MINDA GLOBAL BERHAD

Annual Report

2020

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.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to present to you our 2020 Annual Report which demonstrates how we have continued to drive forwards with the execution of our strategic turnaround plan during what has been a very uncertain year.

Conducting Business Responsibly

2020 was an extremely challenging year for our business as the World confronted the COVID-19 pandemic and its subsequent disruptions to both lives and livelihoods. The economic impact of this pandemic can be clearly seen as our Malaysian economy itself had contracted by 5.6% in FY2020 relative to our 4.3% growth in FY2019.

The Education sector was no different. For the first time in the history of Malaysia, all Education institutions had to shut down physical operations and transition to online learning with only a few days' notice. Moreover, continued surges of the virus in the country meant that all Education premises were always on high alert and went through a process of scaling up and scaling down operations as deemed necessary by the Ministry of Health ("MoH") and the Ministry of Higher Education ("MoHE").

In such unpredictable and difficult times, we have remained focused and resolute in our determination to steer our Group forwards. We had successfully transitioned to fully online learning wherever possible and through engagement with MoH and MoHE have developed safe mechanisms to continue the lab sessions, practical studies and clinical studies for our MBBS, Pharmacy and Health Sciences students. All our campuses adhered to strict SOPs and limited capacity to students and staff as per recommendations by the Government.

Strengthening Our Fundamentals

We have continued to make significant advances in strengthening the fundamentals of our various institutions as identified by our strategic turnaround plan.

In line with our belief that sustained fiscal growth can only be realised by providing a valuable learning experience as measured by internationally recognised academic credentials and graduate employability outcomes, I am proud to share that our flagship university – the University of Cyberjaya – has been rated 5 Stars for Employability, Inclusiveness, Teaching and Facilities under the QS STARS exercise led by the publishers of the QS World University Rankings, as well as being rated SETARA 5 Stars by the MoHE. UoC has also been ranked Top 601 - 800 in the Times Higher Education ("THE") Impact Rankings. In the most recent 2019 MoHE Graduates Tracer Study, UoC had emerged as one of the Top 10 institutions in its category for Student Employability cementing our achievements in ensuring successful graduate outcomes.

Not to be outdone, our other institutions have also kept up the positive and encouraging momentum. Asia Metropolitan University had secured a SETARA 4-Star rating by the MoHE in what is only its 2nd attempt in the national exercise. Asia Metropolitan College Kota Kinabalu on the other hand had successfully upgraded itself to a 5-Star institution under the MoHE MyQuest ratings exercise.

As per our philosophy, we continue to see growth in student enrolments in parallel with our Institutions' growing Academic reputation. I am again proud to share that in spite of the COVID-19 pandemic and its disruptive effects on our business, 2020 still remains a record year with regards to student enrolment numbers. With these latest results, we have successfully grown our total active student population by over 18% year-on-year every year since our Organisation's founding in 2018.

Continued Drive Towards Profitability

We believe that our strategic turnaround plan that we had designed and continued to execute since the formation of our Organisation in February 2018 is now beginning to bear results.

Our modernization and digital transformation exercises across the organisation have allowed us to reap significant cost reductions stemming from improved organisational efficiencies. Operating Costs have dropped by over 7% or RM4m relative to our FY2019 results in spite of our increased student population whereas Overheads have dropped by over 36% or ~RM25m. Moreover, we have also been able to leverage these improving results to further reduce our funding costs which have come down by 23% or ~RM530k in FY2020. These efforts combined with our strong focus on strengthening the fundamentals of our business have culminated in our first Quarterly Profit in Q4 FY2020

At a time of global uncertainty, we here at Minda Global Berhad believe very strongly that the primary role of business is to develop innovative solutions and create opportunities for the wider community. By continuing to focus on growing and transforming our business into one that is responsible and financially strong over the long-term, guided by our clear purpose to provide equitable access to Education for all, we can make a significantly positive impact not just to our students, employees and shareholders, but also to the wider society, economy and country.

I would like to thank all our shareholders, fellow directors and staff for all the support and patience you have extended to us over the years. We hope to build on the back of this positive quarter and year to carry our Organisation to ever greater heights in 2021.

Thank you.

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

KENYATAAN PENGERUSI

Pemegang saham yang dihormati,

Saya teruja untuk berkongsi dengan anda Laporan Tahunan 2020 yang menunjukkan bagaimana syarikat terus mara ke hadapan dengan pelaksanaan rancangan pemulihan strategik dalam tahun yang penuh cabaran ini.

Menjalankan Perniagaan dengan Penuh Tanggungjawab

2020 merupakan tahun yang sangat mencabar dalam urusan perniagaan kerana seluruh dunia dilanda wabak COVID-19 dan seterusnya memberi kesan terhadap kehidupan manusia sejagat. Kesan ekonomi dari wabak ini dapat dilihat dengan jelas kerana ekonomi Malaysia sendiri telah merosot sebanyak 5.6% pada tahun 2020 berbanding dengan pertumbuhan 4.3% pada tahun 2019.

Sektor Pendidikan juga tidak terkecuali. Buat pertama kalinya dalam sejarah Malaysia, semua institusi pendidikan terpaksa menghentikan pembelajaran secara fizikal dan beralih ke pembelajaran atas talian dalam tempoh perubahan masa yang singkat. Dengan peningkatan kes setiap hari dan berlanjutan di negara ini bererti semua institusi pendidikan harus berwaspada dan melalui proses penambahbaikan dan pengurangan operasi yang perlu mengikut ketetapan oleh Kementerian Kesihatan Malaysia ("KKM") dan Kementerian Pengajian Tinggi Malaysia ("KPTM").

Pada waktu yang sukar untuk diramal dan dijangka ini, pihak kami tetap sentiasa fokus dan tegas dalam menentukan arahtuju syarikat untuk terus maju dan berdaya saing.

Kami berjaya beralih ke pembelajaran atas talian sepenuhnya dalam tempoh yang singkat melalui kerjasama dengan KKM dan KPTM dalam membangunkan mekanisma yang selamat untuk meneruskan sesi makmal, latihan praktikal dan klinikal untuk pelajar MBBS, Farmasi dan Sains Kesihatan kami. Semua kampus kami mematuhi SOP yang ketat dan terhad kepada pelajar dan staf yang berkeperluan sahaja sepertimana yang ditetapkan oleh pihak Kerajaan.

Memperkukuhkan Asas Teras

Pihak kami terus membuat kemajuan dalam memperteguhkan asas-asas bagi kesemua institusi kami sepertimana yang telah dikenal pasti dalam rancangan pemulihan strategi.

Sejajar dengan kepercayaan kami bahawa pertumbuhan fiskal yang berterusan hanya dapat direalisasikan dengan memberikan pengalaman pembelajaran yang terbaik seperti pengiktirafan kelayakan akademik yang diiktiraf diperingkat antarabangsa dan kebolehpasaran graduan. Oleh itu, saya dengan bangga ingin berkongsi kejayaan bahawa universiti kami iaitu Universiti Cyberjaya (UoC) telah mendapat pengiktirafan 5 Bintang bagi kategori Kebolehpasaran, Keterangkuman, Pengajaran dan Kemudahan dalam QS STARS oleh Quacquarelli Symonds (QS) World University Ranking dan juga dinilai SETARA 5 Bintang oleh KPTM. UoC juga telah berjaya menduduki tempat 601 - 800 Teratas dalam Times Higher Education ("THE") Impact Rankings. Manakala dalam Kajian Kebolehpasaran Graduan KPTM 2019, UoC telah muncul sebagai salah satu daripada 10 institusi teratas dalam kategorinya untuk Kebolehpasaran Graduan dimana pencapaian ini telah memperkukuhkan kejayaan kami didalam melahirkan graduan yang berjaya, berketerampilan dan mampu memenuhi kehendak pasaran.

Selain itu, institusi kami yang lain juga mengekalkan momentum positif dan memberangsangkan apabila Universiti Metropolitan Asia (AMU) telah memperoleh penarafan SETARA 4 Bintang oleh KPTM disamping Kolej Asia Metropolitan Kota Kinabalu juga telah berjaya menaikkan taraf kepada institusi 5-Bintang di bawah pelaksanaan penilaian MyQuest KPTM.

Sebagaimana bersandarkan kepada falsafah kami, pertambahan bilangan kemasukan pelajar adalah selari dengan reputasi kecemerlangan akademik yang semakin meningkat. Sekali lagi, dengan bangganya saya berkongsi bahawa walaupun pandemik COVID-19 dan kesannya mengganggu perniagaan, tahun 2020 kami masih berupaya mencatatkan rekod jumlah pendaftaran pelajar yang tinggi dan telah berjaya meningkatkan jumlah populasi pelajar aktif lebih dari 18% tahun ke tahun, setiap tahun sejak tertubuhnya organisasi ini pada tahun 2018.

Memacu Ke Arah Keuntungan

Kami percaya bahawa perancangan pemulihan strategik yang telah dirancang dan dilaksanakan sejak penubuhan syarikat pada bulan Februari 2018 kini telah mula membuahkan hasil.

Bergerak kearah pemodenan dan transformasi digital syarikat bagi kesemua institusi telah membolehkan pihak kami untuk mengurangkan kos yang ketara berikutan keberhasilan daripada kecekapan pengurusan syarikat. Kos operasi telah menurun lebih dari 7% atau RM 4 juta berbanding dengan hasil FY2019 walaupun terdapat peningkatan populasi pelajar dan kadar Overhead telah menurun lebih dari 36% atau ~ RM 25 juta. Pihak kami juga dapat memanfaatkan hasil penambahbaikan ini untuk mengurangkan lagi kos pembiayaan kami yang turun sebanyak 23% atau ~ RM 530 ribu pada FY2020. Usaha ini digabungkan dengan fokus kami dalam memperkukuhkan asas perniagaan yang memacu kepada Keuntungan Suku pertama kami pada Q4 FY2020.

Pada masa ketidaktentuan global ini, kami di Minda Global Berhad percaya bahawa peranan utama syarikat adalah menyediakan penyelesaian inovatif dan mewujudkan peluang yang lebih luas untuk masyarakat. Dengan terus memberi tumpuan untuk mengembangkan serta mengubah perniagaan menjadi perniagaan yang lebih bertanggungjawab dan kukuh dari segi kewangan jangka panjang, maka menjadi matlamat kami untuk memberi kebolehcapaian peluang pendidikan untuk semua. Dengan itu, kami yakin akan dapat memberi impak yang ketara bukan sahaja kepada pelajar, pekerja dan pemegang saham tetapi juga kepada masyarakat keseluruhannya serta ekonomi dan negara.

Saya ingin mengucapkan terima kasih kepada semua pemegang saham, rakan pengarah dan kakitangan kami atas semua sokongan dan kesabaran yang telah anda berikan kepada kami selama ini.

Kami akan terus berusaha untuk pencapaian yang lebih cemerlang dan gemilang tahun 2021 ini.

Terima Kasih.

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Bersara)
Pengerusi Bukan-Eksekutif Bebas

DIRECTORS' PROFILE

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

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.) ("Tan Sri Dato' Seri Mohd Shahrom") (Malaysian/male, aged 73) 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.

Other than as disclosed above, Tan Sri Dato' Seri Mohd Shahrom has no directorship in any other public company and listed issuer. He has no family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE
(Continued)

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar
Group Managing Director
Non-Independent Executive Director

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr. Palan") (Malaysian/male, aged 65) 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.

He completed his PhD (Education) at the Federation University, Ballarat, Australia, and the Advanced Management Programme at Harvard Business School. He has authored 16 books including the Reflections of an Entrepreneur published by University Malaya Press. More details about Tan Sri Dato' Dr. Palan can be found at www.palan.org

He serves as the Pro-Chancellor of University of Cyberjaya (UoC). He is also the Executive Chairman of SMRT Holdings Berhad, a listed company on the ACE Market of Bursa Malaysia Securities Berhad. He is also a Director on the Board of Directors, University of Malaya.

He was also recently appointed as a member of the Special Independent Committee to advise the Yang Di Pertua Agong on the state of Emergency.

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

Other than as disclosed above, Tan Sri Dato' Dr. Palan has no directorship in any other public company and listed issuer. He is a substantial shareholder of the Company. Tan Sri Dato' Dr. Palan is the father of Mr Maha Ramanathan Palan who is the Executive Director of the Company. He has no family relationship with any major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

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)

Maha Ramanathan Palan
Non-Independent Executive Director

Maha Ramanathan Palan ("Maha Palan") (Malaysian/male, aged 27) was appointed as Non-Independent Non-Executive Director to the Board on the 23 July 2018. He was redesignated as Executive Director on 30 March 2020.

