Mr. Leong was appointed as the Group Chief Financial Officer of the Company on 5 March 2020.

Mr. Leong graduated with an Honorary Bachelor's Degree in Accounting from the University of Malaya. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA).

Prior to joining the Company, Mr. Leong was the Senior Finance Director of Pure Circle Sdn Bhd, a subsidiary of Pure Circle (UK) Limited headquartered in Chicago. He led the local finance team in providing global financial services which includes strategic planning, compliance, taxation, capital management and corporate treasury. He had held other senior roles, including Finance Director, Global Controller, and Managing Director in leading global and regional organisations such as SGL Carbon, Cognis Oleochemicals, Cargill, and AIC Corporation Berhad. He has extensive hands-on experience in managing complex financial operations across large organisations worldwide.

Mr. Leong started his career in 1996 as an Auditor with Arthur Andersen Malaysia before joining commercial companies.

KEY SENIOR MANAGEMENTS' PROFILE
(Continued)

Professor Dato' Dr. Mohamad Abdul Razak

- President, University of Cyberjaya ("UoC") (formerly known as Cyberjaya University College of Medical Sciences)
- Aged 67
- Malaysian / Male

Professor Dato' Dr. Mohamad Abdul Razak ("Professor Dato' Dr. Mohamad") was appointed as President of UoC on 2 April 2014.

Professor Dato' Dr. Mohamad received his Doctor of Medicine (MD) degree from Universiti Kebangsaan Malaysia and went on to receive a Masters of Surgery (Orthopaedic) and an Honorary PhD.

Professor Dato' Dr. Mohamad began his career as a House Officer (Medical) at the Kuala Lumpur General Hospital before taking up a lecturer position with Universiti Kebangsaan Malaysia where he was eventually appointed as the Director of Hospital Universiti Kebangsaan Malaysia and later as the Deputy Vice-Chancellor (Student and Alumni Affairs). He then went on to serve as the Vice Chancellor and CEO of a private university college in Penang.

Professor Dato' Dr. Mohamad was formerly appointed as the President of the Malaysian Orthopaedic Association. He is also a visiting registrar of the Orthopaedic Department at Edinburgh University, in addition to being registrar and spinal injury fellow at the Southport Spinal Injuries Centre in Liverpool. He has brought his considerable experience of medical sciences, management and education to helping the UoC position itself as a leading, 5-Star Malaysian university.

Professor Dr. Mohamad Khan Jamal Khan

- Vice Chancellor, Asia Metropolitan University
- Aged 69
- Malaysian / Male

Professor Dr. Mohamad Khan Jamal Khan ("Professor Dr. Mohamad Khan") was appointed as Acting Vice Chancellor of Asia Metropolitan University on 2 April 2018. He is currently serving as the Vice Chancellor of Asia Metropolitan University with effect from 1 January 2019.

Professor Dr. Mohamad Khan has an extensive record in Occupational Safety and Health (OSH) management including designing of the curriculum for OSH programmes for several public and private universities in Malaysia.

He obtained his Bachelor of Social Science in Economics from Universiti Sains Malaysia and went on to complete his Master of Science (Management) and later his PhD in OSH from Universiti Utara Malaysia.

Professor Dr. Mohamad Khan began his academic career as a Program Coordinator at the Universiti Utara Malaysia and was eventually appointed the Deputy Dean (Research and Postgraduate Studies). He then served as the Dean of several faculties at Cyberjaya University Collage of Medical Sciences prior to his appointment to Asia Metropolitan University.

Professor Dr. Mohamad Khan has taught various courses in OSH, Human Resource Management and Research Methodology at postgraduate and undergraduate levels, and has supervised several PhD and Masters' candidates in Safety and Health Management programmes. He is on the panel of Institutional Auditors for the Malaysian Qualification Agency (MQA). As of to date, he has published more than 50 journal articles and presented papers and reports on OSH issues and programmes at international and national levels. Due to his excellent service, Professor Dr. Mohamad Khan was given several awards during his tenure as an academician.

Save as disclosed, none of the Key Senior Management have :-
- Any directorship in public companies and listed issuers.
- Any family relationship with any Directors and/or major shareholders of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past five (5) years (other than traffic offences)
- Any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Minda Global Berhad ("Minda Global" or "the Company") is committed to uphold the high standards of corporate governance throughout Minda Global and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement ("Statement") sets out a summary of the corporate governance practices undertaken by the Group during the financial year ended 31 December 2019 ("FYE 2019") which takes guidance from the three (3) key Corporate Governance principles set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

The Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read in conjunction with the Corporate Governance Report for the FYE 2019, which is made available on the Company's website at www.mindaglobal.com.my The said Corporate Governance Report provides the details on how the Group has applied each corporate governance practice, any departure thereof and alternative measure being in place within the Group during the FYE 2019. The Board considers that the Group has mostly complied throughout the year with the principles of MCCG 2017.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board duties and responsibilities

The Board represents and serves the interest of the shareholders. The Board shall lead and manage the Group in an effective and responsible manner and all the Directors have an equal responsibility for the Group's operations and corporate accountability.

The Board is responsible for the overall corporate governance of the Group, its strategic direction, overseeing the conduct of the Group's business to evaluate whether the business is being properly managed, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, ensuring proper succession planning and effective shareholders communication policy, ensuring the integrity of the Group's financial and non-financial reporting and reviewing the adequacy and the integrity of the Group's internal control systems.

The Board has two (2) main Board committees, namely Audit and Risk Management Committee ("ARMC") and Nomination and Remuneration Committee ("NRC"), to assist and complement the Board in the execution of its responsibilities. Each Board committee operates within its terms of reference and has authority to examine issues and report to the Board with its findings and recommendations.

The Board has also delegated the daily management of the Group's business affairs to the Group Managing Director and the Executive Director. Mr Maha Palan who was the Non-Executive Director of the Company, has been redesignated as the Executive Director on 30 March 2020. The Group Managing Director and the Executive Director holds the primary responsibility for the Group's business performance, and implementing corporate strategies and objectives adopted by the Board. Both are assisted by the Senior Management team.

Practice 1.2 – Chairman

The Chairman of the Board is an independent director. The Chairman plays an instrumental role in providing leadership to the Board for all aspects of the Board's roles and responsibilities, ensuring that operations conform to the Board's strategic directions, Company's vision and corporate policies, as well as facilitating the communication and understanding between the Management and the Board.

Practice 1.3 – Separation in the roles of Chairman and Group Managing Director/Group Chief Executive Officer

The roles of Chairman and Group Managing Director/ Group Chief Executive Officer are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter which is available on the website of the Company. Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Board and the Management in their deliberation of the business, strategies and key operations of the Group.

As of the date of this statement, the Group Chief Executive Officer who was reporting to the Group Managing Director has resigned on 14 January 2020.

Practice 1.4 – Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.

All Directors have full and unrestricted access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Practice 1.5 – Information and support for Directors

Board meetings for the ensuing financial year are scheduled in advance to facilitate Directors to plan ahead and fit the year's Board meetings into their schedules. The Board meets on a quarterly basis and at other times as required. During the FYE 2019, the Company held 6 Board meetings. As shown in the table below, all Directors have complied with the MMLR of attending not less than 50% of the Board meetings held during the FYE 2019. This demonstrates that each Director has devoted sufficient time and commitment in carrying out his or her duties and responsibilities. The summary of attendance of Board meetings by the Directors in office during the FYE 2019 are as follows:-

Directors	Number of meetings attended / Number of meetings held	Percentage of attendance (%)
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	6/6	100%
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	6/6	100%
Tan Sri Datuk (Dr.) Rafiah Binti Salim	6/6	100%
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	6/6	100%
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/6	83%
Sanjeev Nanavati	6/6	100%
Maha Ramanathan Palan	6/6	100%

All Directors will commit their time to the board meetings to be held, in discharging his or her duties. Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgement to discuss the issues at hand. At the Board meetings, the Board reviews and discusses amongst others, the Group's financial position, company's policies, risks management, as well as management performance against the corporate targets and budget. In addition, the Chairman of the respective Board committees would update the Directors at the Board meetings, of salient views and recommendations of the Board committees following their members' deliberations at the respective Board committees' meetings.

The proceedings of the Board meetings in relation to notice, quorum and voting rights are governed by the Company's Constitution. Prior to each meeting, a reasonable notice of meetings and agenda will be circulated to all Directors together with the draft minutes of the previous meeting and the agenda together with the respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed in order for them to be apprised of the topics and to be prepared accordingly.

During the Board meetings, the Board will be notified of circular resolutions signed during the quarter and any disclosures or announcements made to Bursa Securities and any other relevant authorities.

All the Directors have the rights of access to all relevant information pertaining to the Company, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend seminars, workshops, conferences and relevant training programmes to ensure they keep abreast with latest developments in the business and economic environment, to enhance their skills as well as ensuring that they possess the necessary knowledge to enable them to discharge their duties and responsibilities more effectively. As at the date of this Statement, all the Directors have completed the Mandatory Accreditation Programme as required under the MMLR of Bursa Securities.

The seminars, workshops, conferences and/or other training programmes attended by the Directors in office during the year under review were as follows:-

Directors	Training Programmes/Seminars/Workshops/Conferences
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	• Perwira Dialogue 2/2019
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	• The Asia HRD Congress • Masterclass Workshop : Human Capital Development in the Digital Economy – Challenges and Opportunities
Tan Sri Datuk (Dr.) Rafiah Binti Salim	• FIDE Forum Reading the Signs : The Next Financial Crisis and Potential Impact on Asia • CG Watch : How does Malaysia Rank • Leadership Series : Sustainability Inspired Innovations, Enablers of the 21st Century • International Director's Summit 2019 • Corporate Governance and Corporate Liability Provision
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	• Director Talk Series #1 : Back to Basics, Rethinking Corporate Governance • Transfer Pricing Seminar 2019 • MIA's Engagement Session with Audit Committee members on Integrated Reporting • National Tax Conference 2019 • Director Talk Series #2 : The Board of Directors of the 21st Century • Demystifying the Diversity Conundrum : The Road to Business Excellence • Talk 2 Solve Colloquium • Seminar Percukaian Kebangsaan 2019 • Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	• Malaysian Financial Reporting Standard (MFRS) 16 – Leases • Case Study Workshop for Independent Non Executive Directors • Best Practices, Globalisation Tax Residence; Practice Digitisation; Building High Performance Team • Corporate Liability Provision under the MACC (Amendment) Act 2018 • 2020 Budget Seminar • Audit Quality Enhancement Program SMPs 2019 • Thought Leadership Series : Leadership Greatness in Turbulent Time – Building Corporate Longevity • Directors' Dialogue on Integrated Reporting
Maha Ramanathan Palan	• The Asia HRD Congress • Masterclass Workshop : Human Capital Development in the Digital Economy – Challenges and Opportunities • NPL Distressed Debt Summit 2019 • Fintech World Forum 2019 • Open Banking World Congress 2019 • Alternative Credit Council Global Summit 2019 • International Petroleum Week 2019

Mr. Sanjeev Nanavati was unable to attend any training due to his busy work schedule. However, he has kept himself abreast on the latest financial and business developments as well as changes in requirements and regulations to enabling him to contribute to the Board effectively.

The Board, through the Nomination and Remuneration Committee ("NRC") continues to evaluate and determine the training needs of the Directors. Each of the individual Director also assess his or her training needs by determining areas that would best strengthen his or her contributions to the Board and Board Committee.

In addition, the Company Secretary circulates regular updates on training programmes from various organisations to the Directors for their consideration for participation.

Practice 2.1 – Board Charter

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter was endorsed on 14 February 2018 and is made available on the Company's website.

The Board will review the Board Charter periodically and make any necessary amendments to ensure they remain consistent with the Board's objectives, current development, and new legislations and regulations and recommended best practices.

The Board has two (2) Board Committees, namely ARMC and NRC which are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference ("TOR") which sets out its functions and duties, composition, rights and meeting procedures. These TOR were endorsed and will be reviewed annually in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities.

Practice 3.1 – Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to establish a corporate culture that promotes ethical conduct throughout the Group and ensures that its business is conducted with integrity, transparency and fairness. In discharging its fiduciary duties, the Board must at all time act in good faith and in the best interests of the Company and at the same time ensuring that its obligation to shareholders and stakeholders are met. The Director's Code of Conduct and Ethics was formulated and is made available on the Company's website.

As an effort to continuously observe highest standard of ethical conducts within the Group, the Board has also adopted the Code of Conduct which applies to all Directors and employees of the Group on 29 May 2020. This Code of Conduct covers the areas among others, conflicts of interest, abuse of power, insider trading, proper use of company's assets and confidential information, financial reporting, corruption and bribery, money laundering and whistleblowing, which is made available on the Company's website.

The Board is committed to conducting businesses in an ethical, transparent, responsible and efficient manner. In line with this commitment, the Board has put in place an Anti-Bribery and Anti-Corruption Policy on 29 May 2020 which is made available on the Company's website.

Practice 3.2 – Whistle-blowing Policy

The Board is committed to achieving and maintaining high standards with regards to integrity and responsibility. It has established the Whistle-blowing Policy that provide a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption. It outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistle-blowing Policy is reviewed annually and is available on the Company's website.

II. Board Composition

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors

As of the date of this Statement, the Board consists of seven (7) members, comprising the Chairman, the Group Managing Director, the Executive Director and four (4) Independent Non-Executive Directors. This is in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities that requires one-third (⅓) of the Board members to be Independent Directors.

The Board is satisfied that its current size and composition is adequate to provide for a diversity of views, to facilitate effective decision making and to reflect an appropriate balance of Executive and Non-Executive Directors for the scope and nature of the Group's business and operations.

The Independent Non-Executive Directors are independent of management and free from any business, relationship or any circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. They have also fulfilled the criteria of an independent director pursuant to the MMLR of Bursa Securities. Amongst their roles are to provide support and advice to the Board to maintain ethical behaviour within the Company and to serve as a measure to prevent concentration of power in order to protect the stakeholders' interest.

The Board will review and assess the independence of directors annually based on the criteria set by the NRC. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities independently and for the interest of the Company. The Board also received confirmation of independence from the respective Independent Directors.

Practice 4.2 of the MCCG 2017 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. However, an Independent Director may be retained as an Independent Director after a cumulative term of nine (9) years, subject to:

- An assessment and recommendation of the NRC.
- The Board recommends with strong justification for shareholders' approval in a general meeting.

If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

As of the date of this Statement, none of the Independent Directors exceed a cumulative term of nine (9) years.

Practice 4.4 and 4.6 – Diversity on Boards and in Senior Management & Sourcing of Directors

The NRC is responsible for assessing and making recommendations to the Board on the suitable candidates for appointment of Board member based on recruitment criteria established by the Board. The NRC has the responsibility to ensure that the Board comprises suitably qualified members who demonstrate appropriate skills, knowledge, industry exposure, expertise and experience, competencies and other relevant qualities who contribute to the effective oversight and stewardship of the Group. Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the NRC.

Practice 4.5 – Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, caliber and gender in order to have balanced, comprehensive and thorough decision makings. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. Hence, the Board has established a Gender Diversity Policy on 23 November 2018, which is made available on the Company's website. The Board welcomes suitably and qualified female Directors to come on the Board subject to the evaluation and assessment by the NRC following the criteria set by the MCCG 2017 and the MMLR of Bursa Securities. The Board currently consists of two (2) female Directors.

Practices 4.7 and 6.2 – Nomination and Remuneration Committee

The Board has established a NRC to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NRC's duties and responsibilities are stated in its TOR which is available on the Company's website.

The NRC currently comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director. The NRC meets as and when required, at least once a year. During the FYE 2019, one (1) meeting was carried out, with attendance as follows:-

Name of Director	Designation	No. of Meetings Attended
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Senior Independent Non-Executive Director)	Chairman	1/1
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar (Independent Non-Executive Director)	Member	1/1
Sanjeev Nanavati (Independent Non-Executive Director)	Member	1/1

During the FYE 2019, the NRC has considered amongst others, assessed the effectiveness of the Board, Board Committees and contribution of each individual Director, including the required mix of skills, independence, diversity and core competencies necessary for the Board to discharge its duties effectively, reviewed the suitability of the Directors who subject to retirement at the Company's Annual General Meeting ("AGM") and recommended to the Board on re-election of Directors as well as recommended the Directors' fees and meeting allowances for the Non-Executive Directors.