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

Maha Palan currently leads the strategic turnaround initiative at Minda Global Berhad. Since his appointment on the Board, the Organisation has improved its academic credentials (as demonstrated by international rankings recognitions), reduced its cost base by over 25% while maintaining consistent, above industry average student enrolment growth rates of over 15% culminating in the Group's first ever quarterly profit in Q4 2020.

Prior to his time at Minda, Maha Palan has served in investment-focused roles in firms including British Petroleum Plc, Piton Capital LLP and Maven Global LLP. During his tenure with these firms, he has invested in and helped grow a diverse range of companies that amongst other allowed for equitable access in market participation and improved the interoperability of energy infrastructure.

Maha Palan, alongside Tan Sri Dato' Dr. Palaniappan, is also a co-founder of The Palan Foundation, a registered non-profit organisation committed to improving the educational attainment of young disadvantaged individuals.

He is also a Director of SMRT Holdings Berhad, the majority shareholder of the company.

Other than as disclosed above, Maha Palan has no directorship in any other public company and listed issuer. Maha Palan is the son of Tan Sri Dato' Dr. Palaniappan who is the Group Managing Director of the Company. He has no family relationship with any major shareholder of the Company. He has no conflict of interest with the Companyand has never been convictedof any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE
(Continued)

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

Tan Sri Datuk (Dr.) Rafiah Binti Salim ("Tan Sri Datuk (Dr.) Rafiah") (Malaysian/female, aged 74) 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. She is the Chairman of Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

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 Lotte Chemical Titan Holding Berhad.

Other than disclosed above, Tan Sri Datuk (Dr.) Rafiah has no directorship in any other public company and listed issuer. She has no family relationship with any other Director and/or major shareholder of the Company. She has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE
(Continued)

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

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar ("Tan Sri Datuk Wira Dr. Mohd Shukor") (Malaysian/male, aged 65), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

He 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 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 Metropolitan University.

In July 2020, Tan Sri Datuk Wira Dr. Mohd Shukor has been appointed as the Chairman of the Board of Directors of Universiti Utara Malaysia. He 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.

Other than as disclosed above, Tan Sri Datuk Wira Dr. Mohd Shukor has no directorship in any other public company and listed issuer. He has no family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE
(Continued)

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

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa ("Dato' Esther Tan") (Maålaysian/female, aged 71), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018. She is a member of the Audit and Risk Management Committee.

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.

Other than as disclosed above, Dato' Esther Tan has no directorship in any other public company and listed issuer. She has no family relationship with any other Director and/or major shareholder of the Company. She has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with 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
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.

Maha Ramanathan Palan
Non-Independent Executive Director

The profile of Maha Ramanathan Palan is set out in the Directors' Profile of this Annual Report.

KEY SENIOR MANAGEMENTS' PROFILE
(Continued)

Leong Tuck Yee
Group Chief Financial Officer

Mr Leong Tuck Yee ("Mr. Leong") (Malaysian/male, aged 48) joined the Company in end 2019 and 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.

Mr Leong has no directorship in any public company and listed issuer. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENTS' PROFILE
(Continued)

Professor Dato' Dr. Mohamad Abdul Razak
Vice Chancellor,
University of Cyberjaya ("UoC")

Professor Dato' Dr. Mohamad Abdul Razak ("Professor Dato' Dr. Mohamad") (Malaysian/male, aged 68) was appointed as President of UoC (formerly known as Cyberjaya University College of Medical Sciences ("CUCMS")) on 2 April 2014. He is currently serving as the Vice Chancellor of UoC after CUCMS has been accorded university status by thåe Ministry of Education, Malaysia on 21 October 2019.

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 help the UoC position itself as a leading, 5-Star Malaysian university.

Professor Dato' Dr. Mohamad has no directorship in any public company and listed issuer. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENTS' PROFILE
(Continued)

Professor Dr. Mohamad Khan Jamal Khan
Vice Chancellor,
Asia Metropolitan University

Professor Dr. Mohamad Khan Jamal Khan ("Professor Dr. Mohamad Khan") (Malaysian/male, aged 70) 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 Manageme̊ant 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.

Professor Dr. Mohamad Khan has no directorship in any public company and listed issuer. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MANAGEMENT'S PROFILE

Dato' Hj Abd Rashid bin Hj Mohd Sharif
Group Chief Regulatory Officer

Dato' Hj Abd Rashid is an educationist with 32 years experience in education strategic leadership, compliance and communication. Dato' Hj Abd Rashid has strong foundation and knowledge in education business and management. With 32 years of experience in education, it has enabled him to lead and manage high qualified and calibre individuals towards achieving desired goals and objectives. He is also well-versed in implementation of communication programmes to ensure positive and productive relationship with ministries, government agencies, local authorities, other institution and organisation. He has been providing strategic leadership, compliance and management to the business while being fully responsible for the day to day running of company and institutions. Dato' Hj Abd Rashid is also well versed in the field of pedagogy in terms of interaction with students and ensure programme objectives are delivered. He believes motivation is necessary to achieve one's goal and ambition. He holds a Master in Art and Design Education from De Monfort University, United Kingdom, Bachelor in Industrial Design from MARA University of Technology and Art Teachers' Diploma from MARA University of Technology.

Mr Kalaiarasu Malayandi
Group Chief Commercial Officer

Mr Kalaiarasu began his career as a consultant with several technology consultancy firms including Tech Mahindra and Accenture while working on projects for clients such as the Ministry of Health, Singapore and the oil giant Shell. He is also an Executive Director of SMRT Holdings Berhad and currently serves as Group Chief Commercial Officer. He oversees strategic, commercial, and business development matters. He is a graduate of Nottingham Trent University, UK and had earned an MBA from Victoria University, Australia.

Mr Subramaniam Amamalay
Chief Executive, SMR HR Group

Mr Subramanian holds a Bachelor's degree in Social Sciences from Universiti Sains Malaysia. He is a member of the Chartered Institute of Personnel and Development ("CIPD"), United Kingdom. He has attended the Senior Management Leadership Programme at Asian Institute of Management Philippines. He is an experienced Senior Manager with over twenty years of experience in the finance and education industry. He has vast experience in leadership roles and human capability development. As CEO of SMR HR Group and SMR Gulf, he has worked across Asia and the Middle East, including Malaysia, Indonesia, India, Sudan, Qatar, Abu Dhabi, Dubai, Bahrain, Saudi Arabia, Oman, Singapore and Hong Kong. He has led and managed several large consulting projects for large GLCs and MNCs. He worked in both government and private sectors in various managerial positions. He worked in MBF Education Group including Taylors and in the Ministry of Social Welfare.

Mr Jullian John
Bursar, University of Cyberjaya

Mr Jullian joined the then Cyberjaya University College of Medical Sciences ("CUCMS") in 2015 to head its Corporate & Marketing Communications team before being appointed as the Bursar in February 2020. He has been part of the management team during the institution's transition to the University of Cyberjaya ("UoC"). Mr Jullian holds a B.Eng (Communications & Electronics) from Northumbria University, UK and an MBA from Victoria University, Australia. He has over 15 years of corporate experience in the higher education, property development and manufacturing industries, having had stints in UCSI Group and YTL Group before joining UoC and Minda Global Berhad.

MANAGEMENT'S PROFILE
(Continued)

Mr Demudu A/L Naganaidu
Bursar, Asia Metropolitan University

Mr Demudu was appointed as Bursar since April 2018. He has a total of 16 years working experience in education sector since year 2005. He holds a various number of academic accolades under his wings; Master of Applied Statistics from University Putra Malaysia, Postgraduate Certificate in Teaching Methodology from Asia Metropolitan University, Master of Business Administration from University of Strathclyde, Glasgow U.K., and Bachelor of Statistics (Hons) from National University of Malaysia. He is currently pursuing his PhD in Statistics from University Technical Malaysia.

Prior to holding his current position, Mr. Demudu was Deputy Vice Chancellor, after holding many roles in the organisation as Senior Vice President of Operations, Vice President Branch Operations, Chief Branch Officer of Ipoh Campus and Manager of Systems and Methods. He also worked as General Manager Operations of Institute Business Executive Malaysia. Apart from the education sector, Mr Demudu had 11 years working experience in the banking sector prior to joining the education sector.

Mdm Kristy Ng Sze Nee
Chief Executive, Cyberjaya College Kota Kinabalu

Mdm Kristy was appointed as Chief Executive of Cyberjaya College Kota Kinabalu in 2015. She graduated with a Bachelor of Pharmacy from University of Tasmania, Australia in 2003 and completed her Master of Science (Medical Science) from University Malaysia Sabah in 2015. She is also a fully registered pharmacist under Pharmacy Board of Malaysia since 2004. She began her career as a pharmacist in public sector where she was trained as an oncology pharmacist specialist. In 2010, she joined higher education institution as pharmacy lecturer to pursue her passion in teaching. In the past 10 years, she grew along education management path and has worked as a Program Coordinator in 2011, Academic Manager in 2014 and subsequently as Chief Executive.

Mdm Lindsay Brangking
Chief Executive, Cyberjaya College Kuching

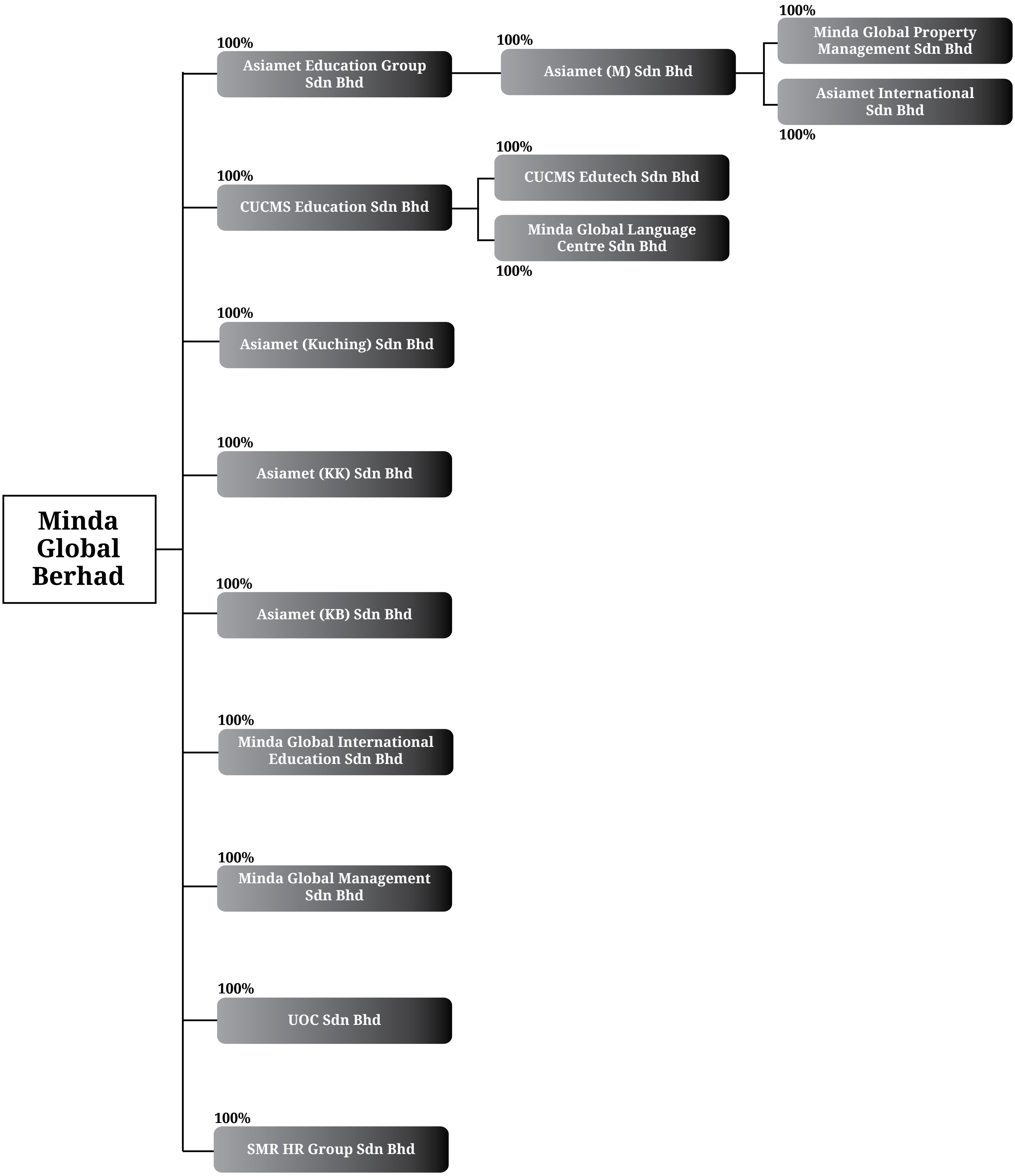
Mdm Lindsay holds a Professional Certificate in Teaching English as a Second Language ("TESL"), Bachelor's Degree in Education majoring in TESL and a Master's Degree in Science majoring in Human Resource Development. Had 30 years of working experiences in the education industry. Started her career in education as a public-school teacher before moving on to take up administrative and senior roles in several higher education institutions including Taylor's Business School, SEGI University and City University. She has also previously served as the Acting CEO of Kiara College Sabah, Director of Open University Malaysia for Sarawak Region and Principal of Cosmopoint College Sarawak. She is also a certified HRDF trainer.

Mdm Agalya Devi Balaguru
Principal, Asia Metropolitan International School

Mdm Agalya is an educationist with a Masters in Education in Counselling Psychology, Child Development & Behaviour Management and a Bachelor of Arts (Hons) degree with Education in English and Literature. She has over 34 years of experience in various aspects of learning and teaching. She has worked in schools in Malaysia and in the UK, being actively involved in formal and informal education. She holds certificates in counselling and youth work and has worked with young people with emotional and behavioural problems and those with special needs, both in the school setting and in the community.

Mdm Agalya has focused on international education for over 20 years, having held various posts in the teaching faculty, middle and senior management teams.

GROUP CORPORATE STRUCTURE
As At 30 April 2021



MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis is provided to assist shareholders' to develop a clearer understanding on the results of our operations and financial condition when reading our Financial Statements shared below in pages 55 to 155. Our MD&A is presented in the following sections:

- Overview
- Results of Operations
- Way Forward

Overview

Our Business

Minda Global Berhad was formed in February 2018 with the purpose of growing and transforming our component Institutions into Establishments that are financially viable over the long-term, while continuing to be guided by our clear purpose to provide equitable access to Education for all.

We operate a portfolio of Learning Institutions throughout Malaysia which include the University of Cyberjaya, Asia Metropolitan University, Asia Metropolitan College Kota Kinabalu, Asia Metropolitan College Kuching, Cyberjaya College Central, Oxbridge Language Centre, SMR HR Group and AMETIS International School. Higher Education Institutions continue to be the focal point of our Group with this segment now contributing 97% of our revenue relative to our 3% of contributions from our minor presence in our K-12 and other operations.

Key Business Metrics

Enrolment

Enrolment is our Organisation's most important non-financial metric – it is defined as "the total number of students who are registered in programmes at our Institutions as of the end of our Fiscal Year or any such cut-off date".

New Student Enrolment provides an indication of our Organisation's future Revenue and Earnings trends. Total Student Enrolment for any such period is a function of new student enrolment and continuing student enrolments offset by enrolment reductions due to factors such as graduations and attrition.

All of our Institutions have well defined enrolment cycles – one primary intake during which the majority of new students are enrolled and multiple minor intakes during which smaller numbers of students are enrolled spread out across the year.

Attrition

Attrition is our Organisation's primary risk indicator – it is defined as "any student exiting a programme prior to the programme's completion". As attrition has a direct impact of Total Student Enrolment, it also has a direct impact on revenue and earnings trends.

We have multiple measures in place to ensure Attrition is kept at minimal levels in all of our Institutions – these include remedial classes, mentoring, counselling, financial assistance programmes, amongst others.

COVID-19 Impact

The world changed drastically in FY2020 as we began to experience the impact of a deadly and highly infectious disease caused by severe acute respiratory syndrome coronavirus 2 ("SARS-CoV-2"), more commonly known as the Coronavirus Disease 2019 ("COVID-19"). The disease was confirmed by the World Health Organization

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

on January 12, 2020 before becoming an outbreak in all countries – the Director General of the World Health Organization, Dr. Tedros Adhanom Ghebreyesus, in his opening remarks at the media briefing on COVID-19 on April 10, 2020, announced that the COVID-19 outbreak had affected 213 countries, with 1,524,162 confirmed positive cases and 92,941 deaths – this number has since then significantly grown to over 160,000,000 confirmed cases and over 3,300,000 deaths.

What was initially a health crisis has now transformed into an economic and humanitarian crisis as governments grapple with bringing the disease under control by significantly restricting populace movement, imposing significant international border restrictions and shutting down vulnerable parts of industry. The Education industry, like all others, was similarly disrupted by these measures.

In response to this COVID-19 pandemic, all of our Institutions had made the rapid transition to digital and online educational delivery mechanisms. This was principally achieved by leveraging our pre-existing systems that prior to this pandemic were designed to serve our students as an extension to their learning experience outside of the traditional classroom setting. With regards to our healthcare-based programmes, we have engaged with MoHE and MoH to develop a safe mechanism to allow our students to partake in lab sessions and clinicals with (thus far) no expected delays to their graduation timelines.

On a long-term basis, the effects of this pandemic to our Organisation depends on numerous factors which include International border closures and timeline for reopening, pressures on programme pricing, and disruptions on student enrolment cycles, amongst other factor which cannot be fully quantified at this moment in time.

Nevertheless, while there were and continues to be significant potential adverse impacts to our Institutions as a result of this pandemic, the Management have made tough, calculated decisions over the course of 2020 that have in turn allowed us to steer our Organisation through the year to emerge out of it in better Fiscal shape than in before.

Results of Operations

Our revenue declined 8.0%, primarily driven by a decline in international recruitment coupled with the deferment of the new academic calendar. The cost savings from the transformation plan and the additional cost reduction measures have reduced our cost of services by 6.7% or RM4.0 million. The Organisation achieved significant savings from reducing teaching staff as it continues to review and teach out non-profitable programs. In addition, the hiring of new lecturers was frozen. Savings from the lower cost of service partly balance the reduction in revenue of RM7.8 million. It reduced the negative impact on gross profit, which declined by RM3.8 million to RM34 million.

Despite the negative operational impact, our losses after tax in FY2020 reduced by RM27.6 million mainly due to the goodwill impairment of RM15 million in FY2019, one-time gain from lease modification amounting to RM6.5 million arising from the termination of a long-term lease rental, rental waivers received from campuses and hostels amounting to RM4.0 million and partly offset by impairment of trade receivables of RM2.0 million. The improved business outlook driven by our strong student enrolment has resulted in higher value-in-use of the business, and consequently, no goodwill impairment was made in FY2020.

As part of the transformation plan of the Organisation, during the year, it has signed a sale and purchase agreement with a third party for the disposal of the institutional premises in Cheras for a total cash consideration of RM30 million. In line with our strategy to increase our presence in the southern region, we have relocated the Asia Metropolitan University to Johor Bahru. Consequently, this property has become idle. The disposal is expected to be completed in Quarter 4 FY2021, and it will free up valuable funds to reduce bank borrowings and working capital purposes.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

Factors affecting Comparability

Deferments of Academic Intakes

The COVID-19 pandemic has impacted our Institutions Enrolment cycles in FY2020. Our primary intake cycle which traditionally occurs in the month of September was in FY2020 pushed back to the month of November to manage these disruptions and maintain our competitiveness relative to the Industry. A majority of our minor intake cycles were similarly affected by such deferments.

As our revenue is recognised and accrued on a monthly basis, this has an impact of over RM8 million on our Statement of Profit or Loss. Nevertheless, our fundamentals remain strong as student enrolments are up by 17.4%

Revaluation of Properties

Over the course of FY2020, our Organisation elected to change the method of accounting for land and building classified as property, plant, and equipment as we believe that the revaluation model allows for our business to more effectively demonstrate the carrying value of our land and building. In addition, the activity in the property market in which these assets are located provides observable market data on which reliable fair market value estimates can be derived. This revaluation model will be applied prospectively.

Based on the valuation reports by our professional valuer on the 31st of December 2020, the fair market value of the Group's land and buildings are RM64.1 million as compared to the carrying amount of RM39.1 million. As a result, a reversal of impairment of RM6.0 million has been recognised in the profit or loss and a revaluation surplus of RM14.5 million net of tax has been recognised in the Statement of Changes in Equity.

Key Academic Achievements

In-spite of the COVID-19 pandemic, our institutions have continued to achieve notable triumphs that have further added to their academic reputation.

The University of Cyberjaya ("UoC") was ranked Top 601 - 800 Institution at the recently announced Times Higher Education ("THE") Impact Rankings, as well as maintaining its SETARA 5 Star rating by the Ministry of Higher Education.

Asia Metropolitan University ("AMU") on the other hand has been proudly upgraded to a SETARA 4 Star university highlighting is continuous improvement in reputation and academic quality over the past several years

We are also proud to share that Asia Metropolitan College Kota Kinabalu has been successfully rated a 5-Star institution by the Ministry of Higher Education under the MyQuest college ratings exercise.

Way Forward

Our Organisation will press ahead with our Strategic Turnaround Plan with the specific aim of continuing to drive our Institutions towards profitability – measures undertaken will include continued cost rationalisation exercises, digital transformation exercises, stringent cash control measures, and strategic asset consolidation efforts amongst others.

SUSTAINABILITY STATEMENT

Minda Global Berhad's ("Minda Global") Vision and Mission underlines its commitment to sustainability.

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 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.

After more than one year since the outbreak of the COVID-19 pandemic, the world is still facing threats to its health and economic crisis. As we move forward to FY2021, 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

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

Reporting Period: This statement enumerates our ESS activities from 1 January 2020 to 31 December 2020.

Reporting Cycle: Annually coinciding with our Annual Report

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

Materiality

Materiality Analysis

Our materiality assessment identified the EES issues that presented either risks or opportunities to Minda Global and its subsidiaries (the Group). 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.

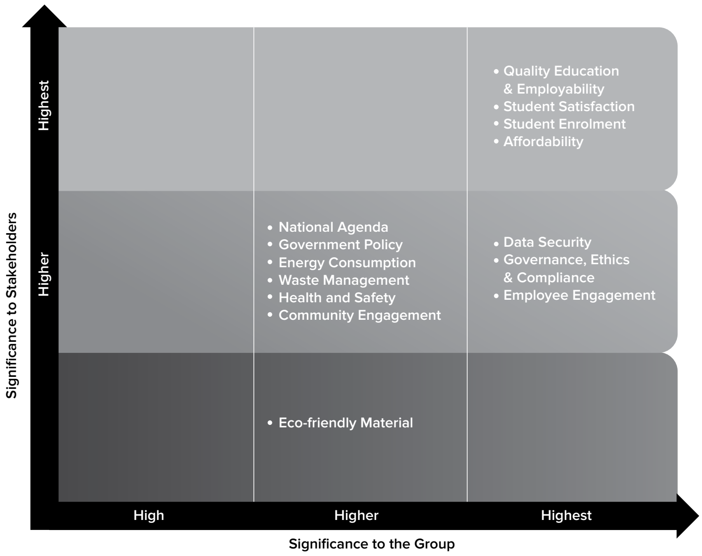
This assessment revealed that the material issues that we identified previously remained consistent with the type of activities that we have today. Our business underwent no significant change. As such, our materiality issues are unchanged in the current report.

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.

SUSTAINABILITY STATEMENT
(Continued)



The sustainable aspects 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 expect this to be addressed as we continue our operations in the future and pay more attention to being an organisation that cares about the use of resources responsibly and sustainably.

Stakeholder Engagement

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

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 to 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 stakeholders, their concerns and actions we have taken to respond to the matters necessary to each Group.

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.

SUSTAINABILITY STATEMENT
(Continued)

Stakeholder Groups	Concern	Response
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 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.

The Global Education 2030 Agenda

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

SDGs Agenda | **Minda Global's Contribution**

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

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

SUSTAINABILITY STATEMENT
(Continued)

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

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

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

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

<u>Board of Directors</u>

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 and ensuring that the management recognises and addresses the obligations arising from the EES stakeholders impacted by the Company's operations.

<u>The Management</u>

The Executive Committee (Exco) was established to lead the management in monitoring and implementing sustainability-related strategies as well as 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 Exco regularly

SUSTAINABILITY STATEMENT
(Continued)

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 comply with legal and regulatory requirements.
To emphasise our commitment to operating our business sustainably and responsibly, 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 capable of meeting the challenges, needs, and expectations 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 that is open to all parties who wish to provide information about a reasonable belief that an improper activity has occurred. We have implemented Anti-Bribery and Corruption Policy during the year, which underlines our commitment towards fair and non-corrupted business practices.