As of the date of this Statement, the NRC have reviewed and recommended to the Board that the Directors' fees and meeting allowances as well as the remuneration of the Group Managing Director be revised. The Board has approved the revision of the remuneration of the Group Managing Director and the NRC's recommendation on the revision of the Directors' fees and meeting allowances, for shareholders' approval to be sought at the Company's forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The NRC annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director will be provided with a detailed questionnaire in the Directors' Performance Evaluation which covers matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee will be carried out by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR. The assessment was internally facilitated, whereby results of the assessments had been complied, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Each Director and Board Committee member completes the evaluation form and submits it on a confidential basis to the Company Secretary who collates the responses and produces a report for tabling to the NRC. The NRC reviews the report and submits its findings and report to the Board on the assessment of the performance and effectiveness of the Board and Board Committees as well as the performance of each Director.

As of the date of this Statement, the NRC has conducted the evaluation and assessment exercise in respect of the effectiveness of the Board, Board Committees and performance of individual Directors on the Board for the FYE 2019. The results were presented to the Board in June 2020 where the Board noted the findings and areas that necessitated improvements. Based on the evaluation and assessment exercise, it was concluded that the Board and its Board Committees are effective in discharging their responsibilities and each Director has continued to perform effectively and demonstrated commitments to his/her role.

Following the evaluation and assessment results, the NRC has also recommended to the Board, Tan Sri Datuk (Dr) Rafiah Binti Salim and Mr Sanjeev Nanavati, who are retiring and eligible to stand for re-election at the Company's forthcoming AGM in accordance with Clause 103 of the Company's Constitution. Tan Sri Datuk (Dr) Rafiah Binti Salim has expressed her intention to seek for re-election at the forthcoming AGM but Mr Sanjeev Nanavati has expressed his intention that he does not wish to seek re-election and as such, he will retire as a Director of the Company at the conclusion of the Company's forthcoming AGM.

III. Remuneration

Practice 6.1 – Remuneration Policy

The Board (through the NRC) has recognised the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the NRC will review and recommend to the Board on the remuneration packages of the executive and non-executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment, responsibilities undertaken and individual performance on an annual basis.

The Remuneration Policy of Directors and key senior management which was established on 23 November 2018 is to assist the Company in attracting, retaining and motivating experienced, qualified and high caliber members of the Board and key senior management of the Company. The remuneration for Executive Director is structured to link rewards to individual and corporate performance whereas the level of remuneration for Non-Executive Directors reflect the experience, expertise, time commitment and level of responsibilities undertaken by the Directors.

Remuneration payable to Non-Executive Directors is proposed by the Board and is subject to shareholders' approval at the AGM. Each individual Director does not participate in the decision regarding his/her remuneration.

Practice 7.1 - Remuneration of Directors

The details of the Directors' remuneration comprising remuneration received from the Company and its subsidiaries in the FYE 2019 are as follows:-

Group Level

Name of Directors	Salaries, Allowances, and Others RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	1,241,537	-	148,920	-	-	1,390,457
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	4,500	-	52,500
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	10,000	-	58,000
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	5,500	-	53,500
Sanjeev Nanavati	-	48,000	-	8,000	-	56,000
Maha Ramanathan Palan	-	48,000	-	2,500	-	50,500

Company Level

Name of Directors	Salaries, Allowances, and Others RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	4,500	-	52,500
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	10,000	-	58,000
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	5,500	-	53,500
Sanjeev Nanavati	-	48,000	-	8,000	-	56,000
Maha Ramanathan Palan	-	48,000	-	2,500	-	50,500

Practice 7.2 –Remuneration of Key Senior Management

The aggregate remuneration of the Key Senior Management on group basis during the FYE 2019 are set out as follows:-

Remuneration (RM)	No. of key senior management*
1,941,848	5

**exclude remuneration of Group Managing Director which has been disclosed under the Director's Remuneration above.*

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following members:-

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)
Chairman

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)
Member

Sanjeev Nanavati
(Independent Non-Executive Director)
Member

The Chairman of the ARMC is not the Chairman of the Board. In addition, the ARMC comprises wholly of Independent Non-Executive Directors. The ARMC members have a wide range of relevant accounting or related financial management skills, knowledge and experience in discharging their duties and one of the ARMC member is a member of the Malaysian Institute of Accountants thus fulfilling the requirement under paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

The ARMC Report is set out separately in this Annual Report. Full details of the ARMC's duties and responsibilities are stated in its TOR which is made available on the Company's website.

Practice 8.2 and 8.3 – Oversight of External Auditors

The Group has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member s of the ARMC.

In order to ensure that the External Auditors remain independent and objective, the ARMC's TOR sets out the nature for the provision of non-audit services which can be entered into by the Group with the External Auditors and the procedures to be followed to obtain approval for those services where they are permitted. The Group engaged the External Auditors to perform non-audit services including reviewing the Statement of Risk Management and Internal Control. The ARMC is of the view that the provision of these non-audit services did not impair the External Auditors' independence as the fees paid are not significant. The External Auditors have provided a written assurance to the ARMC that they have been independent throughout the conduct of the audit engagement with the Group for the FYE 2019.

The total of audit and non-audit fees incurred for services rendered by the External Auditors to the Company are as follows:

	Financial year ended 31 December 2019 RM
Statutory audit fees	132,000
Non-audit fees	6,000
Total	138,000

The Board, through its ARMC maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the ARMC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The ARMC will ensure that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The ARMC continues to assess the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

In the course of their audit, the External Auditors presented the ARMC review its 2019 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. The External Auditors also highlighted to the ARMC matters pertaining to the financial reporting.

Private meetings between the ARMC and External Auditors will be held at least once in each financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the ARMC.

The full details of the role of the ARMC in relation to the External Auditors are set out in the ARMC Report of this Annual Report.

II. Risk Management and Internal Control Framework

Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control

The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group.

The ARMC assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board through ARMC regularly receives reports from the Internal Auditors on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Statement on Risk Management and Internal Control of this Annual Report.

Practice 10.1 and 10.2 – Internal Audit function

The Board has established an independent internal audit function that reports directly to the ARMC. To ensure that the responsibilities of internal auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the internal audit function as well as the competency of the internal auditors.

The internal audit function of the Group is outsourced to an independent internal audit consultant and therefore is independent of the activities it audits. The Head of the Internal Auditors is a member of the Institute of Internal Auditors Malaysia and possesses the skills, experience and competency to effectively carry out the internal audit work effectively.

The Internal Auditors is entrusted to provide an independent evaluation on the effectiveness of the risk management and internal control system of the Group based on an agreed scope of work. It will also carry out a follow-up review on the issue raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

Details of the internal audit function and activities are provided in the ARMC Report of this Annual Report.

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

I. Communication with Stakeholders

Practice 11.1 – Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Company has in place a Shareholder Communications Policy ("SCP") which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Board delegates the implementation of the SCP Policy to the Group Managing Director and the Group Chief Financial Officer. The Group also maintains comprehensive control of all important corporate information and prohibits any insider trading by any Director or principal officer when he or she is in possession of price sensitive information.

The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:

(a) the Annual Report;
(b) Company's announcements made to Bursa Securities;
(c) regular dialogues with analysts and fund managers representing individual and institutional shareholders;
(d) attending to shareholders' and investors' emails and phone enquiries; and
(e) the Company's website at http://mindaglobal.com.my/ under Investor Relations section, which houses Board Charter, Company's Policies, annual reports, quarterly and full year financial results, press releases and other corporate information on Minda Global. The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.

II. Conduct of General Meetings

Practice 12.1 – Notice of general meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting. The notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time for them to consider the business to be discussed at the meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

Practice 12.2 – Attendance of directors at general meetings

AGM is the main avenue for shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and the Group. At the AGM, the Group Managing Director presents a review of the Group's business operations overview and financial performance, initiatives and value created for the shareholders.

The Chairman will ensure that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board's Committees together with the Management team are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors will also attend the AGM and would be available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

Practice 12.3 – Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or more proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

Pursuant to the MMLR of Bursa Securities, the Company is required to ensure that all resolution as set out in the Notice of AGM is voted by poll. Hence, all the resolutions set out in the Notice of the forthcoming Third AGM will be voted by poll to support shareholders' participation. With poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. An independent scrutineer will be appointed to validate the votes cast at the meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is committed to ensure the reliability of the Company's financial statements. The Board strives to ensure that annual financial statements give a true and fair view of the state of affairs, and of the results of the operations of the Company for the FYE 2019. As required by the Companies Act 2016 and the MMLR of Bursa Securities, the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia.

In preparing the financial statements, the Board has applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent. The financial statements had been prepared on a going concern basis.

The Board is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company.

The Board is also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other such irregularities.

STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG 2017 throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 19 June 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Minda Global is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended ("FYE") 31 December 2019.

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AND MEETINGS

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors of the Company. One of the members of the ARMC, is a member of the Malaysian Institute of Accountants. The composition of the ARMC complied with Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). As at the date of this report, the members of the ARMC are as follows:

Name of Member

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)
Chairman

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)
Member

Sanjeev Nanavati
(Independent Non-Executive Director)
Member

MEETINGS

The ARMC held five (6) meetings during the FYE 31 December 2019. The attendance of the committee members was as follows:-

Name of ARMC Member	Total Number of Meetings Attended
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	6/6
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/6
Sanjeev Nanavati	6/6

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC which sets out the authority, duties and responsibilities of the ARMC are consistent with the requirements of the MMLR of Bursa Securities and the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The TOR of the ARMC are made available on the Company's website at http://mindaglobal.com.my/

SUMMARY OF WORK OF THE ARMC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

During the FYE 31 December 2019, the activities of the ARMC included the following:-

i. Reviewed unaudited quarterly financial results and announcements of Minda Global and its subsidiaries ("the Group") prior to submission to the Board for consideration and approval. The items reviewed were the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows as well as the explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting. The ARMC also reviewed the variance of the quarterly results against the budget, if any;

ii. Reviewed the audited financial statements for the FYE 31 December 2018 prior to submission to the Board for consideration and approval. The ARMC took note of the External Auditors' observations arising from the audit that are significant e.g. any material variance between the financial results of the fourth quarter and the audited figures and material weaknesses in internal controls;

iii. Reviewed the External Auditors' Audit Review Memorandum to the ARMC for the FYE 31 December 2018 in relation to the statutory audit;

iv. Reviewed the ARMC Report and Statement on Risk Management and Internal Control for the FYE 31 December 2018 and recommended the adoption to the Board;

v. Reviewed with the External Auditors the Audit Planning Memorandum for the financial year ended 31 December 2019 which comprised the declaration by the External Auditors of their professional independence, the audit objectives, the statutory / other responsibilities of the auditors and directors, scope of the audit and approach, audit materiality threshold, fraud related matters and laws and regulations, areas of audit emphasis, significant audit findings, new Malaysian Financial Reporting Standards issued and effective / yet to be effective;

vi. Reviewed and recommended to the Board the re-appointment of External Auditors which was proposed for shareholders' approval at the Annual General Meeting held in 2019;

vii. Reviewed and approved appointment of the Internal Auditor for the FYE 31 December 2019 to ensure adequacy of audit scope, coverage, resources to carry out the internal audit functions effectively;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(Continued)

viii. Reviewed the Internal Audit reports tabled during the year by the Internal Auditors which highlighted key control issues together with causes, risks, audit recommendations for improvement and Management's action plans to address the control deficiencies;

ix. Reviewed the follow up audit reports tabled during the year by the Internal Auditors on the adequacy and effectiveness of the action plans or corrective actions undertaken by Management in addressing the audit issues or control deficiencies highlighted from Internal Audit reports;

x. Reported to the Board on significant issues and concerns discussed during the ARMC's meetings together with applicable recommendations; and

xi. Reviewed the appropriateness of management response to key risk areas and follow-up on management risk treatment action plans reported by the Risk Management Sub Committee.

INTERNAL AUDIT FUNCTION

IIn accordance with paragraph 15.27 of the MMLR of Bursa Securities, a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function reports directly to the ARMC.

Furthermore, the Group had established an internal audit function which is essential for assisting the ARMC in reviewing the state of the systems of internal control maintained by the Management.

This function is outsourced to an internal audit consulting company. The audit team members are independent of the activities audited by them. Functionally, the Internal Auditors review and assess the Group's system of internal control and report to the ARMC directly.

The Internal Auditors have performed their work in accordance with the principles of the International Professional Practice Framework on internal auditing covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

All internal audit reports were reviewed by the ARMC and discussed at ARMC Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvements.

The Internal Auditors place great importance on the effective and fair communication with all stakeholders. Open channels of communication are maintained to facilitate this. In striving for continuous improvement, the Internal Auditors endeavour to put in place appropriate action plans and carry out necessary assignments to further enhance the Company's systems of internal control. Its resources and manpower requirements are reviewed on a regular basis to ensure their function are carried out effectively.

In summary, the main responsibilities of the Internal Auditors are to:

- Undertake periodic reviews of the Group's operations and the systems of internal control by performing periodic reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls and highlight significant risks and non-compliance impacting the Group.
- Where applicable, the Internal Auditors provide recommendations to improve on the effectiveness of risk management, control and governance processes. The Management will follow through and review the status of actions on recommendations made by the Internal Auditors.
- Internal audit reviews are carried out on units that are identified premised on a risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the Management and the Board.
- The ARMC meets on a quarterly basis to review the internal control issues identified in reports prepared by Internal Auditors and further evaluates the effectiveness and adequacy of the Group's internal control system.
- The ARMC has active oversight on Internal Auditors' scope of work and resources. It also reviews the Internal Audit function and the scope of the annual audit plan and frequency of the internal audit activities.

During the financial year, the Internal Auditors conducted the following internal audit review in accordance with the approved Internal Audit Plan for 2019:

i. Internal Audit Review of Safety and Health function at Asia Metropolitan University Campus;
ii. Internal Audit Review of Business Development and Revenue / Account Receivable function at Cyberjaya University College of Medical Sciences;
iii. Follow up status reports on previously reported internal audit findings.

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 19 June 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of the Company is pleased to provide the following statement on risk management and internal control of the Company and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 December 2019. This has been prepared in accordance with Paragraph 15.26(b) of the MMLR of Bursa Malaysia and *"Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers"*.

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility in establishing a sound risk management framework ("ERM") and internal control system.

On 29 August 2018, the Company had appointed Axcelasia Colombus Sdn Bhd ("Axcelasia"), for the below:

1. To enhance the ERM Framework of the Company and to facilitate systematic application of ERM practices and continuous reporting of risk management activities;
2. To identify and analyse key risks associated with the strategic, operational, financial, and compliance perspectives of the Company;
3. To assist the Group in identifying suitable strategy and action plans to deal with the top risks/challenges, so as to minimise potential losses or maximise (take advantage of) the opportunities within the risks;
4. To review the implementation of risk action plans execution status and embed the risk management practice into daily operation and management activities; and
5. To monitor the risk management activities of the Group and establish practical risk indicators to enhance the capability of the Group to response to emerging issues and operation matters timely.

The Board is of the view that the risk management framework and internal control system are designed to manage the Group's risks within acceptable risk appetite, rather than eliminate the risk of failure to achieve the goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Board has established an appropriate control structure and process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the Group are updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

INTERNAL CONTROL STRUCTURE

The key processes that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

RISK MANAGEMENT FRAMEWORK

The enhanced ERM Framework, which is in line with ISO31000:2018, outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions.

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits and accountability aligned to business and operations requirements which support the risk management process and practices.

The Board has extended the responsibilities of the ARMC to oversee the company-wide risk management practices. Any approved policy and framework formulated to identify, measure and monitor various risk components would be reviewed and recommended by the ARMC to the Board. Additionally, the ARMC reviews and assesses the adequacy of these risk management and ensures infrastructure, resources and systems are in place for risk management.

The ARMC is assisted by the Risk Management Sub-Committee which consists of the Management team. The Risk Management Sub-Committee monitors the policy implementation, provides risk education across the Group, reports and monitors on key risks identified and ensures accountability of the respective Risk Owner and Risk Co-owner.