Student Development

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

Together with our best educators, Minda Global 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 developing 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 mainly dependent on the quality of its workforce. With that in mind, we have taken steps to ensure 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.

Minda Global Institutional Accreditations & Recognitions

University of Cyberjaya
Ministry of Higher Education SETARA Ratings: 5 Stars (Very Competitive)
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 2021: Ranked 601 - 800

SUSTAINABILITY STATEMENT
(Continued)

Asia Metropolitan University (AMU)
Ministry of Higher Education SETARA Ratings: 4 Stars (Competitive)

Asia Metropolitan College Kuching
Ministry of Higher Education MyQuest College Based Ratings: 3 Stars (Moderately Competitive)

Asia Metropolitan College Kota Kinabalu
Ministry of Higher Education MyQuest College Based Ratings: 5 Stars (Very Competitive)
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 our business development and 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 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.

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. The Group's view 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 is 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.

SUSTAINABILITY STATEMENT
(Continued)

In planning each of our campuses, Minda Global's goal has been to generate a conducive work environment. With this in mind, we offer various 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 are significant aspects that decide the success or failure of a developing economy. As a knowledge institution, Minda Global is committed to 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 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 mainly dependent on the capability of their teachers. With this in mind, the Company supports the continual upskilling of the teaching staff by providing ample employment progression opportunities, thereby enabling them to build a rewarding professional career.

Our educators are one of Minda Global's most valuable assets and play an essential 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 with training based on their skill set, job role, and core functional areas.

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 formally, once a year,

SUSTAINABILITY STATEMENT
(Continued)

and informally, at a frequency that our managers decide.

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 targeted towards improving these areas.

Employee Benefits

Faced with a 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 qualified educators by investing in 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.

We provide non-compulsory financial benefits within the incentive scheme, 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 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 to educate 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 to handle 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 an emergency, our staff are 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 to take advantage of the different perspectives that each individual has to offer. We are committed to treating every employee equally and upholding a culture of meritocracy regardless of religious beliefs, age, gender or ethnicity.

SUSTAINABILITY STATEMENT
(Continued)

Community

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

An organisation can leave a real and lasting positive or negative impact on the communities it operates in. Minda Global takes a cautious approach concerning its impact on the communities where it operates because being a socially conscious company is important.
The Board encourages charitable projects and initiatives that help communities. Our educational institutions attract socially responsible individuals who care for the welfare of the communities they live in and interact.
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 the 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 to meet the workforce needs.

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

We assess the product or service by initiating trial periods before any commitment is given to any long-term business relationship during the vendor selection process. 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 with students, employees, and any relevant party regarding the effectiveness of such a product or service to garner feedback and review the necessity or effectiveness of the provided product.

Our chosen suppliers are reviewed on an annual basis or whenever deemed appropriate to ensure that they maintain the integrity and quality of the provided product or service.

SUSTAINABILITY STATEMENT
(Continued)

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 by conserving 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 invested in 11 school buses that ferry our students to and from the campus and the residential apartments. This investment 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 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 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 Department of Environment (DOE) prescribed standards 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 to dispose of any hazardous material.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Minda Global Berhad ("Minda Global" or "the Company" – can we change to "the Organisation") is committed to uphold the high standards of corporate governance throughout Minda Global and its subsidiaries ("the Group" – can we change to "the Organisation) 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 2020 ("FY2020") 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 FY2020, 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 FY2020. 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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Practice 1.3 – Separation in the roles of Chairman and Group Managing Director

The roles of Chairman and Group Managing Director 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.

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.

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 FY2020, the Company held 5 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 FY2020. 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 FY2020 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.)	5/5	100%
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	5/5	100%
Tan Sri Datuk (Dr.) Rafiah Binti Salim	5/5	100%
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	5/5	100%
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/5	100%
Sanjeev Nanavati (Retired at the Third Annual General Meeting held on 29 July 2020)	3/3	100%
Maha Ramanathan Palan	5/5	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 judgment 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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.)	• Chiefs Circle Forum
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	• PowerTalk Global Series #1- The Regenerative Business of the Future • PowerTalk Global Series #2 – Digital Leadership and Communication During Turbulent Times • PowerTalk Global Series #3 – The Modern Board Architecture • PowerTalk Global Series #4 – On Board : The Insider's Guide to Surviving Life in the Boardroom • PowerTalk Global Series #5 – Vision 2020 : The Pandemic Digital Tipping Point and What to Expect in 2021 • A Clinician's Perspective : Collaboration in Research and its Impact • SHRM India Annual Conference and Expo
Tan Sri Datuk (Dr.) Rafiah Binti Salim	• Leadership Talk Series – The Ethnics of Transformational Leadership (Speaker) • Bank Negara Malaysia – FIDE Forum Annual Dialogue with the Governor of BNM • Women and Leadership Programme (Speaker)

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Directors	Training Programmes/Seminars/Workshops/ Conferences
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	• Corporate Liability Provision of Section 17A of the MACC Act 2009 • Guidelines and Conduct of Directors of Listed Corporations and their Subsidiaries • Leadership Programme – Becoming A Strategic Leader • Kecemerlangan Kepimpiman Dalam Menghadapi Cabaran Masa Kini • Creativity and Innovation : Leading at the Peak • Seminar Percukaian Kebangsaan • Budget Talk 2020
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	• Mind the Gap! Audit your Anti-bribery Corruption Program Effectively • Covid-19 Webinar – Audit Implications • MIA Townhall 2020 • Financial Oversight and Assurance Post Covid-19 • Tax Audit and Investigation • Unclaimed Money Act 1965 • Modified Audit Reports • How to Apply Various Impairment Models to Different Classes of Assets Under Volatile Environments • Seminar Percukaian Kebangsaan 2020 • Fraud Risk Management • 2020 Baker Tilly Tax & Budget Seminar • Assessing Audit Risks in the New Norm
Maha Ramanathan Palan	• The Future of Derivatives Series : CurveGlobal, LCH, Links Risk and OpenGamma present Margin Optimisation • The Future of Derivatives Series : Execution, Clearing and Competition in the post-Covid world • Imperial Future Matters : Machine Learning and AI – Opportunities and Challenges for Corporates • Imperial Future Matters : Centralisation Vs Decentralisation – What we can learn from the NHS's Covid-19 response

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.

<u>Practice 2.1 – Board Charter</u>

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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 six (6) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, the Executive Director and three (3) 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 (1/3) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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.

<u>Practice 4.4 and 4.6 – Diversity on Boards and in Senior Management & Sourcing of Directors</u>

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.

<u>Practice 4.5 – Gender Diversity</u>

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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 2020, 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) (Ceased as member following his retirement at the Third Annual General Meeting held on 29 July 2020)	Member	1/1

During the FYE 2020, 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, recommended the revision of remuneration package of the Group Managing Director, recommended the remuneration package of the Executive Director as well as recommended the Directors' fees and meeting allowances for the Non-Executive Directors.

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 and on Board Committees for the FYE 2020. The results were presented to the Board in May 2021 where the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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 Wira Dr. Mohd Shukor Bin Mahfar and Dato' Esther Tan Choon Hwa, 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. Both Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar and Dato' Esther Tan Choon Hwa have expressed their intention to seek for re-election at the 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 Directors are 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 2020 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.)	-	47,500	-	5,000	-	52,500
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	900,002	-	108,005	-	-	1,008,007
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	38,000	-	3,250	-	41,250

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

Name of Directors	Salaries, Allowances, and Others RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	38,000	-	7,000	-	45,000
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	38,000	-	4,500	-	42,500
Sanjeev Nanavati	-	28,000	-	4,000	-	32,000
Maha Ramanathan Palan *(Redesignated as Executive Director on 30 March 2020)*	83,145	12,000	9,978	1,000	-	106,123

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.)	-	47,500	-	5,000	-	52,500
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	38,000	-	3,250	-	41,250
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	38,000	-	7,000	-	45,000
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	38,000	-	4,500	-	42,500
Sanjeev Nanavati	-	28,000	-	4,000	-	32,000
Maha Ramanathan Palan (*Redesignated as Executive Director on 30 March 2020)*	-	12,000	-	1,000	-	13,000

Practice 7.2 – Remuneration of Key Senior Management

The aggregate remuneration of the Key Senior Management on group basis during the FYE 2020 are set out as follows:-

Remuneration (RM)	No. of key senior management*
1,236,200.00	5

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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

- Tan Sri Datuk (Dr.) Rafiah Binti Salim
  (Senior Independent Non-Executive Director)
  Member
  (Appointed on 1 September 2020)

Practice 8.1- Chairman of ARMC

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 2020.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

	Financial year ended 31 December 2020 RM
Statutory audit fees	365,000
Non-audit fees	6,000
Total	371,000

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 2020 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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

<u>Practice 11.1 – Communication with Stakeholders</u>

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

<u>Practice 12.1 – Notice of general meeting</u>

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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 or the Executive 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 Fourth 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 financial year ended 31 December 2020. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Continued)

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 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 21 May 2021.

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 2020.

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:

- 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

- Tan Sri Datuk (Dr.) Rafiah Binti Salim (Appointed on 1/09/2020)
  (Senior Independent Non-Executive Director)
  Member

Meetings

The ARMC held five (5) meetings during the financial year ended 31 December 2020. 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	5/5
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/5
Tan Sri Datuk (Dr.) Rafiah Binti Salim	1/1
Sanjeev Nanavati *(Ceased as member following his retirement at the Third Annual General Meeting held on 29 July 2020)*	3/3

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/

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(Continued)

SUMMARY OF WORK OF THE ARMC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the FYE 31 December 2020, the activities of the ARMC included the following:-

i. Reviewed unaudited quarterly financial results and announcements of the 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 2019 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 2019 in relation to the statutory audit;

iv. Reviewed the ARMC Report and Statement on Risk Management and Internal Control for the FYE 31 December 2019 and recommended the adoption to the Board;

v. Reviewed with the External Auditors the Audit Planning Memorandum for the financial year ended 31 December 2020 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 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 2020.

vii. Reviewed and approved appointment of the Internal Auditor for the FYE 31 December 2020 to ensure adequacy of audit scope, coverage, resources to carry out the internal audit functions effectively;

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. Reviewed the Anti-Bribery Management System with the objective of compliance with subsection (4) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 that effective from 1 June 2020 onwards and continue to review the adoption of the Guideline on Adequate Procedures (GAP) and comply with the listing requirements in relation to Anti-Corruption measures;

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(Continued)

xii. 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

In 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(Continued)

During the financial year, the Internal Auditors conducted the following internal audit review in accordance with the approved Internal Audit Plan for 2020 :

i. Review the Anti-Bribery and corruption management system in accordance with the Corporate Integrity System Malaysia Framework

ii. Internal Audit Review of Safety and Health function at Asia Metropolitan University Campus;

iii. Internal Audit Review of Business Development and Revenue / Account Receivable function at University of Cyberjaya Campus;

iv. 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 21 May 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), 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 31 December 2020. This has been prepared in accordance with Paragraph 15.26(b) of the MMLR of Bursa Malaysia and "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Board Responsibilities

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

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 organisational 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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
(Continued)

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.

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 2020 (Jan – March 2020)	June 2020	Minda Global Berhad	• Internal Audit Review of Anti-Bribery Management System Assessment
2nd Quarter 2020 (April – June 2020)	Aug 2020	University of Cyberjaya (“UoC”)	• Internal Audit Review of Student Hostel Tenancy Management
3rd Quarter 2020 (July – September 2020)	Nov 2020	Asia Metropolitan University (“AMU”)	• Internal Audit Review of Student Hostel Tenancy Management
4th Quarter 2020 (October – December 2020)	Feb 2021	AMU	Follow up actions on previously reported internal audit findings • Students Hostel Tenancy Management • Safety and Health • Business Development • Revenue / Account Receivable
		UoC	Follow up actions on previously reported internal audit findings • Student Hostel Tenancy Management (including credit control) • Other Observation • Business Development • Credit Control • Student Registration / Admission and Administration • Safety and Health

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 the 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 financial year ended 31 December 2020, the total costs incurred for the outsourced internal audit function was RM24,000.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
(Continued)

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 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 the 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 Audit 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 annual audit plan and the 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.

- Since the Movement Control Order ("MCO") imposed by the Malaysian Government on 18 March 2020, the Group has been emphasizing on the safety and health of employees, students and stakeholders by enforcing precautionary measures and guidelines as stipulated by the relevant authorities.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
(Continued)

Anti Bribery And Anti-Corruption

As one of the core values of the Group is integrity, it firmly believes in acting professionally, fairly and with integrity in all business dealings and relationships. Therefore, the Group has established the Anti-Bribery and Anti-Corruption Policy. With the implementation of section 17A under the Malaysian Anti-Corruption Commission ("MACC") Act 2009 that effective from 1 June 2020 onwards, the Group has conducted a due diligence and risk assessment to ensure that the policy complies with the provision of the Act.

The Group has also in place an Anti-Bribery Management System. The Board has approved the establishment of the Committee on Governance and Integrity ("CGI") to ensure compliance to the Malaysian laws. This committee will provide an oversight and advice to the Board in respect to the management of Bribery and Corruption Risk.

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 financial year ended 31 December 2020, 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 financial year ended 31 December 2020. 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 their procedures performed, the external auditors reported that nothing has come to the attention that would cause them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" nor is the same factually inaccurate.

Conclusion

For the financial year under review and, 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 21 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation Of Proceeds

On 10 March 2021, the Company has raised a total proceed of RM4,920,000 for the placement of 82,000,000 of shares (first tranche).

As at 30 April 2021, the utilisation of proceeds raised from the Company's private placement were as follows:-

Details	Amount of Proceeds (RM)	Amount Utilised (RM)	Amount Unutilised (RM)
Payment of staff costs	2,214,000	-	2,214,000
Other operating and administrative expenses	2,706,000	-	2,706,000
Total	4,920,000	-	4,920,000

Audit And Non-Audit Fees

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

	Company RM	Group RM
Audit fees	90,000	365,000
Non-audit fees: - Review of statement on risk management and internal control	6,000	6,000
Total	96,000	371,000

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 2020.

CONSOLIDATED FINANCIAL STATEMENTS

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of its subsidiaries are disclosed in Note 9 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	10,212	24,086
Attributable to:		
Owners of the Company	10,212	24,086
Non-controlling interests	-	-
	10,212	24,086

DIVIDENDS

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

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

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method 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 which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group 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 which 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 the COVID-19 related rent concession income, gain on modification and derecognition of lease and effects of COVID-19 pandemic as disclosed in Note 22 and Note 32(a) 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

ISSUE OF SHARES AND DEBENTURES

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

On 31 December 2020, the Company proposed to undertake a private placement of up to 123,990,500 new ordinary shares, representing up to approximately 10% of the existing total number of issued shares.

On 10 March 2021, 82,000,000 shares were issued based on issue price for the first tranche of the private placement at RM0.06 per placement share for working capital purpose. The newly issued shares ranked pari passu in all respects with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued 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 this 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	
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	
Maha Ramanathan Palan	
Sanjeev Nanavati	(Retired on 29 July 2020)

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 this 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	
Dato' (Dr.) Asariah Binti Mior Shaharuddin	
Prof. Tan Sri Dato' Dr. Amin Bin Jalaludin	(Appointed on 1 March 2020)
Ow Yin Lee	(Resigned on 22 June 2020)
Zalina Binti Mat Zin	(Resigned on 31 December 2020)

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Ultimate Holding Company				
SMRT Holdings Berhad				
Direct interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar	60,275,515	429,000	-	60,704,515
Indirect interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar #	71,419,272	-	(130,000)	71,289,272

\# *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.*

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' 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage effected and insurance premium paid for the directors and certain officers of the Company and its subsidiaries were RM40,000,000 and RM41,400 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

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, SMRT Holdings Berhad ("SMRTH"), a company incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad as the ultimate holding company of the Company.

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

Details of significant event during and subsequent to the end of the financial year are disclosed in Note 32 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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: 21 May 2021

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property and equipment	5	81,571	77,156	-	-
Right-of-use assets	6	129,784	187,928	-	-
Goodwill on consolidation	7	75,683	75,683	-	-
Other intangible assets	8	54,762	50,609	-	-
Investment in subsidiaries	9	-	-	495,321	495,394
Deferred tax assets	10	8,783	7,089	-	-
Contract costs	11	1,968	1,583	-	-
Total non-current assets		352,551	400,048	495,321	495,394
Current assets					
Trade and other receivables	12	43,932	36,208	3,148	321
Contract costs	11	1,914	1,733	-	-
Current tax assets		584	496	-	-
Cash and bank balances	13	13,125	4,581	13	4
		59,555	43,018	3,161	325
Non-current assets held for sale	14	23,747	33,147	-	-
Total current assets		83,302	76,165	3,161	325
TOTAL ASSETS		435,853	476,213	498,482	495,719
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	(7,064)	(3,453)	-	-
Accumulated losses		(196,432)	(186,220)	(92,223)	(68,137)
Revaluation reserve		14,484	-	-	-
TOTAL EQUITY		194,197	193,536	290,986	315,072

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	17,390	-	-	-
Lease liabilities	18	116,458	184,074	-	-
Deferred tax liabilities	10	16,533	11,959	-	-
Total non-current liabilities		150,381	196,033	-	-
Current liabilities					
Borrowings	17	8,492	16,482	-	-
Lease liabilities	18	6,434	5,253	-	-
Trade and other payables	19	46,658	49,727	207,496	180,647
Contract liabilities	20	29,691	15,056	-	-
Current tax liabilities		-	126	-	-
Total current liabilities		91,275	86,644	207,496	180,647
TOTAL LIABILITIES		241,656	282,677	207,496	180,647
TOTAL EQUITY AND LIABILITIES		435,853	476,213	498,482	495,719

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	21	89,678	97,501	-	-
Cost of services		(56,081)	(60,090)	-	-
Gross profit		33,597	37,411	-	-
Other income		19,390	10,507	-	-
Administrative expenses		(44,309)	(50,783)	(995)	(1,053)
Net impairment loss on receivables		(2,562)	(969)	-	-
Other expenses		-	(18,145)	(22,981)	(62,438)
Operating profit/(loss)	22	6,116	(21,979)	(23,976)	(63,491)
Finance income		35	25	-	-
Finance costs	23	(18,163)	(20,086)	(110)	(127)
Loss before tax		(12,012)	(42,040)	(24,086)	(63,618)
Taxation	24	1,800	4,257	-	-
Loss for the financial year		(10,212)	(37,783)	(24,086)	(63,618)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property and equipment		6,544	-	-	-
Revaluation of right-of-use assets		7,940	-	-	-
		4,272	(37,783)	(24,086)	(63,618)
Loss attributable to:					
Owners of the Company		(10,212)	(37,783)	(24,086)	(63,618)
Non-controlling interests		-	-	-	-
		(10,212)	(37,783)	(24,086)	(63,618)
Total comprehensive income attributable to:					
Owners of the Company		4,272	(37,783)	(24,086)	(63,618)
Non-controlling interests		-	-	-	-
		4,272	(37,783)	(24,086)	(63,618)
Basic and diluted loss per share (sen)	25	(0.82)	(3.05)		

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company				
Group	**Share Capital RM'000**	**Capital Reorganisation Deficit RM'000**	**Accumulated Losses RM'000**	**Revaluation Reserve RM'000**	**Total RM'000**
At 1 January 2019	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
Total comprehensive income for the financial year					
Loss for the financial year	-	-	(10,212)	-	(10,212)
Other comprehensive income for the financial year	-	-	-	14,484	14,484
Total comprehesive income	-	-	(10,212)	14,484	4,272
Transaction with owners					
Acquisition of a subsidiary (Note 9(a))	-	(3,611)	-	-	(3,611)
Total transaction with owners	-	(3,611)	-	-	(3,611)
At 31 December 2020	383,209	(7,064)	(196,432)	14,484	194,197

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Company	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2019	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
Loss for the financial year, representing total comprehensive loss for the financial year	-	(24,086)	(24,086)
At 31 December 2020	383,209	(92,223)	290,986

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Loss before tax		(12,012)	(42,040)	(24,086)	(63,618)
Adjustments for:					
Amortisation of intangible assets		322	223	-	-
Amortisation of contract costs		2,865	2,641	-	-
Depreciation of:					
- property and equipment		7,035	8,610	-	-
- right-of-use asset		15,621	14,723	-	-
Net impairment losses on					
- property and equipment		(3,662)	2,900	-	-
- right-of-use assets		(2,290)	36	-	-
- trade receivables		2,081	970	-	-
- other receivables		481	(1)	-	-
- goodwill on consolidation		-	15,002	-	-
Gain on disposal of:					
- property and equipment		(41)	(7)	-	-
- non-current asset held for sale		-	(3,250)	-	-
COVID-19 related rent concession income		(4,026)	-	-	-
Impairment loss on investment in subsidiaries		-	-	22,981	62,438
Interest expense		18,163	20,086	110	127
Interest income		(35)	(25)	-	-
Gain on modification and derecognition of lease		(6,516)	(1,529)	-	-
Operating profit/(loss) before changes in working capital		17,986	18,339	(995)	(1,053)
Changes in working capital:					
Trade and other receivables		(3,371)	1,142	(6)	(1)
Contract costs		(3,431)	(3,576)	-	-
Trade and other payables		(6,712)	2,207	(220)	442
Contract liabilities		14,635	511	-	-
Net cash generated from/(used in) operations		19,107	18,623	(1,221)	(612)
Income tax paid		(92)	(111)	-	-
Income tax refunded		-	537	-	-
Interest paid		(18,163)	(20,086)	-	-
Interest received		35	25	-	-
Net cash from/(used in) operating activities		887	(1,012)	(1,221)	(612)

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Subscription of shares in a subsidiary		-	-	(25,000)	-
Acquisition of a subsidiary, net of cash acquired	9(a)(ii)	(423)	-	-	-
Repayment from/(Advances to) subsidiaries		-	-	4,501	(5,655)
Acquisition of right-of-use assets		(130)	(39)	-	-
Purchase of property and equipment		(1,893)	(8,524)	-	-
Purchase of intangible asset		(2,975)	(53)	-	-
Deposits received from sale of non-current assets held for sale		3,360	2,535	-	-
Proceeds from disposal of property and equipment		41	56	-	-
Proceeds from disposal of non-current assets held for sale		13,000	16,849	-	-
Advances to holding company		(457)	(918)	-	-
(Advances to)/Repayment from related companies		(6,142)	261	-	-
Net cash from/(used in) investing activities		4,381	10,167	(20,499)	(5,655)
Cash flows from financing activities					
Advances from/(Repayment to) subsidiaries		-	-	28,734	(736)
Advances from holding company		-	707	-	-
Advances from/(Repayment to) related companies	(a)	1,884	(600)	(2)	2
(Repayment to)/Advances from a director	(a)	(7,003)	7,003	(7,003)	7,003
Placement of deposits pledged with licensed banks		(39)	(13)	-	-
Withdrawal/(Placement) of bank accounts pledged for Sukuk Wakalah	13	1,100	(903)	-	-
Placement of bank accounts pledged for term loan	13	(3,519)	-	-	-
Drawdown/(Repayment) of term loan	(a)	17,390	(2,130)	-	-
Repayment of Sukuk Wakalah	(a)	(16,482)	(11,000)	-	-
Payment of lease liabilities	(a)	(1,467)	(2,170)	-	-
Net cash (used in)/from financing activities		(8,136)	(9,106)	21,729	6,269
Net (decrease)/increase in cash and cash equivalents		(2,868)	49	9	2
Cash and cash equivalents at the beginning of the financial year		3,095	3,046	4	2
Cash and cash equivalents at the end of the financial year		227	3,095	13	4

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysis of cash and cash equivalents:					
Deposits placed with licensed banks	13	887	386	-	-
Cash and bank balances	13	12,238	4,195	13	4
Bank overdraft	17	(8,492)	-	-	-
		4,633	4,581	13	4
Less: Deposits pledged with licensed banks	13	(887)	(386)	-	-
Less: Bank accounts pledged for Sukuk Wakalah	13	-	(1,100)	-	-
Less: Bank accounts pledged for term loan	13	(3,519)	-	-	-
Cash and cash equivalents		227	3,095	13	4

(a) Reconciliation of liabilities arising from financing activities:

Group

	1 January 2020 RM'000	Cash Flows RM'000	Non-cash Addition RM'000	Non-cash Modification and Derecognition of Lease RM'000	Non-cash COVID-19 Rent Consession RM'000	Non-cash Acquisition of a Subsidiary RM'000	31 December 2020 RM'000
Amounts due to holding company	2,246	-	-	-	-	-	2,246
Amounts due to related companies	2,293	1,884	-	-	-	-	4,177
Amounts due to a director	7,003	(7,003)	-	-	-	-	-
Term loan	-	17,390	-	-	-	-	17,390
Lease liabilities	189,327	(1,467)	6,748	(68,133)	(4,026)	443	122,892
Sukuk Wakalah	16,482	(16,482)	-	-	-	-	-
	217,351	(5,678)	6,748	(68,133)	(4,026)	443	146,705

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

Group (Continued)

	1 January 2019 RM'000	Cash Flows RM'000	Non-cash: Addition RM'000	Non-cash: Modification of Lease RM'000	Non-cash: 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

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 RM17,658,000 (2019: RM20,419,013).