Day to day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and they are delegated with the responsibilities to identify and manage these risks. Significant risks identified during the risk assessment process were maintained in a formal database of risks and controls information i.e., risk registers, which capture the possible root causes, existing key controls and impact. The risks were then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, High and Extreme.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Continued)

A risk profile for each business function was established to provide the Management a holistic view of the risks to assist in its formulation of strategies, business plans and decision making process. Subsequently, risk action plan identification was carried out for the Top 6 Risks of the Company to manage the risks to an optimal level.

INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the internal control system whilst ensuring that there is an appropriate balance of controls and risk management throughout the Group in achieving its business objectives.

For the financial period under review, the Internal Auditors conducted and reported the following to the ARMC: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter 2019 (January – March 2019)	May 2019	Asiamet (M) Sdn Bhd	Internal Audit Review of Safety and Health
2nd Quarter 2019 (April – June 2019)	August 2019	Asiamet (M) Sdn Bhd	Follow up actions on previously reported internal audit findings • Business Development • Revenue / Account Receivable
		CUCMS Education Sdn Bhd ("CUCMS")	Follow up actions on previously reported internal audit findings • Student Registration / Admission and Administration • Safety and Health • Other observations
3rd Quarter 2019 (July – September 2019)	Nov 2019	CUCMS Education Sdn Bhd ("CUCMS")	Internal Audit Review of • Business Development • Credit Control and Collection
4th Quarter 2019 (October – December 2019)	Feb 2020	Asiamet (M) Sdn Bhd	Follow up actions on previously reported internal audit findings • Safety and Health • Business Development • Revenue / Account Receivable

In line with this, the ARMC considered all the findings of the internal audit through the review of the internal audit reports, the Management responses and the recommendations made by Internal Audit Function which were tabled at the ARMC meeting.

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status reports on follow up actions were tabled to the ARMC during its quarterly meetings. For the FYE 31 December 2019, the total costs incurred for the outsourced internal audit function was RM24,000.

The Internal Audit Function includes:

- Undertaking periodic reviews of the Group's operations and the systems of internal control by performing periodic reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks and non-compliance impacting the Group.
- Where applicable, the Internal Audit provides recommendations to improve on the effectiveness of risk management, control and governance processes. The Management will follow through and review the status of actions on recommendations made by the internal auditors.
- Internal audit reviews are carried out on units that are identified premised on a risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board.
- The ARMC meets on a quarterly basis to review the internal control issues identified in reports prepared by Internal Auditors and further evaluates the effectiveness and adequacy of the Group's internal control system.
- The ARMC has active oversight on the Internal Audit's scope of work and resources. It also reviews the Internal Audit function and the scope of the

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

annual audit plan and frequency of the internal audit activities.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the procedures established by the Board that provides effective internal control include:

- Other Board Committees are also established to assist the Board in performing its oversight function namely Nomination Committee and Remuneration Committee.

- A defined framework with appropriate empowerment and authority limits has been approved by the Board.

- There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

- On behalf of the Board, the ARMC has the responsibility for oversight of risk management and internal controls over financial reporting and the operations of the Group.

- During the financial year and up to the date of this Annual Report, the ARMC has kept under review the effectiveness of this system of internal control and has reported quarterly to the Board. In carrying out their reviews, the ARMC receives internal audit reports from the Internal Auditors; reports on the annual reviews of the internal control system of the Company which covers all internal controls, both financial and non-financial; contingencies or uncertainties caused by weaknesses in internal controls.

- The Management is responsible and empowered to carry out the below internal control activities:

    - Identifying and evaluating the risks faced in the achievement of business objectives and strategies;
    - Formulating relevant policies and procedures to manage these risks;
    - Designing, implementing and monitoring a sound system of internal control;
    - Implementing the key policies which are reported to the Board; and
    - Reporting in a timely manner to the Board any changes to the risks and corrective actions taken.

ASSURANCE FROM THE MANAGEMENT

The Board has received reasonable assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group for the FYE 31 December 2019 and up to the date of this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the external auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the annual report for the FYE 31 December 2019. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of this Annual Report, the Board is of the opinion that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

This statement is made in accordance with a resolution of the Board of Directors dated 19 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

There was no utilisation of proceeds raised from any corporate proposal during the financial year.

NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors of the Company and the Group during the financial year are as follows:-

	Company RM	Group RM
Audit fees	132,000	453,500
Non-audit fees: – Review of statement on risk management and internal control	6,000	6,000
Total	138,000	459,500

MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There was no material contract entered into by the Company and its subsidiaries involving the current Directors' and major shareholders' interests which were subsisting at the end of the financial year ended 31 December 2019.

LIST OF PROPERTIES

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
1	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-01 to G-10, 1-01 to 1-10, 2-01 to 2-15, 3-01 to 3-15 Type: RKB, Taman Kemacahaya held under part of GM 5105, Lot 13158 (formerly known as HS (M) 4900, PT No. 5707) in the Mukim and District of Hulu Langat, Negeri Selangor ("Kemacahaya Master Title") Postal Address Unit No. G-01 to G-10, 1-01 to 1-10, 2-01 to 2-15, 3-01 to 3-15 Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	10 units at the Ground Floor, 10 units at the First Floor, 15 units at the Second Floor and 15 units at the Third Floor in a block of 4-storey shop office / campus	- / 84,246	Freehold	17 years	23-Jan-06	Refer to page 49
2	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-13, Ground Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. G-13, Ground Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / office	- / 1,737	Freehold	17 years	17-May-06	
3	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-14 and G-15, Ground Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Masters Title Postal Address Unit Nos. G-14 and G-15, Ground Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	2 units at the Ground Floor in a block of 3-storey shop office / office (G-14) and clinic (G-15)	- / 3,190	Freehold	17 years	20-Mar-07	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
4	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. 15-1, First Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. 15-1, First Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the First Floor in a 3-storey shop office / office	- / 1,581	Freehold	17 years	20-Mar-07	Refer to page 49
5	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-4-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-4-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	6-Sep-08	
6	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-5-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-5-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	6-Sep-08	
7	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-14-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-14-G, Ground Floor, Type: RKA, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	19-Dec-07	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
8	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-12-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-12-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	22-Mar-07	Refer to page 49
9	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / examination department	- / 1,606	Freehold	17 years	21-Jan-08	
10	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / examination department	- / 892	Freehold	17 years	21-Jan-08	
11	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-1 (Back Portion), Floor No. First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-1 (Back Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the First Floor in a 3-storey shop office / examination department	- / 748	Freehold	17 years	21-Jan-08	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
12	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-2 (Front Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-2 (Front Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the Second Floor in a 3-storey shop office / examination department	- / 910	Freehold	17 years	21-Jan-08	Refer to page 49
13	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-2 (Back Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-2 (Back Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the Second Floor in a 3-storey shop office / examination department	- / 748	Freehold	17 years	21-Jan-08	
14	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-2-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-2-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / teaching and learning centre	- / 892	Freehold	17 years	15-Dec-08	
15	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / classroom	- / 892	Freehold	17 years	15-Dec-08	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
16	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-1 (Back Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-1 (Back Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the First Floor in a 3-storey shop office / classroom	- / 748	Freehold	17 years	15-Dec-08	Refer to page 49
17	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-6-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-6-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	25-Mar-08	
18	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd One-Storey Food Court (Hawker Centre), Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address One-Storey Food Court (Hawker Centre), Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 block of a 1-storey building / auditorium	153,149 / 15,400	Freehold	17 years	23-Jan-06	
19	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-18-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-18-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	30-Jun-08	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
20	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-18-2 (Front Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-18-2 (Front Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the Second Floor in a 3-storey shop office / vacant	- / 910	Freehold	17 years	30-Jun-08	Refer to page 49
21	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-16-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-16-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / Student Representative Council	- / 1,606	Freehold	17 years	7-Aug-08	
22	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / cafeteria	- / 1,606	Freehold	17 years	7-Aug-08	
23	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-2-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-2-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / student rest area	- / 1,606	Freehold	17 years	7-Aug-08	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
24	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-3-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-3-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / student rest area	- / 1,606	Freehold	17 years	7-Aug-08	19,850
25	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-11, G-12, 1-11, 1-12, 1-13, and 1-14, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. G-11, G-12, 1-11, 1-12, 1-13, and 1-14, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	2 units at the Ground Floor, 4 units at the First Floor in a block of 4-storey shop office / campus	- / 10,422	Freehold	17 years	8-May-08	
26	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Parcel A, Type: car park area, held under part of the Kemacahaya Master Title	1 lot of car park area	10,811 / -	Freehold	Not applicable	10-Aug-15	
27	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Pajakan Negeri Nos 89530 and 89531, Lot Nos 181679 and 181680, both in the Mukim of Hulu Kinta and District of Kinta, Perak Postal Address No. 26 and 28, Lebuh Perusahaan Klebang 1, IGB International Industrial Park, KM 8, Jalan Tunku Abdul Rahman, Tasek, 30010 Ipoh, Perak	A 4-storey main building, two 4-storey classroom blocks, two 2-storey laboratory buildings, a single storey shop, a single storey multi-purpose hall, a 3-storey auditorium block, a 4-storey hostel, a surau and a guard house/ campus/ main hall / hostel	301,938 / 191,026	Leasehold for 99 years expiring on 17 October 2089	12 years	14-Feb-07	15,261
28	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Pajakan Negeri No 89532, Lot No 181681 in the Mukim of Hulu Kinta and District of Kinta, Perak Postal Address No. 24, Lebuh Perusahaan Klebang 1, IGB International Industrial Park, KM 8, Jalan Tunku Abdul Rahman Tasek, 30010 Ipoh, Perak	A piece of vacant land	136,083 (on land)	Leasehold for 99 years expiring on 17 October 2089	Not applicable	16-Feb-07	

LIST OF PROPERTIES
(Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./ Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2019 (RM'000)
29	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd HS(D) 7936 - 7939, PT 210 - 213, Seksyen 19 Bandar Kota Bharu, Kota Bharu, Kelantan Postal Address PT Nos. 210 - 213 (New Lots 632 – 635), Seksyen 19, Jalan Hamzah, 15050 Kota Bharu, Kelantan	4 lots of a 4-storey office shoplot / vacant	7,491 / 29,964	Leasehold for 66 years expiring on 10 May 2075	10 years	19-Jun-08	3,984
30	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Twenty-three (23) lots of shoplots held under HS(D) 3565 – HS(D) 3587, PT 321 - PT 343, all within Section 17, Bandar Kota Bharu, Daerah Jajahan Kota Bharu, Negeri Kelantan	23 lots of 3 storey shoplots / campus	55,456 / 100,270	Leasehold for 99 years expiring on 20 August 2102	8 years	20-Jul-10	12,869
31	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Town Lease Nos. 017546048, 017546057, 017546066, 017546075, 017546084, 017546093, 017546100, 017546119, 017546128, 017546137, 017546146, 017546155, 017546164 & 017546173, Likas in the District of Kota Kinabalu Postal Address Lots 41 - 54, Block E & F, Lorong Juta 5, Plaza Juta, Jalan Tuaran Likas, 88400 Kota Kinabalu, Sabah	2 blocks of 5-storey building / campus	20,990 / 104,950	Leasehold for 99 years expiring on 31 December 2092	6 years	20-Dec-09	25,344

ANALYSIS OF SHAREHOLDINGS

as at 29 May 2020

Issued Paid-Up Capital	:	RM379,756,114.74
Total Number of Issued Shares	:	1,239,905,790
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	38	0.88	649	0.00
100 - 1,000	528	12.25	382,795	0.03
1,001 - 10,000	1,961	45.50	10,708,314	0.86
10,001 - 100,000	1,393	32.32	54,186,388	4.37
100,001 - 61,995,288 (*)	387	8.98	268,127,432	21.62
61,995,289 and above (**)	3	0.07	906,500,212	73.11
Total	**4,310**	**100.00**	**1,239,905,790**	**100.00**

Remark :
** Less than 5% of Issued Shares*
***5% and Above of Issued Shares*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Shareholdings			
	Direct	%	Indirect	%
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.)	-	-	-	-
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	706,500,212*1	56.98
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	-	-	-
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	-	-	-
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-
Sanjeev Nanavati	-	-	-	-
Maha Ramanathan Palan	-	-	-	-

Note :
**1 Deemed interested by virtue of his shareholdings in SMRT Holdings Berhad and SMR Education Sdn Bhd as per Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS
(Continued)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct	%	Indirect	%
SMR Education Sdn Bhd	706,500,212	56.98	-	-
Dayatahan Sdn Bhd	200,000,000	16.13	-	-
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	706,500,212*1	56.98
Dato' Abd Aziz Bin Sheikh Fadzir	1,764,800	0.14	200,000,000*2	16.13

Notes :
**1 Deemed interested by virtue of his shareholdings in SMRT Holdings Berhad and SMR Education Sdn Bhd as per Section 8 of the Companies Act 2016.*
**2 Deemed interested by virtue of his shareholdings in Dayatahan Sdn Bhd as per Section 8 of the Companies Act 2016.*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	SMR Education Sdn Bhd	549,300,212	44.30
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dayatahan Sdn Bhd	200,000,000	16.13
3.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for SMR Education Sdn Bhd (SMART)	157,200,000	12.68
4.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (1)	35,376,300	2.85
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thevandran A/L K Ragavan (021)	9,662,800	0.78
6.	Darmendran A/L Kunaretnam	6,630,000	0.53
7.	Gurdip Singh Sidhu A/L Gurbachan Singh	5,399,400	0.44
8.	Lim Keng Chuan	5,274,400	0.43
9.	Ong Wan Chin	5,149,900	0.42
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	4,933,600	0.40
11.	Farhanah Binti Jaafar	4,800,000	0.39
12.	Fariz Bin Jaafar	4,800,000	0.39

ANALYSIS OF SHAREHOLDINGS
(Continued)

No.	Name	No. of Shares Held	%
13.	Permai Innovasi Sdn Bhd	4,707,200	0.38
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang (08HE101Q1-008)	3,871,700	0.31
15.	Kenanga Nominees (Tempatan) Sdn Bhd Thevandran A/L K Ragavan (001)	3,796,000	0.31
16.	Southern PL Sdn Bhd	3,500,000	0.28
17.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Deva Dassan Solomon (M)	2,583,500	0.21
18.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Siew Cheen	2,495,000	0.20
19.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Yap Ching Loon (SMART)	2,484,500	0.20
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mystical Wonder Sdn Bhd	2,340,400	0.19
21.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)	2,300,000	0.19
22.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh (008)	2,300,000	0.19
23.	Juasa Holdings Sdn Bhd	2,200,000	0.18
24.	Meenambal A/P Vijayakumar	2,089,600	0.17
25.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Adhha' Amir Bin Dato' Abdullah	2,000,000	0.16
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	2,000,000	0.16
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Caceis Bank (SW-CAI-FGN)	2,000,000	0.16
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeap Gek @ Yeap Poh Chim	2,200,000	0.16
29.	See Mok Lean	2,200,000	0.16
30.	Seamless Strength Sdn Bhd	1,858,400	0.15
	TOTAL	**1,035,452,912**	**83.50**

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are disclosed in Note 10 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	(37,783)	(63,618)
Attributable to:		
Owners of the Company	(37,783)	(63,618)
Non-controlling interests	-	-
	(37,783)	(63,618)

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 2019.

RESERVES AND PROVISIONS

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

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 had satisfied themselves that there were no known bad debts 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 it necessary to write off any bad debts or render 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 that they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that 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 or of the Company that 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 or of the Company that 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 or 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 that would render any amount stated in the financial statements misleading.

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 those as disclosed in Note 22 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.