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 immediate holding company is SMR Education Sdn. Bhd., a company incorporated and domiciled in Malaysia and the ultimate holding company is SMRT Holdings Berhad, a company incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvement to MFRSs	
MFRS 3	Business Combination
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (Continued)

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

Amendment to MFRS 16 Leases

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

The Group elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 22 to the financial statements as rent concession income.

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

(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.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 101 Presentation of Financial Statements (Continued)

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

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

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

Amendments to MFRS 116 Property, Plant and Equipment

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

(c) The initial application of the above applicable amendments/improvements to MFRSs is not expected to have material impact to the current and prior years 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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 financial year. 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries 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(h)(ii) to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. 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

Acquisition method

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(c)(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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(ii) Business combination (Continued)

Book-value method

Business combination under common control is accounted for using book-value method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures the following items at book value:
- the purchase consideration; plus
- the recognised amount of non-controlling interests in the acquiree; plus
- if the business combination is acquired in stages, the book value of equity interest in acquiree; less
- the net amount of the identifiable assets and liabilities assumed.

The Group will recognise and disclose the amount recognised in equity (as part of capital reorganisation reserve or deficit) for the differences between the purchase consideration and the book value of identifiable assets and liabilities assumed, and the components of the equity that includes the difference.

(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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(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.

(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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property and equipment and depreciation (Continued)

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

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

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

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

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

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

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. Capital work in progress are not depreciated until the assets are ready for their intended use.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

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

Buildings	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) **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(h)(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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(c) **Goodwill and other intangible assets (Continued)**

(ii) Development costs (Continued)

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(h)(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(h)(ii) to the financial statements.

(iv) Education license

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

(v) Trademark

Trademark with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h)(ii) to the financial statements.

(vi) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(vii) 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.

(viii) 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill and other intangible assets (Continued)

(viii) Amortisation (Continued)

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

Development costs	8 - 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.

(d) Leases

(i) Definition of lease

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.

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

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

(ii) Lessee accounting

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

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

<u>Right-of-use asset</u>

As disclosed in Note 3(b), certain class of property and equipment has changed its accounting policy from cost model to revaluation model. Accordingly, the Group elects to apply the revaluation model to the leasehold land that relates to the class of property and equipment measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

(ii) Lessee accounting (Continued)

Right-of-use asset (Continued)

The right-of-use assets (other than leasehold land that relates to the class of property and equipment measured at fair value) are 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 assets are 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 assets are 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(h)(ii) to the financial statements.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

(ii) Lessee accounting (Continued)

Lease liability (Continued)

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.

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.

(iii) Lessor accounting

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

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

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

(d) **Leases (Continued)**

(iii) Lessor accounting (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.

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

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

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

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

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank 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.

(g) 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.

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(g) **Financial instruments (Continued)**

(i) Subsequent measurement (Continued)

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

(a) Financial assets (Continued)

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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company 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(h)(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(h)(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(g) **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. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) **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

<u>Financial liabilities at fair value through profit or loss</u>

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.

<u>Financial liabilities at amortised cost</u>

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(g) **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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

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 counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the counterparties 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 statements 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.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (Continued)

(ii) Impairment of non-financial assets (Continued)

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.

(i) 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Share capital (Continued)

(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.

(j) 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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, 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.

Revenue from royalty fee is recognised only when the later of the subsequent sale occurs and the performance obligation to which the sales-based royalty has been satisfied based on substance of the agreement.

Revenue from resource fees is recognised over the period of the course in profit or loss.

Other miscellaneous charges represent application fees, registration 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.

Payment terms for course and other student fees are on cash terms except for royalty fees which have a credit term of 30 days.

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 student hostel is recognised on a straight-line basis over the term of the lease.

(k) **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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(k) **Borrowing costs (Continued)**

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.

(l) **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.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax (Continued)

(i) Current and deferred tax (Continued)

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 and service 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.

(m) 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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(p) Fair value measurements

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(r) Contingencies

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

(s) **Contract costs**

(i) 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.

(ii) 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*.

(iii) 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.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

(i) **Valuation of property and equipment and right-of-use assets (Note 5 and 6)**

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

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

(ii) **Impairment of goodwill and other intangible assets (Note 7 and 8)**

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

(iii) **Impairment of 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 uses 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.

The Group individually assesses 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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):

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

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

The details of funding requirements and ability to meet short term obligations are disclosed in Note 30(b).

(v) **Impairment of investment in subsidiaries (Note 9)**

The Company carried out the impairment test on its investment in subsidiaries based on the value-in-use of the subsidiaries. Estimating the 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. The assumptions used in estimating the future cash flows may have significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

(vi) **Classification between property and equipment and investment property**

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

5. PROPERTY AND EQUIPMENT

	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	Total RM'000
Group										
2020										
Cost/Valuation										
At 1 January 2020	67,255	5,826	2,886	17,086	13,329	58,926	19,118	139	1	184,566
Acquisition of a subsidiary	-	-	42	35	1,034	-	53	-	-	1,164
Revaluation	8,611	-	-	-	-	-	-	-	-	8,611
Additions	-	9	-	38	136	1,536	174	-	-	1,893
Elimination on revaluation	(13,524)	-	-	-	-	-	-	-	-	(13,524)
Transfer to non-current assets held for sale (Note 14)	(5,878)	-	-	-	-	-	-	-	-	(5,878)
Reclassification	(1,044)	-	-	-	-	-	-	-	-	(1,044)
Disposals	-	-	(192)	-	-	-	-	-	-	(192)
Written off	-	(5,341)	-	(9,602)	(9,986)	(4,238)	(14,066)	-	-	(43,233)
At 31 December 2020	55,420	494	2,736	7,557	4,513	56,224	5,279	139	1	132,363
Representing:										
- cost	-	494	2,736	7,557	4,513	56,224	5,279	139	1	76,943
- valuation	55,420	-	-	-	-	-	-	-	-	55,420
	55,420	494	2,736	7,557	4,513	56,224	5,279	139	1	132,363

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

Group	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	Total RM'000
2020										
Accumulated depreciation and impairment losses										
At 1 January 2020										
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
Acquisition of a subsidiary	-	-	42	33	1,031	-	38	-	-	1,144
Elimination on revaluation	(13,524)	-	-	-	-	-	-	-	-	(13,524)
Depreciation for the financial year	937	45	37	965	421	4,244	386	-	-	7,035
Reversal of impairment loss	(3,662)	-	-	-	-	-	-	-	-	(3,662)
Transfer to non-current assets held for sale (Note 14)										
- Depreciation	(1,861)	-	-	-	-	-	-	-	-	(1,861)
- Impairment	(1,281)	-	-	-	-	-	-	-	-	(1,281)
Reclassification	(1,044)	-	-	-	-	-	-	-	-	(1,044)
Disposals										
- Depreciation	-	-	(192)	-	-	-	-	-	-	(192)
Written off										
- Depreciation	-	(2,357)	-	(1,068)	(8,754)	-	(3,479)	-	-	(15,658)
- Impairment	-	(2,984)	-	(8,534)	(1,232)	(4,238)	(10,587)	-	-	(27,575)
At 31 December 2020										
Accumulated depreciation	-	434	2,700	3,344	4,183	24,967	3,373	138	-	39,139
Accumulated impairment losses	11,611	-	-	42	-	-	-	-	-	11,653
Carrying amount										
At 31 December 2020	43,809	60	36	4,171	330	31,257	1,906	1	1	81,571
Representing:										
- cost	-	60	36	4,171	330	31,257	1,906	1	1	37,762
- valuation	43,809	-	-	-	-	-	-	-	-	43,809
	43,809	60	36	4,171	330	31,257	1,906	1	1	81,571

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	Signage RM'000	Capital Work-in-Progress RM'000	Total RM'000
Group													
2019													
Cost													
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)

	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													
Accumulated depreciation and impairment losses													
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 loss	-	-	(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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

Group

(a) Revaluation of leasehold land and buildings

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

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

As at the date of valuation on 31 December 2020, the fair values are based on valuation performed by an independent professional valuer with experience in valuing land and buildings of similar nature. As a result, surplus of RM10,447,628 (Note 6) and RM8,610,465 respectively in respect of the leasehold land and buildings, were recognised in other comprehensive income.

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

	Group 2020 RM'000
Leasehold land	9,852
Buildings	35,198

(b) Impairment loss

Based on the valuation by the independent professional valuer, a reversal of impairment loss of RM2,291,091 (Note 6) and RM3,661,862 respectively in respect of leasehold land and buildings, were recognised in profit or loss.

In the previous financial year, the Group assessed the recoverable amount of its property and equipment with carrying amount of RM35,333,915 in view of the prior year impairment and vacant properties.

Accordingly, an impairment loss of RM3,143,168 and reversal of impairment loss of RM243,863 was recognised in profit or loss based on comparison of fair value less costs of disposal and the carrying amount in respect of assets with recoverable amount of RM38,880,000. The fair value amounts were derived from valuation reports provided by an independent valuer based on comparison method. The fair value is within Level 3 of the fair value hierarchy, whereby the fair value is estimated using price per square foot and the adjustments on the differences in location, size, tenure, market condition and other differences.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

Group (Continued)

(c) **Security**

Buildings and renovation with a carrying amount of RM43,825,901 (2019: RM32,597,915) were pledged to secure borrowings as disclosed in Note 17 to the financial statements.

(d) **Fair value information**

Fair value of leasehold land and buildings is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2020				
- Leasehold land (Note 6)	-	-	20,300	20,300
- Buildings	-	-	43,809	43,809
	-	-	64,109	64,109

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

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

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

Valuation processes applied by the Group

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

Highest and best use

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

CONSOLIDATED FINANCIAL STATEMENTS
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6. RIGHT-OF-USE ASSETS

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

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

	Leasehold Land RM'000	Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Total RM'000
Group					
Cost/Valuation					
At 1 January 2020	13,234	191,158	229	146	204,767
Revaluation	10,447	-	-	-	10,447
Additions	-	6,757	-	121	6,878
Elimination on revaluation	(1,881)	-	-	-	(1,881)
Acquisition of a subsidiary	-	-	-	702	702
Transfer to non-current assets held for sale (Note 14)	(1,500)	-	-	-	(1,500)
Modification and derecognition of lease	-	(68,971)	-	(146)	(69,117)
At 31 December 2020	20,300	128,944	229	823	150,296
Representing:					
- cost	-	128,944	229	823	129,996
- valuation	20,300	-	-	-	20,300
	20,300	128,944	229	823	150,296
Accumulated depreciation and impairment losses					
At 1 January 2020					
- Accumulated depreciation	1,564	12,929	46	10	14,549
- Accumulated impairment	2,290	-	-	-	2,290
Acquisition of a subsidiary	-	-	-	359	359
Elimination on revaluation	(1,881)	-	-	-	(1,881)
Depreciation charge for the financial year	953	14,410	90	168	15,621
Reversal of impairment loss	(2,290)	-	-	-	(2,290)
Modification and derecognition of lease	-	(7,354)	-	(146)	(7,500)
Transfer to non-current assets held for sale (Note 14)	(636)	-	-	-	(636)
At 31 December 2020					
- Accumulated depreciation	-	19,985	136	391	20,512
- Accumulated impairment	-	-	-	-	-
Carrying amount					
At 31 December 2020	20,300	108,959	93	432	129,784
Representing:					
- cost	-	108,959	93	432	109,484
- valuation	20,300	-	-	-	20,300
	20,300	108,959	93	432	129,784

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Group is a lessee are presented below (Continued):

	Leasehold Land RM'000	Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Total RM'000
Group					
Cost					
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	-	(33,211)	-	-	(33,211)
Reclassification	-	-	-	(369)	(369)
At 31 December 2019	13,234	191,158	229	146	204,767
Accumulated depreciation and impairment losses					
At 1 January 2019					
- Accumulated depreciation	1,606	-	-	279	1,885
- Accumulated impairment	2,254	-	-	-	2,254
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)
Modification of lease	-	(1,502)	-	-	(1,502)
Reclassification	-	-	-	(369)	(369)
At 31 December 2019					
- Accumulated depreciation	1,564	12,929	46	10	14,549
- 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 to be used as campus and office. The leasehold land has unexpired lease terms of 69 to 71 years (2019: 70 to 72 years). The leases of buildings generally have lease terms between 1 to 9 years (2019: 1 to 25 years).