DIRECTORS' REPORT
(Continued)

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The directors 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.)
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar
Tan Sri Datuk (Dr.) Rafiah Binti Salim
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
Sanjeev Nanavati
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
Maha Ramanathan Palan

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:

Subramanian A/L Amamalay	
Major General Dato' Pahlawan Dr. Mohana Dass A/L Ramasamy (Rtd.)	
Tan Sri Dr. Zulkurnain Bin Awang	
Prof. Datuk Dr. Megat Burhainuddin Bin Megat Abdul Rahman	
Prof. Dato' Dr. Mohamad Bin Abd Razak	
Malayandi @ Kalaiarasu	
Murugappan Kalaimani	
Dato' Abd Rashid Bin Mohd Sharif	(Appointed on 10 January 2019)
Dato' (Dr.) Asariah Binti Mior Shaharuddin	(Appointed on 30 January 2019)
Prof. Tan Sri Dato' Dr. Amin Bin Jalaludin	(Appointed on 1 March 2020)
Tan Sri Datuk Dr. Ridzwan Bin Abu Bakar	(Resigned on 31 December 2019)
Prof. Dato' Dr. Mahmood Bin Nazar Mohamed	(Deceased on 3 January 2019)

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 1.1.2019	Bought	Sold	At 31.12.2019
The Ultimate Holding Company				
SMRT Holdings Berhad				
Direct interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar	48,773,515	11,502,000	-	60,275,515
Indirect interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar #	71,419,272	-	-	71,419,272
The Company				
Indirect interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar ^	706,500,212	-	-	706,500,212

\# *Deemed interested pursuant to Section 8 and 197 of the Companies Act 2016 in Malaysia, by virtue of his shareholding in Special Flagship Holdings Sdn. Bhd. and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi.*

^ *Deemed interested pursuant to Section 8 of the Companies Act 2016 in Malaysia, by virtue of his shareholding in SMRT Holdings Berhad, SMR Education Sdn. Bhd. and Strategic Ambience Sdn. Bhd.*

By virtue of his interests in the ordinary shares of the ultimate holding 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 Company and its subsidiaries to the extent that the ultimate holding 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 or debentures of the Company and its related corporations during the financial year.

DIRECTORS' REPORT
(Continued)

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 Note 22 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.

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 certain officers of the Company were RM40,000,000 and RM31,377 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 10 to the financial statements.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interests in shares in the ultimate holding company and its other related corporations during the financial year.

HOLDING COMPANIES

The directors regard SMR Education Sdn. Bhd., a company incorporated and domiciled in Malaysia as the immediate holding company of the Company effective from 17 February 2020. Consequently, SMRT Holdings Berhad ("SMRTH"), a company incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad became the ultimate holding company of the Company. Prior to 17 February 2020, SMRTH was the immediate and ultimate holding company of the Company.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

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

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

GENERAL TAN SRI DATO' SERI MOHD SHAHROM BIN DATO' HJ NORDIN (RTD.)
Director

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

Date: 26 June 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property and equipment	5	77,156	122,990	-	-
Right-of-use assets	6	187,928	-	-	-
Investment property	7	-	-	-	-
Goodwill on consolidation	8	75,683	90,685	-	-
Other intangible assets	9	50,609	50,779	-	-
Investment in subsidiaries	10	-	-	495,394	550,510
Deferred tax assets	11	7,089	2,636	-	-
Contract costs		1,583	1,174	-	-
Total non-current assets		400,048	268,264	495,394	550,510
Current assets					
Trade and other receivables	12	36,208	37,479	321	1,987
Contract costs		1,733	1,207	-	-
Current tax assets		496	992	-	-
Cash and bank balances	13	4,581	3,616	4	2
		43,018	43,294	325	1,989
Non-current assets held for sale	14	33,147	13,599	-	-
Total current assets		76,165	56,893	325	1,989
TOTAL ASSETS		476,213	325,157	495,719	552,499
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	383,209	383,209	383,209	383,209
Capital reorganisation deficit	16	(3,453)	(3,453)	-	-
Accumulated losses		(186,220)	(148,437)	(68,137)	(4,519)
TOTAL EQUITY		193,536	231,319	315,072	378,690

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (Continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	-	27,299	-	-
Lease liabilities	18	184,074	-	-	-
Deferred tax liabilities	11	11,959	11,959	-	-
Total non-current liabilities		196,033	39,258	-	-
Current liabilities					
Borrowings	17	16,482	2,160	-	-
Lease liabilities	18	5,253	-	-	-
Trade and other payables	19	49,727	37,875	180,647	173,809
Contract liabilities	20	15,056	14,545	-	-
Current tax liabilities		126	-	-	-
Total current liabilities		86,644	54,580	180,647	173,809
TOTAL LIABILITIES		282,677	93,838	180,647	173,809
TOTAL EQUITY AND LIABILITIES		476,213	325,157	495,719	552,499

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	21	97,501	90,930	-	-
Cost of services		(60,090)	(68,418)	-	-
Gross profit		37,411	22,512	-	-
Other income		10,507	12,550	-	-
Administrative expenses		(50,783)	(48,371)	(1,053)	(857)
Net reversal of impairment loss/(impairment loss) on receivables		(969)	(3,361)	-	(1,437)
Other expenses		(18,145)	-	(62,438)	(1,900)
Operating loss	22	(21,979)	(16,670)	(63,491)	(4,194)
Finance income		25	37	-	-
Finance costs	23	(20,086)	(1,837)	(127)	(168)
Loss before taxation		(42,040)	(18,470)	(63,618)	(4,362)
Taxation	24	4,257	2,527	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(37,783)	(15,943)	(63,618)	(4,362)
Loss attributable to:					
Owners of the Company		(37,783)	(15,943)	(63,618)	(4,362)
Non-controlling interests		-	-	-	-
		(37,783)	(15,943)	(63,618)	(4,362)
Total comprehensive loss attributable to:					
Owners of the Company		(37,783)	(15,943)	(63,618)	(4,362)
Non-controlling interests		-	-	-	-
		(37,783)	(15,943)	(63,618)	(4,362)
Basic and diluted loss per ordinary share (sen)	25	(3.05)	(1.29)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company			
Group	**Share Capital RM'000**	**Capital Reorganisation Reserve/ (Deficit) RM'000**	**Accumulated Losses RM'000**	**Total RM'000**
At 1 January 2018	*	379,756	(132,494)	247,262
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(15,943)	(15,943)
Transactions with owners				
Issuance of shares pursuant to the reorganisation	383,209	(383,209)	-	-
Total transactions with owners	383,209	(383,209)	-	-
At 31 December 2018	383,209	(3,453)	(148,437)	231,319
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(37,783)	(37,783)
At 31 December 2019	383,209	(3,453)	(186,220)	193,536

* Representing RM2.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Continued)

	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company			
At 1 January 2018	*	(157)	(157)
Loss for the financial year, representing total comprehensive loss for the financial year	-	(4,362)	(4,362)
Transactions with owners			
Issuance of shares pursuant to the reorganisation	383,209	-	383,209
	383,209	-	383,209
At 31 December 2018	383,209	(4,519)	378,690
Loss for the financial year, representing total comprehensive loss for the financial year	-	(63,618)	(63,618)
At 31 December 2019	383,209	(68,137)	315,072

* Representing RM2.

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before taxation	(42,040)	(18,470)	(63,618)	(4,362)
Adjustments for:				
Amortisation of intangible assets	223	227	-	-
Depreciation of:				
- property and equipment	8,610	7,510	-	-
- right-of-use asset	14,723	-	-	-
- investment property	-	1,012	-	-
Impairment loss/(Reversal of impairment loss) on:				
- property and equipment	2,900	(3,198)	-	-
- right-of-use asset	36	-	-	-
- trade receivables	970	3,248	-	-
- other receivables	(1)	113	-	-
- goodwill on consolidation	15,002	-	-	-
Gain on disposal of:				
- property and equipment	(7)	(143)	-	-
- non-current asset held for sale	(3,250)	-	-	-
Impairment loss on investment in subsidiaries	-	-	62,438	1,900
Impairment loss on amount due from a subsidiary	-	-	-	1,437
Interest expense	20,086	1,837	127	168
Interest income	(25)	(37)	-	-
Gain on lease modification	(1,529)	-	-	-
Property and equipment written off	-	695	-	-
	15,698	(7,206)	(1,053)	(857)
Changes in working capital:				
Trade and other receivables	1,142	11,825	(1)	(7)
Contract costs	(935)	(2,381)	-	-
Trade and other payables	2,207	1,981	442	(19)
Contract liabilities	511	3,532	-	-
	18,623	7,751	(612)	(883)
Tax paid	(111)	(1,668)	-	-
Tax refunded	537	1,284	-	-
Interest paid	(20,086)	(1,267)	-	-
Interest received	25	37	-	-
Net Operating Cash Flows	(1,012)	6,137	(612)	(883)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Continued)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Repayment from/(Advances to) subsidiaries	-	-	1,667	(3,417)
Capital contribution to subsidiary	-	-	(7,322)	-
Acquisition of right-of-use assets	(39)	-	-	-
Purchase of property and equipment (Note a)	(8,524)	(29,797)	-	-
Purchase of intangible asset	(53)	-	-	-
Deposits received from sale of non-current assets held for sale	2,535	196	-	-
Proceeds from disposal of property and equipment	56	151	-	-
Proceeds from disposal of non-current assets held for sale	16,849	-	-	-
Advances to holding company	(918)	-	-	-
Repayment from/(Advances to) related companies	261	(4,314)	-	-
Net Investing Cash Flows	10,167	(33,764)	(5,655)	(3,417)
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayment to)/Advances from subsidiaries	-	-	(736)	2,326
Advances from holding company	707	1,539	-	1,257
(Repayment to)/Advances from related companies	(600)	1,766	2	719
Advances from a director	7,003	-	7,003	-
Placement of deposits pledged with licensed banks	(13)	(10)	-	-
Bank accounts pledged for Sukuk Wakalah	(903)	(197)	-	-
Repayment of term loan (Note (b))	(2,130)	(2,263)	-	-
Repayment of Sukuk Wakalah (Note (b))	(11,000)	-	-	-
Payment of lease liabilities/finance lease liabilities (Note (b))	(2,170)	(55)	-	-
Proceeds from Sukuk Wakalah	-	27,177	-	-
Net Financing Cash Flows	(9,106)	27,957	6,269	4,302
NET CHANGES IN CASH AND CASH EQUIVALENTS	49	330	2	2
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,046	2,716	2	*
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,095	3,046	4	2

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Deposits placed with licensed banks	386	373	-	-
Cash and bank balances	4,195	3,243	4	2
	4,581	3,616	4	2
Less: Deposits pledged with licensed banks	(386)	(373)		-
Less: Bank accounts pledged for Sukuk Wakalah	(1,100)	(197)	-	-
Cash and cash equivalents	3,095	3,046	4	2

* Representing RM2.

(a) Purchase of property and equipment

	Group	
	2019 RM'000	2018 RM'000
Purchase of property and equipment	8,524	29,797
Financed by way of lease arrangements	-	-
Cash payments on purchase of property and equipment	8,524	29,797

(b) Reconciliation of liabilities arising from financing activities:

Group

			Non-cash			
	1 January 2019 RM'000 Restated	Cash flows RM'000	Acquisition RM'000	Modification of lease RM'000	Amortisation of transaction cost RM'000	31 December 2019 RM'000
Amounts due to holding company	1,539	707	-	-	-	2,246
Amounts due to related companies	2,893	(600)	-	-	-	2,293
Amounts due to a director	-	7,003	-		-	7,003
Term loan	2,130	(2,130)	-	-	-	-
Lease liabilities	200,552	(2,170)	24,183	(33,238)	-	189,327
Sukuk Wakalah	27,299	(11,000)	-	-	183	16,482
	234,413	(8,190)	24,183	(33,238)	183	217,351

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued):

Group (Continued)

	1 January 2018 RM'000	Cash flows RM'000	Non-cash: Amortisation of transaction cost RM'000	31 December 2018 RM'000
Amounts due to holding company	-	1,539	-	1,539
Amounts due to related companies	1,127	1,766	-	2,893
Term loan	4,393	(2,263)	-	2,130
Finance lease liabilities	85	(55)	-	30
Sukuk Wakalah	-	27,177	122	27,299
	5,605	28,164	122	33,891

Company

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

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM20,419,013.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Minda Global Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 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 as an investment holding company. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company of the Company during the financial year is SMRT Holdings Berhad, a company incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 June 2020.

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 new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRS	
MFRS 16	Leases

Amendments/Improvement to MFRSs	
MFRS 3	Business Combination
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

2. **BASIS OF PREPARATION (CONTINUED)**

2.2 **Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (Continued)**

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year (Continued):

New IC Int	
IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int 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:

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group has applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(a) **Classification and measurement**

As a lessee, the Group previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into a principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

The Group also applied the following practical expedients wherein they:

(i) applied a single discount rate to a portfolio of leases with similar characteristics;
(ii) applied the exemption not to recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(iv) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group recognised the carrying amounts of lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

2. **BASIS OF PREPARATION (CONTINUED)**

2.2 **Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (Continued)**

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(a) **Classification and measurement (Continued)**

For leasehold land that were classified as property and equipment under MFRS 116

The Group recognised the carrying amount of the leasehold land under MFRS 116 *Property, Plant and Equipment* immediately before transition as the carrying amount of the right-of-use assets at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(b) **Short-term lease and low value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises, office and IT equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as office and IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Group Increase/ (Decrease) RM'000
Assets	
Non-current assets	
Property and equipment	(11,573)
Right-of-use assets	212,095
Total non-current assets	200,522
Non-current liability	
Lease liabilities	198,993
Total non-current liability	198,993
Current liabilities	
Borrowings	(30)
Lease liabilities	1,559
Total current liabilities	1,529
Total liabilities	200,522

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 8.80%.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	Group RM'000
Assets	
Operating lease commitments as at 31 December 2018	257,671
Weighted average incremental borrowing rate as at 1 January 2019	8.80%
Discounted operating lease commitments as at 1 January 2019	192,884
Less:	
Commitments relating to short term leases	(46)
Commitments relating to leases of low-value assets	(124)
Add:	
Commitments relating to lease previously classified as finance leases	30
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	7,808
Lease liabilities as at 1 January 2019	200,552

2. **BASIS OF PREPARATION (CONTINUED)**

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
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020*/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
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 2020
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020.*

* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020.*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.*

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 MFRS and amendments/improvements to MFRSs are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

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. (Continued)

Amendment to MFRS 16 Leases

The amendment 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. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

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.

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.

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. (Continued)

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(c) The Group and Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

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 operates (“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 thousand, unless otherwise stated.

2.5 **Basis of measurement**

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

2.6 **Use of estimates and judgement**

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 disclosure 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 directors 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.

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of estimates and judgement (Continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 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.

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The Group adopted *MFRS 10 Consolidated Financial Statements*.

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- Potential voting rights are considered when assessing control only when such rights are substantive.

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. 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 3.1(i)(ii) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(i) Subsidiaries (Continued)

Separate financial statements (Continued)

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.

(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 3.1(d)(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(iii) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in capital reorganisation reserve or deficit.

(iv) 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.

(v) Non-controlling interests

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 profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

(vi) Transaction 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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(a) **Basis of consolidation (Continued)**

(vii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the 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 a financial asset depending on the level of influence retained.

(b) **Property and equipment and depreciation**

All property and equipment are stated 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 3.1(i)(ii) to the financial statements.

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 the Company, 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.

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land has an unlimited useful life and therefore is not depreciated. Capital work in progress are not depreciated until the assets are ready for their intended use.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(b) **Property and equipment and depreciation (Continued)**

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

Building	33 1/3 years
Books	5 - 10 years
Motor vehicles	5 years
Furniture and fittings	5 - 10 years
Computer, LCD and overhead projectors	2 1/2 - 5 years
Renovation and electrical installation	5 - 10 years
Office and medical equipment	5 - 10 years
Robes	5 years
Cabin	10 years

The residual values, useful lives and depreciation methods 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.

(c) **Investment properties**

Investment properties are leasehold land and buildings which are held either to earn rental income or capital appreciation or for both and are not substantially occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i)(ii) to the financial statements.

The estimated useful lives of investment properties are as follows:

Leasehold building	33 1/3 years
Leasehold land	82 years
Renovation and electrical installation	10 years

Investment properties are derecognised when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains and losses on the retirement or disposal of investment properties are recognised in the profit or loss in the financial year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(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 3.1(i)(ii) to the financial statements.

(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 3.1(i)(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 3.1(i)(ii) to the financial statements.