(b) During the financial year, the leasehold land that relate to the buildings measured at fair value were revalued. The revaluation and fair value information were disclosed in Note 5(a) and 5(d).

(c) Leasehold land with net carrying amount of RM20,300,000 (2019: RM8,132,288) were pledged as security for borrowings as disclosed in Note 17 to the financial statements.

(d) The Group also leased computer equipment and motor vehicles under hire purchase with lease terms of 3 to 7 years (2019: 3 to 7 years) and have options to purchase the assets at the end of the contract term.

6. RIGHT-OF-USE ASSETS (CONTINUED)

(e) The Group applies the practical expedient in paragraph 46A of *Amendment to MFRS 16 Leases* and accordingly, account for any reduction in lease payments resulting from the rent concession as other income.

7. GOODWILL ON CONSOLIDATION

	Group	
	2020	**2019**
	RM'000	**RM'000**
Goodwill on consolidation	90,685	90,685
Less: Accumulated impairment loss	(15,002)	(15,002)
	75,683	75,683

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% (2019: 1%) which is based on the country headline inflation rate; and
- The 12% (2019: 14%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

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

In current financial year, the estimated recoverable amount exceeds the carrying amount of CGU. 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.

In the previous financial year, the Group estimated that the carrying amount of the CGU was higher than its recoverable amount and as such, an impairment loss of RM15,002,000 was recognised. The impairment loss was fully allocated to goodwill and is recorded in profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. OTHER INTANGIBLE ASSETS

	Education Licenses RM'000	Software RM'000	Development Costs RM'000	Intellectual Rights RM'000	Franchise Fee RM'000	Trademark RM'000	Total RM'000
Group							
2020							
Cost							
At 1 January	49,829	992	182	3	53	-	51,059
Additions							
- acquired separately	-	-	2,975	-	-	-	2,975
Acquisition of a subsidiary	-	-	-	-	-	1,500	1,500
At 31 December	49,829	992	3,157	3	53	1,500	55,534
Accumulated amortisation							
At 1 January	-	403	44	3	-	-	450
Amortisation for the financial year	-	202	114	-	6	-	322
At 31 December	-	605	158	3	6	-	772
Carrying amount							
At 31 December	49,829	387	2,999	-	47	1,500	54,762
2019							
Cost							
At 1 January	49,829	992	182	3	-	-	51,006
Additions							
- acquired separately	-	-	-	-	53	-	53
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
Carrying amount							
At 31 December	49,829	589	138	-	53	-	50,609

(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.

8. OTHER INTANGIBLE ASSETS (CONTINUED)

(b) Education license

Education license 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 the license is estimated to be indefinite.

Education license is 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 Company 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 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% (2019: 1%) which is based on the country headline inflation rate; and
- The 14% (2019: 14%) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

The values assigned to the above key assumptions represent the Group's assessment of future trends of the business and 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. As a result of this analysis, management did not identify an impairment for this CGU.

(c) Trademark

Trademark represents the rights to use the Asia HRD Congress brand which the Company has assessed to have indefinite useful lives. Trademark is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount to its recoverable amount. The recoverable amount of trademark has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Company covering five-year period.

Calculation of value-in-use for the trademark is most sensitive to the revenue projected and discount rate used. The 13% (2019: Nil) pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the trademark.

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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
At cost:		
Unquoted shares	582,640	552,410
Amount due from a subsidiary	-	7,322
	582,640	559,732
Less: Accumulated impairment losses		
At 1 January	(64,338)	(1,900)
Additions	(22,981)	(62,438)
At 31 December	(87,319)	(64,338)
	495,321	495,394

Amount due from subsidiaries represents loans that are part of net investments which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

The Company assessed the recoverable amount of subsidiaries in view of the recent operating losses. An impairment of RM22,981,000 (2019: RM62,438,000) was recognised and included in other expenses line in profit or loss, determined based on the recoverable amount using value-in-use of the subsidiaries. The value-in-use was calculated using cash flows projection covering 5-year period and terminal value with growth rate of 1%, applying pre-tax discount rate of 11% (2019: 14%).

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

Name of Company	Ownership Interest 2020 %	Ownership Interest 2019 %	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	Provision of education services
ASIAMET (KK) Sdn. Bhd. ("AKKSB")	100	100	Provision of education services
ASIAMET (Kuching) Sdn. Bhd. ("AKSB")	100	100	Provision of education services

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

9. 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 2020 %	2019 %	Principal Activities
Direct			
CUCMS Education Sdn. Bhd. ("CESB")	100	100	Provision of education services
UOC Sdn. Bhd.	100	100	Provision of education services
SMR HR Group Sdn. Bhd.	100	-	Provision of Human Resource Development ("HRD") solutions convering training, consulting, outsourcing, events, learning resources and advisory support services
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	Provision of education services
Held through AMSB			
Minda Global Property Management Sdn. Bhd.	100	100	Dormant
ASIAMET International Sdn. Bhd.	100	100	Dormant

* On 3 March 2021, CESB entered into a share sale agreement to dispose of 2 ordinary shares, representing the entire equity interest in the subsidiary for a total consideration of RM1 as disclosed in Note 32(c) to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of SMR HR Group Sdn. Bhd. ("SMRHRG")

On 11 November 2019, the Company entered into a share sale agreement with SMRT Holdings Berhad, its ultimate holding company, for the acquisition of 20,786,000 ordinary shares in SMRHRG, representing the entire equity interest in SMRHRG, for a consideration of RM5,230,000 settled by way of offset against the amount due from holding company. The acquisition was completed on 18 February 2020. Consequently, SMRHRG has become a wholly-owned subsidiary of the Company.

SMRHRG is a training company for the past 30 years. As a result of the acquisition, SMRHRG will synergise continuing education, learning and training and executive certificates, diplomas and degrees for companies within the Group. In addition, the programmes offered by SMRHRG such as Chartered Institute of Personnel Development ("CIPD") can be mapped with existing programmes offered by the Company owned educational institutions, results in additional option for the students to secure United Kingdom professional certificates.

The acquisition was determined as business combination under common control, as the acquisition does not constitute a change in control. The ultimate holding company of SMRHRG has not changed after the business combination.

Effects of the acquisition using book-value method

	Note	RM'000
Purchase consideration		5,230
Identifiable assets and liabilities assumed	(i)	1,619
Recognised in equity, as part of capital reorganisation deficit		3,611

(i) Book values of identifiable assets acquired and liabilities recognised:

	RM'000
Assets	
Property and equipment	20
Right-of-use assets	343
Other intangible assets	1,500
Trade and other receivables	316
Current tax assets	16
Deposit, cash and bank balances	469
Total assets	2,664
Liabilities	
Trade and other payables	(172)
Bank overdraft - secured	(430)
Lease liabilities	(443)
Total liabilities	(1,045)
Total identifiable net assets acquired	1,619
Capital reorganisation deficit	3,611
Purchase consideration	5,230

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of SMR HR Group Sdn. Bhd. ("SMRHRG") (Continued)

(ii) Effect of acquisition on cash flows

	RM'000
Cash and cash equivalents of a subsidiary acquired	(423)

Included in cash and bank balances was a deposit held as security of RM462,242, being excluded from cash and cash equivalents.

(iii) Effect on consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM'000
Revenue	1,542
Loss for the financial year	290

The consolidated results for the financial year ended 31 December 2020 as though the acquisition had occurred on 1 January 2020 are not materially different from the reported consolidated results and therefore are not presented.

(b) During the financial year, the Company had increased its investment in UOC Sdn. Bhd. by allotment of 24,999,998 units of ordinary shares at RM1 each.

10. 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	
	2020 RM'000	2019 RM'000
At 1 January	(4,870)	(9,323)
Recognised in profit or loss (Note 24)	1,694	4,453
Recognised in other comprehensive income (Note 24)	(4,574)	-
At 31 December	(7,750)	(4,870)

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

	Group 2020 RM'000	Group 2019 RM'000
Deferred tax assets	8,783	7,089
Deferred tax liabilities	(16,533)	(11,959)
	(7,750)	(4,870)

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

Group	As at 1 January 2020 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2020 RM'000
Deferred tax assets				
Property and equipment	-	112	-	112
Other deductible temporary differences	1,523	(690)	-	833
Unabsorbed capital allowances	1,560	(1,494)	-	66
Contract liabilities	2,637	3,081	-	5,718
Unutilised tax losses	223	(198)	-	25
Right-of-use assets	2,345	363	-	2,708
	8,288	1,174	-	9,462
Deferred tax liabilities				
Property and equipment	(659)	659	-	-
Other taxable temporary differences	(540)	(139)	-	(679)
Revaluation reserves	-	-	(4,574)	(4,574)
Education license	(11,959)	-	-	(11,959)
	(13,158)	520	(4,574)	(17,212)
	(4,870)	1,694	(4,574)	(7,750)

CONSOLIDATED FINANCIAL STATEMENTS
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10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Group	As at 1 January 2019 RM'000	Recognised in profit or loss RM'000	As at 31 December 2019 RM'000
Deferred tax assets			
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
	2,835	5,453	8,288
Deferred tax liabilities			
Property and equipment	(199)	(460)	(659)
Other taxable temporary differences	-	(540)	(540)
Education license	(11,959)	-	(11,959)
	(12,158)	(1,000)	(13,158)
	(9,323)	4,453	(4,870)

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

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

	Group 2020 RM'000	Group 2019 RM'000
Plant and equipment	-	3,442
Unabsorbed capital allowances	284,180	279,433
Unutilised investment tax allowances	90,466	90,466
Unutilised tax losses	132,833	132,593
Other deductible temporary differences	52,869	52,664
	560,348	558,598

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

	Group 2020 RM'000	Group 2019 RM'000
2025	125,643	125,643
2026	6,826	6,950
2027	364	-
	132,833	132,593

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

11. CONTRACT COSTS

Contract costs represent commission fees paid to the agents.

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

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

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade				
Trade receivables	70,505	64,860	-	-
Less: Allowance for impairment losses	(49,860)	(53,683)	-	-
	20,645	11,177	-	-
Non-trade				
Amounts due from subsidiaries	-	-	4,571	1,750
Less: Allowance for impairment losses	-	-	(1,437)	(1,437)
	-	-	3,134	313
Other receivables	7,934	13,498	-	-
Less: Allowance for impairment losses	(593)	(112)	-	-
	7,341	13,386	-	-
GST refundable	-	1,843	-	-
Deposits	7,489	7,892	-	-
Prepayments	940	992	14	8
Amounts due from holding company	1,375	918	-	-
Amounts due from related companies	6,142	-	-	-
	15,946	11,645	14	8
	23,287	25,031	3,148	321
	43,932	36,208	3,148	321

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

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Included in other receivables of the Group is contingent consideration receivable amounting to RM5,909,485 (2019: RM11,139,485) pursuant to a profit guarantee arrangement with vendors of acquired subsidiary.

(c) Included in deposits of the Group are rental deposits amounting to RM6,200,006 (2019: RM6,527,854).

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

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

(f) Trade receivables

<u>Receivables that are impaired</u>

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	53,683	52,713	-	-
Charge for the financial year			-	
- Individually assessed	1,742	3,683		-
- Collectively assessed	441	-	-	-
Reversal of impairment losses	(102)	(2,713)	-	-
Written off	(5,904)	-	-	-
At 31 December	49,860	53,683	-	-

The information about the credit exposures are disclosed in Note 30(a) to the financial statements.

(g) Other receivables

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

	Group	
	2020 RM'000	2019 RM'000
At 1 January	112	113
Charge for the financial year		
- Individually assessed	481	112
Reversal of impairment losses	-	(113)
At 31 December	593	112

13. CASH AND BANK BALANCES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks	887	386	-	-
Cash and bank balances	12,238	4,195	13	4
	13,125	4,581	13	4

(a) Deposits placed with licensed banks of RM887,297 (2019: RM385,693) have been pledged to licensed banks for a bank guarantee facility and borrowing facility to secure credit facilities granted to a subsidiary.

(b) The deposits with licensed banks of the Group have a maturity period of 30 days to 365 days (2019: 365 days) and bear interest at a rate of 1.85% to 2.98% (2019: 3.10%) per annum.