(iv) 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 3.1(i)(ii) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(d) Goodwill and other intangible assets (Continued)

(v) Other intangible assets

Intangible assets, other than goodwill, 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.

Other intangible assets 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.

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

Development costs	10 years
Software	5 years
Intellectual rights	5 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.

(e) Leases

(i) Definition of lease

<u>Accounting policies applied from 1 January 2019</u>

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 assesses 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(e) Leases (Continued)

(i) Definition of lease (Continued)

Accounting policies applied until 31 December 2018

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

Accounting policies applied from 1 January 2019

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.

Right-of-use asset

The right-of-use asset 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 3.1(i)(ii) to the financial statements.

The depreciation period for the current period are as follows:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(e) Leases (Continued)

(ii) Lessee accounting (Continued)

Accounting policies applied from 1 January 2019 (Continued)

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 its 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.

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 of 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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(e) **Leases (Continued)**

(ii) Lessee accounting (Continued)

Accounting policies applied from 1 January 2019 (Continued)

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.

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(iii) Lessor accounting

Accounting policies applied from 1 January 2019

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 3.1(e)(ii) to the financial statements, then it classifies the sub-lease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(e) **Leases (Continued)**

(iii) Lessor accounting (Continued)

Accounting policies applied from 1 January 2019 (Continued)

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.

Accounting policies applied until 31 December 2018

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.

(f) **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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(f) **Non-current assets or disposal groups held for sale (Continued)**

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.

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 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.

(g) **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 accounts, cash collateral accounts and finance service reserve accounts pledged to secure borrowings.

(h) **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 have 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(h) **Financial instruments (Continued)**

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.

(i) Subsequent measurement

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

(a) 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 assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(h) **Financial instruments (Continued)**

(i) Subsequent measurement (Continued)

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

(a) Financial assets (Continued)

<u>Debt instruments</u>

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 classify 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 3.1(i)(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 3.1(i)(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(h) **Financial instruments (Continued)**

(i) Subsequent measurement (Continued)

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

(a) 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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(h) **Financial instruments (Continued)**

(i) Subsequent measurement (Continued)

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

(b) 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 effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(ii) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

(iii) 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.

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.

(iv) 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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(i) **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 loss.

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 counterparty 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.

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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(i) **Impairment of assets (Continued)**

(i) Impairment of financial assets (Continued)

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 and the Company 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 counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty 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.

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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(i) **Impairment of assets (Continued)**

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets, investment properties measured at fair value and non-current assets or disposal groups classified as held for sale) 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(j) 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.

(k) Revenue and other income

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

Revenue recognition of the Group 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 measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, 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 uses 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 expects 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.

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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(k) **Revenue and other income (Continued)**

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 has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects 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) Services

Revenue of the Group 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.

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.

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) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Rental income

Rental income from investment property and student hostel are recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(l) **Borrowing costs**

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

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

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.

(m) **Income tax**

(i) Current and deferred tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

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

Deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(m) Income tax (Continued)

(i) Current and deferred tax (Continued)

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

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

Unutilised investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(ii) 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.

(iii) Sales and service tax

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

- where the sales and service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and service 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 service 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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(n) **Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary 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 chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(p) **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 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.

(q) **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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(q) **Fair value measurements (Continued)**

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 the input used in the valuation technique as follows:

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

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

(r) **Provisions**

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(s) **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain 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:

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

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

(t) **Contract costs**

(a) Recognition and measurement

Contract costs represents costs of obtaining a contract such as commission fee paid to agents.

The incremental costs of obtaining a contract are those costs that the Group incurs 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 expects those costs are recoverable.

(b) Amortisation

The costs of obtaining 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. 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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Significant accounting policies (Continued)**

(t) **Contract costs (Continued)**

(c) Impairment (Continued)

Before an impairment loss is recognised for contract costs, the Group shall recognises 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 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.

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 amount recognised in the financial year include the following:

(i) **Right-of-use assets and lease liabilities (Note 6 and 18)**

During the financial year, the Group adopted MFRS 16 *Leases* and recognised right-of-use ("ROU") assets and lease liabilities on the date of initial application. In measuring ROU assets and lease liabilities, significant judgement is required in determining the lease term, lease payments and incremental borrowing rate. Any changes in the estimates may have significant effect on the Group's performance and financial position.

(ii) **Impairment of goodwill and other intangible assets (Note 8 and 9)**

The Group determines whether goodwill and other intangible assets 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 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.

(iii) **Impairment losses for trade receivables (Note 12)**

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, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (Continued):

(iii) **Impairment losses for trade receivables (Note 12) (Continued)**

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 actual default in the future.

(iv) **Impairment of investment in subsidiaries (Note 10)**

The Company carried out the impairment test on its investment in subsidiaries based on the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

5. **PROPERTY AND EQUIPMENT**

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Books RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Computer, LCD and Overhead Projectors RM'000	Renovation and Electrical Installation RM'000	Office and Medical Equipment RM'000	Robes RM'000	Signage RM'000	Capital Work-in-Progress RM'000	Total RM'000
Group													
2019													
Cost													
At 31 December 2018													
- As previously reported	4,724	15,343	114,708	5,783	2,949	19,755	13,231	74,970	32,911	843	-	72	285,289
- Effect of adoption of MFRS 16	-	(15,343)	-	-	(369)	-	-	-	-	-	-	-	(15,712)
Adjusted balance at 1 January 2019	4,724	-	114,708	5,783	2,580	19,755	13,231	74,970	32,911	843	-	72	269,577
Additions	-	-	-	43	6	4,354	104	3,308	708	-	1	-	8,524
Transfer to non-current assets held for sale (Note 14)	(4,724)	-	(47,453)	-	-	(6,968)	-	(19,352)	(14,501)	(704)	-	(72)	(93,774)
Reclassification	-	-	-	-	369	-	-	-	-	-	-	-	369
Disposals	-	-	-	-	(69)	(55)	(6)	-	-	-	-	-	(130)
At 31 December 2019	-	-	67,255	5,826	2,886	17,086	13,329	58,926	19,118	139	1	-	184,566

5. **PROPERTY AND EQUIPMENT (CONTINUED)**

Group 2019	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Books RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Computer, LCD and Overhead Projectors RM'000	Renovation and Electrical Installation RM'000	Office and Medical Equipment RM'000	Robes RM'000	Signage RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses													
At 31 December 2018													
- As previously reported													
Accumulated depreciation	-	1,606	27,662	2,704	2,726	7,170	10,814	34,408	13,732	842	-	-	101,664
Accumulated impairment losses	-	2,254	20,345	2,984	-	11,304	1,232	5,100	17,416	-	-	-	60,635
- Effect of adoption of MFRS 16	-	(3,860)	-	-	(279)	-	-	-	-	-	-	-	(4,139)
Adjusted balance at 1 January 2019													
Accumulated depreciation	-	-	27,662	2,704	2,447	7,170	10,814	34,408	13,732	842	-	-	99,779
Accumulated impairment losses	-	-	20,345	2,984	-	11,304	1,232	5,100	17,416	-	-	-	58,381
Depreciation for the financial year	-	-	2,577	42	18	370	677	4,518	408	-	-	-	8,610
Impairment loss for the financial year	-	-	3,082	-	-	-	-	61	-	-	-	-	3,143
Reversal of impairment	-	-	(243)	-	-	-	-	-	-	-	-	-	(243)
Transfer to non-current assets held for sale (Note 14)													
- Depreciation	-	-	(14,747)	-	-	(4,083)	-	(18,203)	(7,712)	(704)	-	-	(45,449)
- Impairment loss	-	-	(6,630)	-	-	(2,717)	-	(923)	(6,829)	-	-	-	(17,099)
Reclassification	-	-	-	-	369	-	-	-	-	-	-	-	369
Disposals													
- Depreciation	-	-	-	-	(21)	(43)	(6)	-	-	-	-	-	(70)
- Impairment loss	-	-	-	-	-	(11)	-	-	-	-	-	-	(11)
At 31 December 2019													
Accumulated depreciation	-	-	15,492	2,746	2,813	3,414	11,485	20,723	6,428	138	-	-	63,239
Accumulated impairment losses	-	-	16,554	2,984	-	8,576	1,232	4,238	10,587	-	-	-	44,171
Carrying Amount													
At 31 December 2019	-	-	35,209	96	73	5,096	612	33,965	2,103	1	1	-	77,156

5. **PROPERTY AND EQUIPMENT (CONTINUED)**

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Books RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Computer, LCD and Overhead Projectors RM'000	Renovation and Electrical Installation RM'000	Office and Medical Equipment RM'000	Robes RM'000	Cabin RM'000	Capital Work-in-Progress RM'000	Total RM'000
Group													
2018													
Cost													
At 1 January 2018	4,724	14,791	108,789	5,779	3,511	19,107	13,101	29,689	32,141	843	19	8,111	240,605
Additions	-	-	-	4	74	953	130	27,793	771	-	-	72	29,797
Transfer to non-current assets hald for sale (Note 14)	-	(3,965)	(11,342)	-	-	-	-	(4,605)	-	-	-	-	(19,912)
Transfer from investment property (Note 7)	-	4,517	17,261	-	-	-	-	14,827	-	-	-	-	36,605
Reclassification	-	-	-	-	-	-	-	8,111	-	-	-	(8,111)	-
Written off	-	-	-	-	-	-	-	(845)	-	-	(19)	-	(864)
Disposals	-	-	-	-	(636)	(305)	-	-	(1)	-	-	-	(942)
At 31 December 2018	4,724	15,343	114,708	5,783	2,949	19,755	13,231	74,970	32,911	843	-	72	285,289

5. PROPERTY AND EQUIPMENT (CONTINUED)

Group 2018	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Books RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Computer, LCD and Overhead Projectors RM'000	Renovation and Electrical Installation RM'000	Office and Medical Equipment RM'000	Robes RM'000	Cabin RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses													
At 1 January 2018													
Accumulated depreciation	-	1,331	23,326	2,663	3,197	7,085	10,045	20,451	13,561	838	-	-	82,497
Accumulated impairment losses	-	2,676	22,968	2,984	-	11,581	1,232	5,100	17,569	-	-	-	64,110
Depreciation for the financial year	-	137	2,481	41	157	113	769	3,632	172	4	4	-	7,510
Reversal of impairment loss	-	(422)	(2,623)	-	-	-	-	-	(153)	-	-	-	(3,198)
Transfer to non-current assets held for sale (Note 14)	-	(507)	(3,439)	-	-	-	-	(3,987)	-	-	-	-	(7,933)
Transfer from investment property (Note 7)	-	645	5,294	-	-	-	-	14,477	-	-	-	-	20,416
Written off	-	-	-	-	-	-	-	(165)	-	-	(4)	-	(169)
Disposals													
- Depreciation	-	-	-	-	(628)	(28)	-	-	(1)	-	-	-	(657)
- Impairment loss	-	-	-	-	-	(277)	-	-	-	-	-	-	(277)
At 31 December 2018													
Accumulated depreciation	-	1,606	27,662	2,704	2,726	7,170	10,814	34,408	13,732	842	-	-	101,664
Accumulated impairment losses	-	2,254	20,345	2,984	-	11,304	1,232	5,100	17,416	-	-	-	60,635
Carrying Amount													
At 31 December 2018	4,724	11,483	66,701	95	223	1,281	1,185	35,462	1,763	1	-	72	122,990

5. **PROPERTY AND EQUIPMENT (CONTINUED)**

Group

(a) **Impairment loss**

During the financial year, the Group assessed the recoverable amount of its property and equipment with net carrying amount of RM35,333,915 (2018: RM85,101,283) in view of the prior year impairment and vacant properties.

An impairment loss of RM3,143,168 (2018: RM Nil) and reversal of impairment loss of RM243,863 (2018: RM3,197,559) was recognised in profit or loss based on comparison of fair value less costs of disposal and the net carrying amount in respect of assets with recoverable amount of RM38,880,000 (2018: RM64,974,000). 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.

(b) **Security**

At 31 December 2019, buildings with a net carrying amount of RM32,597,915 (2018: RM84,021,076) were pledged to secure borrowings as disclosed in Note 17 to the financial statements.

(c) **Leasehold land**

Leasehold land has remaining unexpired lease period of more than 50 years.

(d) **Other**

In the previous financial year, the title of freehold land and certain buildings with a net carrying amount of RM21,735,036 was pending issuance by the relevant authorities.

(e) **Capital work-in-progress**

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

(f) **Capitalisation of borrowing costs**

Included in the property and equipment are borrowing costs capitalised during the financial year amounting to RM Nil (2018: RM298,231).

(g) Net carrying amount of motor vehicle of the Group held under finance lease arrangements are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Motor vehicle	-	90

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 a lessee is presented below:

	Land RM'000	Buildings RM'000	Computer equipment RM'000	Motor Vehicles RM'000	Total RM'000
Cost					
At 31 December 2018	-	-	-	-	-
Effect of adoption of MFRS 16 *Leases*	15,343	200,522	-	369	216,234
At 1 January 2019	15,343	200,522	-	369	216,234
Additions	-	23,847	229	146	24,222
Transfer to non-current assets held for sale (Note 14)	(2,109)	-	-	-	(2,109)
Modification of lease	-	(31,709)	-	-	(31,709)
Reclassification	-	-	-	(369)	(369)
At 31 December 2019	13,234	192,660	229	146	206,269
Accumulated Depreciation and Impairment Losses					
At 31 December 2018	-	-	-	-	-
Effect of adoption of MFRS 16 *Leases*					
- Accumulated depreciation	1,606	-	-	279	1,885
- Accumulated impairment	2,254	-	-	-	2,254
At 1 January 2019	3,860	-	-	279	4,139
Depreciation charge for the financial year	146	14,431	46	100	14,723
Impairment loss for the financial year	36	-	-	-	36
Transfer to non-current assets held for sale (Note 14)	(188)	-	-	-	(188)
Reclassification	-	-	-	(369)	(369)
At 31 December 2019					
- Accumulated depreciation	1,564	14,431	46	10	16,051
- Accumulated impairment	2,290	-	-	-	2,290
Carrying Amount					
At 31 December 2019	9,380	178,229	183	136	187,928

(a) The Group leases land and buildings for their operations and office space. The leases for operations and office space generally have lease term between 1 to 25 years.

(b) Land with net carrying amount of RM8,132,288 were pledged as security for borrowings as disclosed in Note 17 to the financial statements.

6. **RIGHT-OF-USE ASSETS (CONTINUED)**

(c) The Group also leased computer equipment and motor vehicles under hire purchase with lease terms of 3 to 7 years, and have options to purchase the assets at the end of the contract term.

7. **INVESTMENT PROPERTY**

	Group 2019 RM'000	Group 2018 RM'000
Cost		
At 1 January	-	38,497
Transfer to non-current assets held for sale (Note 14)	-	(1,892)
Transfer to property and equipment (Note 5)	-	(36,605)
At 31 December	-	-
Accumulated Depreciation		
At 1 January	-	19,676
Depreciation for the financial year	-	1,012
Transfer to non-current assets held for sale (Note 14)	-	(272)
Transfer to property and equipment (Note 5)	-	(20,416)
At 31 December	-	-
Net Carrying Amount		
At 31 December	-	-

In the previous financial year, a property with net carrying amount of RM16,188,541 has been transferred from investment property to property and equipment as a subsidiary has occupied the property.

8. GOODWILL ON CONSOLIDATION

	Group 2019 RM'000	2018 RM'000
Goodwill on consolidation	90,685	90,685
Less: Impairment loss	(15,002)	-
	75,683	90,685

Goodwill on consolidation arose from the acquisition of CUCMS Education Sdn. Bhd. ("CESB"). CESB is identified as a single cash generating unit ("CGU").

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGUs.

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

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, 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 number of students.

- The growth rate used in determining the terminal value is 1% (2018: 2%) which is based on the country headline inflation rate.

- The 14% (2018: 13%) 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.

9. OTHER INTANGIBLE ASSETS

	Education Licenses RM'000	Software RM'000	Development Costs RM'000	Intellectual Rights RM'000	Franchise Fee RM'000	Total RM'000
Group						
2019						
Cost						
At 1 January	49,829	992	182	3	-	51,006
Additions						
- acquired separately	-	-	-	-	53	53
At 1 January/ At 31 December	49,829	992	182	3	53	51,059
Accumulated Amortisation						
At 1 January	-	202	22	3	-	227
Amortisation for the financial year	-	201	22	-	-	223
At 31 December	-	403	44	3	-	450
Net Carrying Amount						
At 31 December	49,829	589	138	-	53	50,609
2018						
Cost						
At 1 January/ At 31 December	49,829	992	182	3	-	51,006
Accumulated Amortisation						
At 1 January	-	-	-	-	-	-
Amortisation for the financial year	-	202	22	3	-	227
At 31 December	-	202	22	3	-	227
Net Carrying Amount						
At 31 December	49,829	790	160	-	-	50,779

9. OTHER INTANGIBLE ASSETS (CONTINUED)

(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) Impairment of education licenses

Education licenses to conduct the Bachelor of Medicine and Bachelor of Surgery ("MBBS") programme in university is allocated to the education segment that generates revenue from MBBS programme. The useful life of these licenses is 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 CGU.

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

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, 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 number of students.

- The growth rate used in determining the terminal value is 1% (2018: 2%) which is based on the country headline inflation rate.

- The 14% (2018: 13%) 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 CGU to exceed its recoverable amount.

10. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM'000	2018 RM'000
At cost:		
Unquoted shares	552,410	552,410
Amount due from a subsidiary	7,322	-
	559,732	552,410
Less: Accumulated impairment losses		
At beginning of the financial year	(1,900)	-
Additions	(62,438)	(1,900)
At end of the financial year	(64,338)	(1,900)
	495,394	550,510

The Company assessed the recoverable amount of subsidiaries in view of the recent operating losses. An impairment of RM62,438,000 (2018: RM1,900,000) was recognised based on the recoverable amount determined based on value-in-use of the subsidiaries.

The details of the subsidiaries, which have principal place of business or incorporated in Malaysia, are as follows:

Name of Company	Ownership Interest/ Voting Rights 2019 %	2018 %	Principal Activities
Direct			
ASIAMET Education Group Sdn. Bhd. ("AEGSB")	100	100	Investment holding
Minda Global International Education Sdn. Bhd. ("MGIESB")	100	100	Provision of education services
Minda Global Management Sdn. Bhd. ("MGMSB")	100	100	Provision of management service
ASIAMET (KB) Sdn. Bhd. ("AKBSB")	100	100	Dormant
ASIAMET (KK) Sdn. Bhd. ("AKKSB")	100	100	Provision of education services
ASIAMET (Kuching) Sdn. Bhd. ("AKSB")	100	100	Provision of education services
CUCMS Education Sdn. Bhd. ("CESB")	100	100	Provision of education services
UOC Sdn. Bhd. * #	100	-	Dormant

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries, which have principal place of business or incorporated in Malaysia, are as follows (Continued):

Name of Company	Ownership Interest/ Voting Rights 2019 %	2018 %	Principal Activities
Held through AEGSB			
ASIAMET (M) Sdn. Bhd. ("AMSB")	100	100	Provision of education services
Held through CESB			
CUCMS Properties Management Sdn. Bhd.	100	100	Provision of properties management services
CUCMS Edutech Sdn. Bhd.	100	100	Development of software and application and provision of technology consulting services
Minda Global Language Centre Sdn. Bhd.	100	100	Dormant
Held through AMSB			
Minda Global Property Management Sdn. Bhd.	100	100	Dormant
ASIAMET International Sdn. Bhd.	100	100	Dormant

* Consolidated using unaudited management financial statements.
\# Incorporated on 27 August 2019 with a paid-up capital of RM2 divided into 2 ordinary shares.

In the previous financial year, the Company acquired:

(a) the entire issued and paid-up share capital in AEGSB comprising 1,239,905,780 ordinary shares for a total purchase consideration of RM383,209,120 which was satisfied via the issuance of 1,239,905,780 new ordinary shares in the Company;

(b) the entire issued and paid-up share capital in MGIESB comprising 500,000 ordinary shares from AEGSB for a total purchase consideration of RM1;

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

In the previous financial year, the Company acquired (Continued):

(c) the entire issued and paid-up share capital in MGMSB comprising 2,000,000 ordinary shares from AEGSB for a total purchase consideration of RM1,900,000;

(d) the entire issued and paid-up share capital in AKBSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM80,347;

(e) the entire issued and paid-up share capital in AKKSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM664,223;

(f) the entire issued and paid-up share capital in AKSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM556,107;

(g) the entire issued and paid-up share capital in CESB comprising 20,000,000 ordinary shares from AEGSB for a total purchase consideration of RM166,000,000.

Consequently AEGSB, MGIESB, MGMSB, AKBSB, AKKSB, AKSB and CESB became wholly-owned subsidiaries of the Company.

11. DEFERRED TAX ASSETS/(LIABILITIES)

The deferred tax assets recognised in the financial statements are attributable to deductible temporary differences in respect of expenses and tax credits which can be utilised to set-off against probable future taxable income based on profit projection for the next five financial years of the subsidiary.

	Group	
	2019 RM'000	2018 RM'000
At 1 January	(9,323)	(11,886)
Recognised in profit or loss	4,453	2,563
At 31 December	(4,870)	(9,323)

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

	Group	
	2019 RM'000	2018 RM'000
Deferred tax assets	7,089	2,636
Deferred tax liabilities	(11,959)	(11,959)
	(4,870)	(9,323)

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:

	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			
Property and equipment	(199)	(460)	(659)
Other taxable temporary differences	-	(540)	(540)
Other deductible temporary differences	1,240	283	1,523
Unabsorbed capital allowances	316	1,244	1,560
Contract liabilities	709	1,928	2,637
Unutilised tax losses	570	(347)	223
Right-of-use assets	-	2,345	2,345
	2,636	4,453	7,089
Deferred tax liabilities			
Education licenses	(11,959)	-	(11,959)
	(9,323)	4,453	(4,870)

	As at 1 January 2018 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Group			
Deferred tax assets			
Property and equipment	(186)	(13)	(199)
Other deductible temporary differences	394	846	1,240
Unabsorbed capital allowances	276	40	316
Contract liabilities	688	21	709
Unutilised tax losses	-	570	570
	1,172	1,464	2,636
Deferred tax liabilities			
Property and equipment	(1,099)	1,099	-
Education licenses	(11,959)	-	(11,959)
	(13,058)	1,099	(11,959)
	(11,886)	2,563	(9,323)

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.

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

	Group 2019 RM'000	Group 2018 RM'000
Property, plant and equipment	3,019	7,594
Other deductible temporary differences	53,142	51,342
Unabsorbed capital allowances	87,426	83,082
Unutilised investment tax allowances	90,465	90,465
Unutilised tax losses	135,155	126,401
	369,207	358,884

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

	Group 2019 RM'000
2025	124,573
2026	10,582
	135,155

12. TRADE AND OTHER RECEIVABLES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current				
Trade				
Trade receivables	64,860	68,309	-	-
Less: Allowance for impairment losses	(53,683)	(52,713)	-	-
	11,177	15,596	-	-
Non-trade				
Amounts due from subsidiaries	-	-	1,750	3,417
Less: Allowance for impairment losses	-	-	(1,437)	(1,437)
	-	-	313	1,980
Other receivables	13,498	11,002	-	7
Less: Allowance for impairment losses	(112)	(113)	-	-
	13,386	10,889	-	7
GST refundable	1,843	1,855	-	-
Deposits	7,892	8,473	-	-
Prepayments	992	405	8	-
Amounts due from holding company	918	-	-	-
Amounts due from related companies	-	261	-	-
	11,645	10,994	8	-
	25,031	21,883	321	1,987
	36,208	37,479	321	1,987

(a) Included in trade receivable of the Group is an amount of RM Nil (2018: RM137,166) which is due from a foundation in which a director of the Company is the founder and director.

(b) Amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

(c) Included in other receivables of the Group is contingent consideration receivable amounting to RM11,139,485 (2018: RM8,048,444) pursuant to a profit guarantee arrangement with vendors of acquired subsidiary.

12. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(d) Included in deposits of the Group is rental deposits amounting to RM6,710,775 (2018: RM6,740,370).

(e) The amounts due from holding company is non-trade in nature, unsecured, interest free and repayable on demand.

(f) The amounts due from related companies are non-trade in nature, unsecured, interest free and repayable on demand. Related companies refer to subsidiaries of holding company.

(g) Trade receivables

<u>Receivables that are impaired</u>

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	52,713	49,465	-	-
Charge for the financial year			-	
- Individually assessed	3,683	1,872		-
- Collectively assessed	-	1,376	-	-
Reversal of impairment losses	(2,713)	-	-	-
At 31 December	53,683	52,713	-	-

The information about the credit exposures are disclosed in Note 31(a) to the financial statements.

(h) Other receivables

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
At 1 January	113	-
Charge for the financial year		
- Individually assessed	112	113
Reversal of impairment losses	(113)	-
At 31 December	112	113

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. CASH AND BANK BALANCES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits placed with licensed banks	386	373	-	-
Cash and bank balances	4,195	3,243	4	2
	4,581	3,616	4	2

(a) Deposits placed with licensed banks of RM385,693 (2018: RM373,024) have been pledged to licensed banks for a bank guarantee facility and to secure credit facilities granted to a subsidiary.

(b) The deposits with licensed banks of the Group have a maturity period of 365 days (2018: 365 days) and bear interest at a rate of 3.10% (2018: 3.20%) per annum.

(c) Included in cash and bank balances of the Group amounting to RM1,100,333 (2018: RM197,474) are restricted fund held as security for the borrowing facilities as disclosed in Note 17 to the financial statements.

14. NON-CURRENT ASSETS HELD FOR SALE

	Group 2019 RM'000	Group 2018 RM'000
Group		
Cost		
At 1 January	21,804	-
Disposals	(21,804)	-
Transfer from property and equipment (Note 5)	93,774	19,912
Transfer from right-of-use assets (Note 6)	2,109	-
Transfer from investment property (Note 7)	-	1,892
At 31 December	95,883	21,804
Accumulated Depreciation and Impairment Losses		
At 1 January	(8,205)	-
Disposals	8,205	-
Transfer from property and equipment (Note 5)	(62,548)	(7,933)
Transfer from right-of-use assets (Note 6)	(188)	-
Transfer from investment property (Note 7)	-	(272)
At 31 December	(62,736)	(8,205)
Net Carrying Amount		
At 31 December	33,147	13,599

14. **NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)**

2019

(a) On 29 August 2019, ASIAMET (M) Sdn. Bhd. ("AMSB"), a wholly-owned indirect subsidiary of the Company entered into sale and purchase agreements 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 is expected to be completed within the financial year 2020. Accordingly, leasehold premises have been classified as non-current assets held for sale.

(b) During the financial year, an earnest deposit was received from Ascent Resource Holdings Sdn. Bhd. ("ARHSB") by AMSB, a wholly-owned 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 main sale and purchase agreement with ARHSB for the Proposed Building Disposal. The Proposed Building Disposal is expected to be completed within the financial year 2020. Accordingly, leasehold premises have been classified as non-current assets held for sale.

2018

(a) On 11 December 2018, AMSB, a wholly-owned indirect subsidiary of the Company entered into sale and purchase agreement with PSI Recycling Industries Sdn. Bhd. for the disposal of a piece of vacant land for a total cash consideration of RM2,800,000 ("Proposed Land Disposal"). The Proposed Land Disposal was completed on 5 April 2019. Accordingly, the leasehold land has been classified as non-current assets held for sale.

(b) On 31 December 2018, AMSB, a wholly-owned indirect subsidiary of the Company entered into eight sale and purchase agreements with Koperasi NLFCS Berhad for the disposal of six adjoining units of four storey intermediate terraced shops/offices and two units of four storey corner terraced shops/offices for a total cash consideration of RM14,700,000 ("Proposed Building Disposal"). The Proposed Building Disposal was completed on 29 March 2019. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

Non-current assets held for sale relate to properties which had been pledged to secure credit facilities granted to the Group with net carrying amount of RM20,079,069 (2018: RM13,598,754) as disclosed in Note 17 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Issued and fully paid:				
At 1 January	1,239,906	383,209	@	*
Issued during the financial year	-	-	1,239,906	383,209
At 31 December	1,239,906	383,209	1,239,906	383,209

* Representing RM2.
@ Representing 10 ordinary shares.

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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.

On 14 February 2018, the Company acquired the entire issued and paid-up share capital of ASIAMET Education Group Sdn. Bhd. ("AEGSB"), comprising 1,239,905,780 ordinary shares in AEGSB for a total purchase consideration of RM383,209,120 which was satisfied via the issuance of 1,239,905,780 new ordinary shares in the Company at the average issue price of RM0.31 per share. As this reorganisation involving only the exchange of shares, the value of the equity of AEGSB was used to measure the consideration transferred and there is no goodwill recognised.

16. CAPITAL REORGANISATION DEFICIT

	Group	
	2019 RM'000	2018 RM'000
At 1 January	(3,453)	379,756
Purchase consideration to acquire AEGSB	-	(383,209)
At 31 December	(3,453)	(3,453)

Capital reorganisation deficit represents the difference between the purchase consideration to acquire ASIAMET Education Group Sdn. Bhd. ("AEGSB") and the share capital of AEGSB, as at 14 February 2018.

17. **BORROWINGS**

	Group 2019 RM'000	2018 RM'000
Non-current		
Sukuk Wakalah (secured)	-	27,299
Total non-current borrowing	-	27,299
Current		
Term loan (Islamic) (secured)	-	2,130
Sukuk Wakalah (secured)	16,482	-
Finance lease liabilities	-	30
Total current borrowings	16,482	2,160
Total borrowings	16,482	29,459

(a) **Term loan (Islamic)**

In the previous financial year, the secured term loan consists of Bai' Bithaman Ajil Islamic financing facility bore a yield payable at 5.45% per annum. The term loan was secured by legal charge over certain land and buildings as disclosed in Note 5 to the financial statements.

(b) **Sukuk Wakalah**

CUCMS Education Sdn. Bhd. ("CESB"), a wholly-owned 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., a wholly-owned 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, 6 and 14 to the financial statements. Certain bank accounts of AMSB and CESB also have been charged and assigned for the Sukuk Wakalah facility as disclosed in Note 13 to the financial statements. Asiamet Education Group Sdn. Bhd. ("AEGSB"), a wholly-owned 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.

The Sukuk Wakalah bears a yield payable of 8.80% (2018: 8.80%) per annum.

As at 31 December 2019, the Group 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*. The Group 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 as at the financial year end. Subsequent to the end of the financial year, the Group had drawndown its term loan facility to redeem the Sukuk Wakalah.

17. BORROWINGS (CONTINUED)

The maturity profile of borrowings (excluding finance lease liabilities) is as follows:

	Group 2019 RM'000	2018 RM'000
Repayable within 1 year	16,482	2,130
Repayable after 2 years but not later then 3 years	-	4,817
Repayable after 3 years but not later then 4 years	-	22,482
	16,482	29,429

(c) Finance lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments of finance lease liabilities are as follows:

	Group 2019 RM'000	2018 RM'000
Future minimum lease payments:		
- not later than one year	-	35
- later than one year but not later than five years	-	-
	-	35
Less: Future interest charges	-	(5)
Present value of minimum lease payments	-	30
Represent by:		
Current	-	30
Non-current	-	-
	-	30

Finance lease liabilities bear interest at a rate of Nil (2018: 2.51%).

18. LEASE LIABILITIES

	Group 2019 RM'000	2018 RM'000
Non-current		
Lease liabilities	184,074	-
Current		
Lease liabilities	5,253	-
	189,327	-

Motor vehicles of the Group as disclosed in Note 6 to the financial statements are pledged under hire purchase. Such leases with carrying amount of RM128,700 do not have terms for renewal but would give the Group an option to purchase at nominal value at the end of lease term. The interest rate implicit in the leases ranges from 4.42% - 8.43% (2018: Nil).

The weighted average incremental borrowing rate applied to the other lease liabilities was 8.80% per annum.

	Group 2019 RM'000	2018 RM'000
Future minimum lease payments	343,287	-
Less: Future interest charges	(153,960)	-
Total present value of minimum lease payables	189,327	-
Current liabilities		
Payable within one year		
Future minimum lease payments	21,705	-
Less: Future interest charges	(16,452)	-
Present value of minimum lease payments	5,253	-
Non-current liabilities		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	116,991	-
Less: Future interest charges	(72,134)	-
Present value of minimum lease payments	44,857	-
Payable more than 5 years		
Future minimum lease payments	204,591	-
Less: Future interest charges	(65,374)	-
Present value of minimum lease payments	139,217	-
Total present value of minimum lease payables	189,327	-

19. TRADE AND OTHER PAYABLES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade				
Trade payables	801	1,499	-	-
Non-trade				
Other payables	21,730	19,210	42	22
Accruals	10,794	8,909	534	112
Deposits received	4,860	3,825	-	-
Amounts due to subsidiaries	-	-	170,791	171,527
Amounts due to holding company	2,246	1,539	1,093	1,093
Amounts due to related companies	2,293	2,893	1,184	1,055
Amounts due to a director	7,003	-	7,003	-
	48,926	36,376	180,647	173,809
	49,727	37,875	180,647	173,809

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

(i) an amount of RM4,544,396 (2018: RM4,984,719) due to contractor for the renovation of new campus;

(ii) an amount of RM1,946,258 (2018: RM5,854,541) in respect of rental of premises; and

(iii) an amount of RM353,933 (2018: RM Nil) which is due to a foundation in which a director of the Company is the founder and director.

(b) Included in deposits received are amounts of RM2,535,000 (2018: RM196,000) received from purchasers of properties of the Group.

(c) Amount due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand which includes an amount of RM169,200,678 (2018: RM169,200,678) arising from acquisition of certain subsidiaries in the previous financial year as disclosed in Note 10 to the financial statements from AEGSB as part of internal reorganisation for which settlement is neither planned nor likely to occur in the foreseeable future.

(d) Amounts due to holding company is non-trade in nature, unsecured, interest free and repayable on demand.

19. **TRADE AND OTHER PAYABLES (CONTINUED)**

(e) Amounts due to related companies

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Interest bearing	(i)	887	887	887	887
Non-interest bearing	(ii)	1,406	2,006	297	168
		2,293	2,893	1,184	1,055

Related companies refer to subsidiaries of holding company.

(i) This amount is non-trade in nature, unsecured, bears interest at rate of 6.25% (2018: 6.50%) per annum and repayable on demand.

(ii) These amounts are non-trade in nature, unsecured, interest free and repayable on demand.

(f) Amounts due to a director of the Company is non-trade in nature, unsecured, interest free and repayable on demand.

20. **CONTRACT LIABILITIES**

	Group	
	2019	2018
	RM'000	RM'000
Deferred income	5,520	5,818
Advances received from students	9,536	8,727
	15,056	14,545

Significant changes in contract balances:

	Group	
	2019	2018
	RM'000	RM'000
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	(14,545)	(11,013)
Increase due to unrecognised billings/cash received	15,056	14,545

21. REVENUE

	Group 2019 RM'000	2018 RM'000
Revenue from contract with customers:		
Course fees	81,122	77,192
Registration fees	1,409	1,564
Royalty fees	5,715	1,253
Resource fees	895	787
Other miscellaneous charges	4,160	5,131
	93,301	85,927
Revenue from other sources:		
Hostel rental	4,200	5,003
	97,501	90,930
Timing of revenue recognition:		
At a point in time	4,160	5,131
Over time	89,141	80,796
	93,301	85,927

(a) Disaggregation of revenue

The Group reports the following major segments: universities, colleges and international school in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. services transferred at a point in time or over time).

	Universities RM'000	Colleges RM'000	International School RM'000	Total RM'000
Group				
Primary geographical markets:				
2019				
Cyberjaya	66,587	-	-	66,587
Johor Bahru	15,114	-	-	15,114
Kuching	-	4,137	-	4,137
Kota Kinabalu	-	5,484	-	5,484
Ipoh	-	-	1,979	1,979
	81,701	9,621	1,979	93,301
Timing of revenue recognition:				
At a point in time	3,201	609	350	4,160
Over time	78,500	9,012	1,629	89,141
	81,701	9,621	1,979	93,301

21. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	University/ University College RM'000	Colleges RM'000	International School RM'000	Total RM'000
Group				
Primary geographical markets:				
2018				
Cheras	6,073	-	-	6,073
Cyberjaya	63,809	-	-	63,809
Johor Bahru	6,052	-	-	6,052
Kuching	-	3,423	-	3,423
Kota Kinabalu	-	4,628	-	4,628
Ipoh	-	-	1,942	1,942
	75,934	8,051	1,942	85,927
Timing of revenue recognition:				
At a point in time	4,082	866	183	5,131
Over time	71,852	7,185	1,759	80,796
	75,934	8,051	1,942	85,927

22. OPERATING LOSS

Operating loss for the financial year has been arrived at:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	223	227	-	-
Amortisation of contract costs	2,641	945	-	-
Auditors' remuneration				
- statutory audit				
- current year	454	364	132	70
- prior year	176	16	107	-
- other services	6	6	6	6
Depreciation of:				
- property and equipment	8,610	7,510	-	-
- right-of-use assets	14,723	-	-	-
- investment property	-	1,012	-	-
Executive directors				
- fees	-	12	-	12
- salaries, allowances and others	1,241	931	-	1
- contributions to Employees Provident Fund	149	112	-	-
Non-executive directors				
- fees	300	272	300	272
- allowances	38	31	38	31
Impairment loss on:				
- goodwill on consolidation	15,002	-	-	-
- property and equipment	3,143	-	-	-
- right-of-use assets	36	-	-	-
- trade receivables	3,683	3,248	-	-
- other receivables	112	113	-	-
- investment in subsidiaries	-	-	62,438	1,900
- amount due from a subsidiary	-	-	-	1,437
Property and equipment written off	-	695	-	-
Personnel expenses (including other key management personnel):				
- wages, salaries and others	46,486	58,307	-	-
- contributions to Employees Provident Fund	4,250	5,026	-	-
Rental of premises	-	17,205	-	-
Expenses relating to short-term lease:				
- premises	412	-	-	-
Expenses relating to low value assets:				
- equipment	214	-	-	-

22. OPERATING LOSS (CONTINUED)

Operating loss for the financial year has been arrived at (Continued):

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
And crediting:				
Interest income	25	37	-	-
Gain on lease modification	1,529	-	-	-
Gain on disposal of:				
- property and equipment	7	143	-	-
- non-current assets held for sale	3,250	-	-	-
Reversal of impairment loss:				
- property and equipment	243	3,198	-	-
- trade receivables	2,713	-	-	-
- other receivables	113	-	-	-
Rental income from properties	2,496	916	-	-
Write back of refundable deposit	2	-	-	-

23. FINANCE COSTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense:				
- related company	127	168	127	168
- term loan	58	156	-	-
- Sukuk Wakalah	2,278	1,499	-	-
- finance lease liabilities	-	14	-	-
- lease liabilities	17,623	-	-	-
	20,086	1,837	127	168

24. TAXATION

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current income tax				
- current year	200	-	-	-
- prior year	(49)	36	-	-
	151	36	-	-
Real Property Gain Tax ("RPGT")	45	-	-	-
Deferred tax				
- current year	(4,076)	(1,384)	-	-
- prior year	(377)	(1,179)	-	-
	(4,453)	(2,563)	-	-
	(4,257)	(2,527)	-	-

24. TAXATION (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable loss for the financial year.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before taxation	(42,040)	(18,470)	(63,618)	(4,362)
Taxation at the applicable tax rate of 24% (2018: 24%)	(10,090)	(4,433)	(15,268)	(1,047)
Tax effects arising from:				
- non-deductible expenses	6,309	2,943	15,268	1,047
- non-taxable income	(1,935)	(2,786)	-	-
- (over)/under provision of current income tax in prior year	(49)	36	-	-
- tax exempt income	(530)	(522)	-	-
- effect of different tax rates arising from RPGT	(63)	-	-	-
- utilisation of previously unrecognised deferred tax assets	-	(197)	-	-
- over provision of deferred tax in prior year	(377)	(1,179)	-	-
- deferred tax assets not recognised during the year	2,478	3,611	-	-
Tax credit	(4,257)	(2,527)	-	-

CUCMS Edutech Sdn. Bhd. ("Edutech"), an indirect wholly-owned 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 to 7 December 2021 pursuant to the Promotion of Investments Act 1986.

25. LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share for the financial year ended 31 December 2019 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2019 RM'000	2018 RM'000
Loss attributable to owners of the Company	(37,783)	(15,943)

	2019 '000	2018 '000
Weighted average number of ordinary shares for basic loss per share	1,239,906	1,239,906

	2019 Sen	2018 Sen
Basic loss per ordinary share	(3.05)	(1.29)

Diluted earnings per share

The diluted loss per share of the Company for the financial year ended 2019 and 2018 is equal to the basic loss per share of the Company as there are no potential dilutive ordinary shares in issue.

26. CORPORATE GUARANTEE

	Company	
	2019 RM'000	2018 RM'000
Corporate guarantee for credit facility granted to a subsidiary		
- CUCMS Education Sdn. Bhd.	17,000	28,000

27. COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Capital commitment:		
Property and equipment		
- approved and contracted for	-	3,143

27. COMMITMENTS (CONTINUED)

Operating lease commitments – as lessee

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follow:

	Group 2018 RM'000
Not later than 1 year	18,626
More than 1 year and not later than 5 years	62,589
More than 5 years	176,456
	257,671

The above operating leases are in respect of lease of properties for the Group's campuses and hostels for periods of 2 years to 25 years and the leases are renewable upon expiry. The leases do not have any contingent rentals.

28. RELATED PARTIES

(a) Identity 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) Holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries;
(iv) Subsidiaries of holding company;
(v) Entities in which directors have substantial financial interests; and
(vi) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

28. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Transactions with:				
Holding company				
Contingent consideration receivable	927	2,415	-	-
Related parties				
Contingent consideration receivable	2,164	5,634	-	-
Interest expenses paid/payable	127	168	127	168
Rental of premises paid/payable	8,643	2,625	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12 and 19 to the financial statements.

(c) Compensation of key management personnel

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors				
- fees	300	284	300	284
- salaries, allowances and others	1,279	962	38	32
- contribution to Employees' Provident Fund	149	112	-	-
	1,728	1,358	338	316
Other Key Management Personnel				
- salaries, allowances and others	1,787	1,227	-	-
- contribution to Employees' Provident Fund	155	136	-	-
	1,942	1,363	-	-

29. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units.

For each of the strategic business unit the Group Managing Director (the chief operating decision maker) reviews internal management reports on a regular basis. Information regarding the results of each reportable segment is included below. The internal management reports reviewed by the Group Managing Director are prepared based on profit or loss of type of institutions and not based on services.

Operating results of the reportable segments are independently evaluated for performance measurement and resource allocation decisions. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss as included in the internal management reports reviewed by the Group Managing Director.

Segment revenue and expenses are the operating revenue and expenses reported in the Group's statements of comprehensive income that are directly attributable to a reportable segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to the reportable segment. The internal management reports reviewed by the Group Managing Director do not include segment assets and liabilities.

29. OPERATING SEGMENTS (CONTINUED)

	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
Group						
2019						
Segment (loss)/profit	(29,167)	(608)	1,785	(14,050)	-	(42,040)
Included in the measure of segment (loss)/profit are:						
Revenue:						
Revenue from external customers	84,823	10,699	1,979	-	-	97,501
Inter-segment revenue *	-	-	-	2,839	(2,839)	-
	84,823	10,699	1,979	2,839	(2,839)	97,501
Reversal/(Impairment loss) of:						
- property and equipment	(2,900)	-	-	-	-	(2,900)
- right-of-use assets	(36)	-	-	-	-	(36)
- trade receivables	(805)	(165)	-	-	-	(970)
- other receivables	1	-	-	-	-	1
- goodwill on consolidation	-	-	-	(15,002)	-	(15,002)
Interest expense	(18,642)	(1,111)	(333)	-	-	(20,086)
Interest income	25	-	-	-	-	25
Amortisation of intangible assets	(201)	-	-	(22)	-	(223)
Depreciation of:					-	
- property and equipment	(8,515)	(38)	(54)	(3)	-	(8,610)
- right-of-use assets	(12,373)	(2,075)	-	(275)	-	(14,723)
Modification of lease	(1,529)	-	-	-	-	(1,529)

* Inter-segment revenues are eliminated on consolidation.

29. OPERATING SEGMENTS (CONTINUED)

	University/ University college RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
Group						
2018						
Segment (loss)/profit	(21,334)	860	20	4,511	-	(15,943)
Included in the measure of segment (loss)/profit are:						
Revenue:						
Revenue from external customers	79,701	9,287	1,942	-	-	90,930
Inter-segment revenue *	-	-	-	2,448	(2,448)	-
	79,701	9,287	1,942	2,448	(2,448)	90,930
Reversal/(Impairment loss) of:						
- property and equipment	3,198	-	-	-	-	3,198
- trade receivables	(2,889)	(332)	(27)	-	-	(3,248)
- other receivables	(113)	-	-	-	-	(113)
Interest expense	(1,669)	-	-	(168)	-	(1,837)
Interest income	37	-	-	-	-	37
Amortisation of intangible assets	(205)	-	-	(22)	-	(227)
Depreciation of:						
- property and equipment	(7,420)	(49)	(41)	-	-	(7,510)
- investment property	(1,012)	-	-	-	-	(1,012)
Property and equipment written off	(584)	-	(111)	-	-	(695)

30. 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:

(i) Amortised cost

Group	Amortised Cost RM'000	Total RM'000
2019		
Financial assets		
Trade and other receivables @	33,373	33,373
Cash and bank balances	4,581	4,581
	37,954	37,954
Financial liabilities		
Trade and other payables #	47,192	47,192
Borrowings	16,482	16,482
Lease liabilities	189,327	189,327
	253,001	253,001
2018		
Financial assets		
Trade and other receivables @	35,219	35,219
Cash and bank balances	3,616	3,616
	38,835	38,835
Financial liabilities		
Trade and other payables #	37,679	37,679
Borrowings	29,459	29,459
	67,138	67,138

@ *Exclude prepayments and GST refundable.*
\# *Exclude deposit received for sale of properties.*

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

Company	Amortised Cost RM'000	Total RM'000
2019		
Financial assets		
Trade and other receivables @	313	313
Cash and bank balances	4	4
	317	317
Financial liability		
Trade and other payables	11,446	11,446
	11,446	11,446
2018		
Financial assets		
Trade and other receivables	1,987	1,987
Cash and bank balances	2	2
	1,989	1,989
Financial liability		
Trade and other payables	4,608	4,608
	4,608	4,608

@ *Exclude prepayments.*

(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.

The fair value of Sukuk Wakalah is determined using the discounted cash flows method based on discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

30. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Fair values (Continued)**

(ii) *Fair value hierarchy*

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

	Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2018						
Financial liability						
Sukuk Wakalah	-	-	27,299	27,299	27,299	27,299

During the financial year ended 31 December 2018, there were no transfer between fair value measurement hierarchy.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is not to engage in speculative transactions. Financial risk management is carried out through review of management programmes, internal control system, insurance programmes and adherence to the Group's financial risk management policies.

The main areas of financial risks faced by the Group are as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if an educational sponsor, student or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from students under Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN"), Majlis Amanah Rakyat ("MARA"), other educational sponsors and self-sponsored students.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Evaluations of students are performed by PTPTN or other educational sponsors before financing are offered to the students.

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 are not secured by any collateral or support by any other credit enhancements. Any receivables due from students who have quit, terminated, rejected and withdrawn from their courses are deemed to have higher credit risk and are monitored individually.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by institutional type on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Trade receivables

	2019		2018	
	RM'000	%	RM'000	%
Group				
Universities	9,311	83%	14,481	93%
Colleges	1,322	12%	1,070	7%
International school	544	5%	45	0%
	11,177	100%	15,596	100%

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows (Continued):

(a) Credit risk (Continued)

Trade receivables (Continued)

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

Group	ECL Rate	Gross Carrying Amount RM'000	ECL Allowance RM'000	Net Balance RM'000
2019				
1 to 30 days past due	1% to 4%	2,346	(23)	2,323
> 30 days past due	2% to 6%	950	(41)	909
> 60 days past due	3% to 6%	1,085	(56)	1,029
> 90 days past due	4% to 10%	1,715	(102)	1,613
> 120 days past due	6% to 100%	9,866	(4,563)	5,303
Credit impaired:				
- individually impaired	100%	48,898	(48,898)	-
		64,860	(53,683)	11,177

Group	ECL Rate	Gross Carrying Amount RM'000	ECL Allowance RM'000	Net Balance RM'000
2018				
1 to 30 days past due	2%	877	(14)	863
> 30 days past due	4%	610	(23)	587
> 60 days past due	6%	3,090	(192)	2,898
> 90 days past due	6% to 8%	2,318	(141)	2,177
> 120 days past due	6% to 100%	16,199	(7,128)	9,071
Credit impaired:				
- individually impaired	100%	45,215	(45,215)	-
		68,309	(52,713)	15,596

The reconciliation of loss allowance for trade receivables as at 31 December 2019 is disclosed in Note 12 to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating 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.

31. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

The main areas of financial risks faced by the Group are as follows (Continued):

(a) **Credit risk (Continued)**

Other receivables and other financial assets (Continued)

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.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.1(i)(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 2019 to have low credit risk and the expected credit loss is negligible. The reconciliation of loss allowance for other receivables as at 31 December 2019 is disclosed in Note 12 to the financial statements.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to financiers in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM17,000,000 (2018: RM28,000,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 26 to the financial statements. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowing.

(b) **Liquidity risk**

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

The Group and the Company maintain a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows (Continued):

(b) Liquidity risk (Continued)

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RM10,479,455 and the Group had short-term payables and borrowings of RM49,726,853 and RM16,481,862 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 drawndown 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 assumptions and judgements are used in the preparation of the cash flow forecast.

Maturity analysis

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

	Carrying Amount RM'000	Contractual Cash Flow RM'000	On Demand or Within 1 Year RM'000	1 to 5 Years RM'000	More than 5 Years RM'000
Group					
2019					
Financial liabilities					
Sukuk Wakalah	16,482	17,259	17,259	-	-
Lease liabilities	189,327	343,287	21,705	116,991	204,591
Trade and other payables	47,192	47,192	47,192	-	-
	253,001	407,738	86,156	116,991	204,591
2018					
Financial liabilities					
Term loans (Islamic)	2,130	2,177	2,177	-	-
Sukuk Wakalah	27,299	35,607	2,281	33,326	
Finance lease liabilities	30	35	35	-	-
Trade and other payables	37,679	37,679	37,679	-	-
	67,138	75,498	42,172	33,326	-

The Company's financial liabilities including financial guarantee liability of RM17,000,000 (2018: RM28,000,000) at the reporting date either mature within one year or are repayable on demand.

31. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

The main areas of financial risks faced by the Group are as follows (Continued):

(c) **Interest rate risk**

The Group's and the Company's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The following tables set out the carrying amounts, the contractual interest rates as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Contractual Interest Rate	Within 1 year RM'000	2 to 5 years RM'000	Total RM'000
Group				
2019				
Fixed rate				
Financial asset				
Deposits placed with licensed bank	3.10%	386	-	386
Financial liability				
Sukuk Wakalah	8.80%	16,482	-	16,482
2018				
Fixed rate				
Financial asset				
Deposits placed with licensed bank	3.20%	373	-	373
Financial liability				
Sukuk Wakalah	8.80%	-	27,299	27,299
Floating rate				
Financial liabilities				
Term loans (Islamic)	5.45%	2,130	-	2,130
Finance lease liabilities	2.51%	30	-	30

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows (Continued):

(c) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

A change of 1% in interest rates at the end of the reporting period would have increased/(decreased) profit or loss net of tax by the amounts shown below. This analysis assumes that all other variables remained constant.

	← 1% Increase →		← 1% Decrease →	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Floating rate instruments	-	(16)	-	16

32. 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 Group and the Company do not have any externally imposed capital requirement other than a certain debt to equity ratio of a subsidiary in respect of Sukuk Wakalah facility as disclosed in Note 17 to the financial statements.

The debt-to-equity ratios as at 31 December 2019 and as at 31 December 2018 were as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings (Note 17)	16,482	29,459	-	-
Less: Cash and bank balances (Note 13)	(4,581)	(3,616)	(4)	(2)
Net debt	11,901	25,843	(4)	(2)
Total equity attributable to the owners of the Company	193,536	231,319	315,072	378,690
Capital and net debts	205,437	257,162	315,068	378,688
Gearing ratio	0.06	0.11	#	#

\# Not meaningful.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 11 November 2019, the Company entered into a share sale agreement with SMRT Holdings Berhad for the proposed acquisition of 20,786,000 ordinary shares of RM1.00 each in SMR HR Group Sdn. Bhd. ("SMRHRG"), representing the entire equity interest in SMRHRG, for an aggregate consideration of RM5,230,000 ("Proposed Acquisition"). On 18 February 2020, the Proposed Acquisition was completed. Consequently, SMRHRG became a wholly-owned subsidiary of the Company.

The initial accounting for SMRHRG's business combination in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to SMRHRG's identifiable assets, liabilities and contingent liabilities and the cost of the combination ("Purchase Price Allocation or PPA").

The fair value of SMRHRG's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending completion of the PPA exercise on SMRHRG's identifiable assets, liabilities and contingent liabilities. SMRHRG's business combination has been accounted for using these provisional values. The Group shall recognise any adjustments to these provisional values upon completion of the PPA exercise within 12 months from the acquisition date.

(i) The provisional fair value of the identifiable assets and liabilities of SMRHRG as at the date of acquisition were as follows:

	Group 2019 RM
Assets	
Property and equipment	362,792
Other intangible assets	1,500,000
Trade and other receivables	315,558
Current tax assets	16,353
Cash and bank balances	469,006
	2,663,709
Liabilities	
Trade and other payables	(172,364)
Bank overdraft - secured	(429,494)
Lease liabilities	(443,145)
Total identifiable net assets acquired	1,618,706
Goodwill arising from acquisition	3,611,294
Fair value of consideration transferred	5,230,000

(ii) The effects of the acquisition of SMRHRG on cash flows of the Group were:

	Group 2019 RM
Total consideration paid in cash by the Group	5,230,000
Add: Cash and cash equivalents of subsidiary acquired	422,730
	5,652,730

33. **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED**

(b) On 14 February 2020, the Company announced its proposal to consolidate 10 existing issued ordinary shares into 1 new ordinary share ("Proposed Share Consolidation"). Subsequently, the Company further announced that an application has been submitted to Bursa Malaysia Securities Berhad to seek an extension up to 13 December 2020 to submit the application for the Proposed Share Consolidation.

(c) Coronavirus outbreak

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 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

For the Group's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group is unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's revenue and operations. The Group will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group is also taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

STATEMENT BY DIRECTORS

MINDA GLOBAL BERHAD
(Incorporated in Malaysia)

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

We, **GENERAL TAN SRI DATO' SERI MOHD SHAHROM BIN DATO' HJ NORDIN (RTD.)** and **TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR**, being two of the directors of MINDA GLOBAL BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 60 to 153 are drawn up in accordance with the 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 2019 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:

GENERAL TAN SRI DATO' SERI MOHD SHAHROM BIN DATO' HJ NORDIN (RTD.)
Director

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

Date: 26 June 2020

STATUTORY DECLARATION

MINDA GLOBAL BERHAD
(Incorporated in Malaysia)

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

I, **LEONG TUCK YEE**, being the officer primarily responsible for the financial management of MINDA GLOBAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 60 to 153 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.

LEONG TUCK YEE
MIA Membership No.: 14147

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 June 2020.

Before me,

FIRDAUS BT S. FAIZAL BCM PJK (W723)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MINDA GLOBAL BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minda Global Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 153.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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' *Code of Ethics for Professional Accountants* ("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.

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

Right-of-use assets and lease liabilities (Note 4(i), Note 6 and Note 18 to the financial statements)

During the financial year, the Group has adopted MFRS 16 *Leases* and has recognised right-of-use ("ROU") assets and lease liabilities on the date of initial application. We focused on this area because the measurement of the right-of-use assets and lease liabilities requires the application of significant judgement by the Group in determining the lease term, lease payment and incremental borrowing rate.

Our response:

Our audit procedures included, among others:

- evaluating the Group's assessment on the MFRS 16 impact arising from initial application;
- reading the salient terms of the lease agreements;
- obtaining an understanding on the judgement and estimates made by the Group on key inputs in the computation of ROU assets and lease liabilities; and
- testing the mathematical accuracy of the computation of the ROU assets and lease liabilities.

Goodwill (Note 4(ii) and 8 to the financial statements)
Other intangible assets (Note 4(ii) and Note 9 to the financial statements)

The Group has significant balance of goodwill and education licenses arising from the acquisition of CUCMS Education Sdn. Bhd. ("CESB"). The goodwill and education licences are tested for impairment annually. We focused on this area because this assessment requires significant judgement by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

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 accordance with 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 assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness; and
- testing the mathematical accuracy of the impairment assessment.

Key Audit Matters (Continued)

Group (Continued)

Trade receivables (Note 4(iii) and 12 to the financial statements)

The Group has significant trade receivables as at 31 December 2019 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; and
- reviewing receipts subsequent to the end of the financial year.

Funding requirements and ability to meet short term obligations (Note 17 and Note 31(b) to the financial statements)

As at 31 December 2019, included in the Group's current liabilities are payables of RM49,726,853 and borrowings of RM16,481,862. We focus on this area due to the significant amount of short-term liabilities, which resulted in the Group's current liabilities exceeding its current assets by RM10,479,455.

The Group's policies and processes for the management of liquidity risk is disclosed in Note 31(b) 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 assumptions in the cash flow forecast to our understanding obtained during our audit in relation to key assumptions;
- testing the mathematical accuracy of the cash flow forecast calculation;
- performing stress tests for a range of reasonably possible scenarios; and
- agreeing sources of financing and uses of funds to supporting documents.

Key Audit Matters (Continued)

Company

Investment in subsidiaries (Note 4(iv) and 10 to the financial statements)

The Company has significant balance of investment in subsidiaries, namely Asiamet Education Group Sdn. Bhd. and CUCMS Education Sdn. Bhd. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others,

- assessing the valuation methodology adopted by the Company in accordance with 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 assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness; and
- testing the mathematical accuracy of the impairment assessment.

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.

INDEPENDENT AUDITORS' REPORT
(Continued)

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 the 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.

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.

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

- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 10 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

Lee Kong Weng
02967/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 26 June 2020

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Lecture Halls 3 and 4, Level 4, Academic Block, University of Cyberjaya Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 29 July 2020 at 2.00 pm, for the following purposes :-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon. — **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees and meeting allowances payable to the Non-Executive Directors from 30 July 2020 until the conclusion of the next Annual General Meeting of the Company. — **Resolution 1** **Please refer to Explanatory Note B**

3. To re-elect the following Directors who are retiring in accordance with Clause 103 of the Company's Constitution :-
   (i) Tan Sri Datuk (Dr.) Rafiah Binti Salim — **Resolution 2**
   (ii) Sanjeev Nanavati — **Please refer to Explanatory Note C**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — **Resolution 3**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:-

5. **Authority for Directors to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Resolution 4** **Please refer to Explanatory Note D**

   "THAT subject always to the Companies Act 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any 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 to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain all necessary approvals from the relevant authorities for the issuance and listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

OTHER ORDINARY BUSINESS

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

By Order of the Board

WONG YOUN KIM
SSM PC No. 201908000410 (MAICSA 7018778)
Company Secretary
Kuala Lumpur

Dated this 30 June 2020

NOTES:

1. A member of the Company shall be entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. A member of the Company shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), 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.
4. The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. **General Meeting Record of Depositors**
For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 July 2020. Only a depositor whose name appears on the Record of Depositors as at 22 July 2020 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

EXPLANATORY NOTES

Note A

The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to Section 340(1)(a) of the Act. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

Note B

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. Pursuant to Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.

The Nomination and Remuneration Committee ("NRC") of the Company has conducted a review on the current Directors' fees and meeting allowances. The Board of Directors ("Board") of the Company has approved the NRC's proposal and recommended that the Directors' fees and meeting allowances to be revised as follows :

		Current		New proposal	
		Directors' Fees (per Director) RM	Meeting Allowances (per Meeting) RM	Directors' Fees (per Director) RM	Meeting Allowances (per Meeting) RM
Board of Directors	Chairman	5,000 per month	1,000	2,500 per month	500
	Member	4,000 per month	500	2,000 per month	250
Audit and Risk Management Committee	Chairman	-	1,000	-	500
	Member	-	500	-	250
Nomination and Remuneration Committee	Chairman	-	1,000	-	500
	Member	-	500	-	250

NOTICE OF THIRD ANNUAL GENERAL MEETING
(Continued)

The Board is seeking approval from the shareholders for the payment of Directors' fees and meeting allowances payable to Non-Executive Directors for the period from 30 July 2020 until the conclusion of the next Annual General Meeting of the Company based on the new proposal above.

Note C

Clause 103 of the Company's Constitution provides that one-third (⅓) of the Directors (including the Managing Director) for the time being, or if the number is not a multiple of three (3), the number nearest to one-third (⅓) with a minimum of one (1) shall retire from office provided that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Tan Sri Datuk (Dr.) Rafiah Binti Salim and Mr Sanjeev Nanavati who retire in accordance with Clause 103 of the Company's Constitution are standing for re-election as Directors. Tan Sri Datuk (Dr.) Rafiah Binti Salim has offered herself for re-election. However, Mr Sanjeev Nanavati has expressed his intention not to seek re-election. Therefore, he will retain his office until the conclusion of this Third Annual General Meeting and retires in accordance with Clause 103 of the Company's Constitution.

Note D

The proposed Resolution 4, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF THIRD ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors who are retiring by rotation pursuant to Clause 103 of the Company's Constitution are as follows :-

(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim
(ii) Sanjeev Nanavati

Tan Sri Datuk (Dr.) Rafiah Binti Salim has offered herself for re-election at the Third Annual General Meeting of the Company. However, Mr Sanjeev Nanavati has expressed his intention not to seek re-election.

The profiles of the abovenamed Directors are set out in the Directors' Profile section in the Company's Annual Report 2019.

None of the abovenamed Directors has any interest in the securities of the Company.

PROXY FORM

Minda Global
Berhad
Registration No. 201601039044 (1209985-V)
(Incorporated in Malaysia)

I/We ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

....

being a member/members of MINDA GLOBAL BERHAD hereby appoint the following person(s) or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Third Annual General Meeting of the Company to be held at Lecture Halls 3 and 4, Level 4, Academic Block, University of Cyberjaya Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 29 July 2020 at 2.00 pm and any adjournment thereof:-

Name of Proxy, NRIC/Passport No. & Address		No. of Share to be represented by Proxy
1.	Name : NRIC/Passport No. : Address :	
2.	Name : NRIC/Passport No. : Address :	

NO.	RESOLUTION		FOR	AGAINST
1.	To approve the payment of Directors' fees and meeting allowances payable to the Non-Executive Directors from 30 July 2020 until the conclusion of the next Annual General Meeting of the Company.	Resolution 1		
2.	Re-election of Tan Sri Datuk (Dr.) Rafiah Binti Salim	Resolution 2		
3.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	Resolution 3		
4.	Approval for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 4		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of Shares	
CDS A/C No.	

....
Date

....
Signature / Common Seal of Shareholder

PROXY FORM
(Continued)

NOTES:

1. *A member of the Company shall be entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*

2. *A member of the Company shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*

3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), 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.*

4. *The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.*

5. ***General Meeting Record of Depositors***
   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 July 2020. Only a depositor whose name appears on the Record of Depositors as at 22 July 2020 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

Fold Here

Affix
Stamp
here

The Company Secretary
Minda Global Berhad Registation No. 20161039044 (1209985-V)

c/o HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur,
Malaysia

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Minda Global
Berhad
Registration No. 201601039044 (1209985-V)

CORPORATE OFFICE
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Persiaran Bestari, Cyber 11
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