(c) Included in cash and bank balances of the Group amounting to RM3,519,455 (2019: RM1,100,333) 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 2020 RM'000	Group 2019 RM'000
Cost		
At 1 January	95,883	21,804
Transfer from property and equipment (Note 5)	5,878	93,774
Transfer from right-of-use assets (Note 6)	1,500	2,109
Disposals	(31,221)	(21,804)
At 31 December	72,040	95,883
Accumulated depreciation and impairment losses		
At 1 January	62,736	8,205
Transfer from property and equipment (Note 5)	3,142	62,548
Transfer from right-of-use assets (Note 6)	636	188
Disposals	(18,221)	(8,205)
At 31 December	48,293	62,736
Carrying amount		
At 31 December	23,747	33,147

Included in the non-current assets held for sale are properties with carrying amount of RM20,277,765 (2019: RM20,277,765) registered under master title which have yet to be sub-divided or strata and register in the name of the subsidiary.

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

(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 was completed during the financial year.

(b) In previous 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 sale and purchase agreement with ARHSB for the Proposed Building Disposal. The Proposed Building Disposal is expected to be completed in year 2021. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

(c) On 30 June 2020, AMSB entered into a sale and purchase agreement with HG Team Spirit Sdn. Bhd. ("HGTSSB") for the disposal of four units of four storey terraced shop/offices for a total cash consideration of RM3,600,000 ("Proposed Building Disposal"). The Proposed Building Disposal is expected to be completed in year 2021. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

15. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Issued and fully paid:				
At 1 January/31 December	1,239,906	383,209	1,239,906	383,209

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 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

16. CAPITAL REORGANISATION DEFICIT

	Group 2020 RM'000	2019 RM'000
At 1 January	(3,453)	(3,453)
Acquisition of a subsidiary (Note 9)	(3,611)	-
At 31 December	(7,064)	(3,453)

Capital reorganisation deficit includes:

(i) the difference between the purchase consideration to acquire ASIAMET Education Group Sdn. Bhd. ("AEGSB") and the share capital of AEGSB; and
(ii) the difference between the purchase consideration to acquire SMR HR Group Sdn. Bhd. ("SMRHRG") and the book value of identifiable assets and liabilities assumed.

17. BORROWINGS

	Group 2020 RM'000	2019 RM'000
Non-current		
Secured		
Term loan (Islamic)	17,390	-
Total non-current borrowing	17,390	-
Current		
Secured		
Bank overdraft	8,492	-
Sukuk Wakalah	-	16,482
Total current borrowings	8,492	16,482
Total borrowings	25,882	16,482

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

Term loan of a subsidiary bears profit rate at 5.51% (2019: Nil) per annum and is repayable by 59 monthly instalments over seven years commencing on the 25th month after the first drawdown and is secured and supported as follows:
(i) Charge over properties of a subsidiary (Note 5, 6 and 14);
(ii) Guarantee from a director;
(iii) Corporate guarantee of the Company; and
(iv) Charge over cash deposit – debt service reserve account (Note 13).

CONSOLIDATED FINANCIAL STATEMENTS
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17. BORROWINGS (CONTINUED)

(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.

In the previous financial year, the Sukuk Wakalah bore a yield payable of 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 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 had been reclassified to current liabilities in the previous financial year. During the financial year, the Group had drawndown its term loan facility to redeem the Sukuk Wakalah.

(c) Bank overdraft

The bank overdraft bears interest ranging from 6.51% to 7.40% (2019: Nil) per annum.

18. LEASE LIABILITIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Non-current		
Lease liabilities	116,458	184,074
Current		
Lease liabilities	6,434	5,253
	122,892	189,327

Computer equipment and 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 RM524,598 (2019: RM318,845) 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 2.29% - 8.12% (2019: 4.42% - 8.43%).

CONSOLIDATED FINANCIAL STATEMENTS
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18. LEASE LIABILITIES (CONTINUED)

	Group 2020 RM'000	Group 2019 RM'000
Future minimum lease payments	194,762	343,287
Less: Future interest charges	(71,870)	(153,960)
Total present value of minimum lease payables	122,892	189,327
Current liabilities		
Payable within one year		
Future minimum lease payments	16,971	21,705
Less: Future interest charges	(10,537)	(16,452)
Present value of minimum lease payments	6,434	5,253
Non-current liabilities		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	71,288	116,991
Less: Future interest charges	(34,764)	(72,134)
Present value of minimum lease payments	36,524	44,857
Payable more than 5 years		
Future minimum lease payments	106,503	204,591
Less: Future interest charges	(26,569)	(65,374)
Present value of minimum lease payments	79,934	139,217
Total present value of minimum lease payables	122,892	189,327

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade				
Trade payables	1,158	801	-	-
Non-trade				
Other payables	22,525	21,730	42	42
Accruals	11,467	10,794	314	534
Deposits received	5,085	4,860	-	-
Amounts due to subsidiaries	-	-	204,755	170,791
Amounts due to holding company	2,246	2,246	1,093	1,093
Amounts due to related companies	4,177	2,293	1,292	1,184
Amounts due to a director	-	7,003	-	7,003
	45,500	48,926	207,496	180,647
	46,658	49,727	207,496	180,647

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

19. TRADE AND OTHER PAYABLES (CONTINUED)

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

(i) an amount of RM1,093,213 (2019: RM4,544,396) due to contractor for the renovation of new campus;

(ii) an amount of RM3,348,745 (2019: RM1,946,258) in respect of rental of premises; and

(iii) an amount of RM353,933 (2019: RM353,933) which is due to a foundation in which a director of the Company is the founder and director.

(b) Included in deposits received are amounts of RM3,360,000 (2019: RM2,535,000) 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 (2019: RM169,200,678) arising from acquisition of certain subsidiaries in the previous financial years.

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

(e) Amounts due to related companies

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Interest bearing	(i)	887	887	887	887
Non-interest bearing	(ii)	3,290	1,406	405	297
		4,177	2,293	1,292	1,184

Related companies refer to subsidiaries of ultimate holding company.

(i) This amount is non-trade in nature, unsecured, bears interest at rate of 5.00% (2019: 6.25%) 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.

CONSOLIDATED FINANCIAL STATEMENTS
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20. CONTRACT LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
Deferred income	18,379	5,520
Advances received from students	11,312	9,536
	29,691	15,056

Significant changes in contract balances:

	Group 2020 RM'000	Group 2019 RM'000
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	(15,056)	(14,545)
Increase due to billings/cash received in advance not recognised as revenue at the end of the financial year	29,691	15,056

21. REVENUE

	2020 RM'000	2019 RM'000
Revenue from contract with customers:		
Course fees	69,940	81,122
Royalty fees	4,094	5,715
Resource fees	1,264	895
Other miscellaneous charges	11,443	5,569
	86,741	93,301
Revenue from other sources:		
Hostel rental	2,937	4,200
	89,678	97,501

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

21. **REVENUE (CONTINUED)**

(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	Others RM'000	Total RM'000
Group					
Primary geographical markets:					
2020					
Cyberjaya	60,300	-	-	1,033	61,333
Johor Bahru	12,907	-	-	-	12,907
Kuching	-	4,589	-	-	4,589
Kota Kinabalu	-	6,105	-	-	6,105
Ipoh	-	-	1,807	-	1,807
	73,207	10,694	1,807	1,033	86,741
Timing of revenue recognition:					
At a point in time	9,655	311	523	954	11,443
Over time	63,552	10,383	1,284	79	75,298
	73,207	10,694	1,807	1,033	86,741

	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	4,462	712	395	5,569
Over time	77,239	8,909	1,584	87,732
	81,701	9,621	1,979	93,301

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

21. REVENUE (CONTINUED)

(b) The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

22. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After charging:				
Amortisation of intangible assets	322	223	-	-
Amortisation of contract costs	2,865	2,641	-	-
Auditors' remuneration				
- statutory audit				
- current year	365	454	90	132
- prior year	138	176	-	107
- other services	6	6	6	6
Depreciation of:				
- property and equipment	7,035	8,610	-	-
- right-of-use assets	15,621	14,723	-	-
Executive directors				
- fees	-	-	12	-
- salaries, allowances and others	983	1,241	1	-
- contributions to Employees Provident Fund	118	149	-	-
Non-executive directors				
- fees	202	300	190	300
- allowances	25	38	24	38
Impairment loss on:				
- goodwill on consolidation	-	15,002	-	-
- property and equipment	-	3,143	-	-
- right-of-use assets	-	36	-	-
- trade receivables	2,183	3,683	-	-
- other receivables	481	112	-	-
- investment in subsidiaries	-	-	22,981	62,438
Personnel expenses (including other key management personnel):				
- wages, salaries and others	43,394	46,486	-	-
- contributions to Employees Provident Fund	3,982	4,250	-	-
Expenses relating to short-term lease:				
- premises	355	412	-	-
Expenses relating to low value assets:				
- equipment	32	214	-	-

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

22. OPERATING PROFIT/(LOSS) (CONTINUED)

Operating profit/(loss) has been arrived at (Continued):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Interest income	35	25	-	-
Gain on modification and derecognition of lease	6,516	1,529	-	-
COVID-19 related rent concession income	4,026	-	-	-
Gain on disposal of:				
- property and equipment	41	7	-	-
- non-current assets held for sale	-	3,250	-	-
Reversal of impairment loss:				
- property and equipment	3,662	243	-	-
- right-of-use assets	2,290	-	-	-
- trade receivables	102	2,713	-	-
- other receivables	-	113	-	-
Rental income from properties	1,488	2,496	-	-
Write back of refundable deposit	-	2	-	-

23. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- advances from a related company	110	127	110	127
- term loan	417	58	-	-
- Sukuk Wakalah	1,391	2,278	-	-
- lease liabilities	15,804	17,623	-	-
- bank overdrafts	441	-	-	-
	18,163	20,086	110	127

CONSOLIDATED FINANCIAL STATEMENTS
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24. TAXATION

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current income tax				
- current year	35	200	-	-
- prior years	(141)	(49)	-	-
	(106)	151	-	-
Real Property Gain Tax ("RPGT")	-	45	-	-
Deferred tax (Note 10)				
- current year	(2,167)	(4,076)	-	-
- prior years	473	(377)	-	-
	(1,694)	(4,453)	-	-
Total tax credit recognised in profit or loss	(1,800)	(4,257)	-	-
Deferred tax related to other comprehensive income (Note 10):				
Revaluation of property and equipment	2,067	-	-	-
Revaluation of right-of-use assets	2,507	-	-	-
Total tax expense recognised in other comprehensive income	4,574	-	-	-

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

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

24. TAXATION (CONTINUED)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(12,012)	(42,040)	(24,086)	(63,618)
Taxation at the applicable tax rate of 24% (2019: 24%)	(2,883)	(10,090)	(5,781)	(15,268)
Tax effects arising from:				
- non-deductible expenses	4,038	6,309	5,781	15,268
- non-taxable income	(1,924)	(1,935)	-	-
- tax exempt income	(1,783)	(530)	-	-
- effect of different tax rates arising from RPGT	-	(63)	-	-
- over provision of current income tax in prior year	(141)	(49)	-	-
- under/(over) provision of deferred tax in prior year	473	(377)	-	-
- origination of deferred tax assets not recognised in the financial statements	420	2,478	-	-
Income tax credit recognised in profit or loss	(1,800)	(4,257)	-	-

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 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 2020 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2020 RM'000	2019 RM'000
Loss attributable to owners of the Company	(10,212)	(37,783)

	2020 '000	2019 '000
Weighted average number of ordinary shares for basic loss per share	1,239,906	1,239,906

CONSOLIDATED FINANCIAL STATEMENTS
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25. LOSS PER ORDINARY SHARE (CONTINUED)

The calculation of basic loss per ordinary share for the financial year ended 31 December 2020 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows (Continued):

	2020 Sen	2019 Sen
Basic loss per ordinary share	(0.82)	(3.05)

Diluted earnings per share

The diluted loss per share of the Company for the financial year ended 2020 and 2019 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	
	2020 RM'000	2019 RM'000
Corporate guarantee for credit facility granted to a subsidiary		
- CUCMS Education Sdn. Bhd.	25,529	16,482

27. 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) Ultimate and immediate holding companies;
(ii) Subsidiaries;
(iii) Other subsidiaries of ultimate holding company ("related companies");
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

27. 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Transactions with:				
Holding company				
Contingent consideration receivable	-	927	-	-
Related companies				
Contingent consideration receivable	-	2,164	-	-
Interest expenses paid/payable	110	127	110	127
Rental of premises paid/payable	3,094	8,643	-	-

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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors of the Company				
- fees	202	300	202	300
- salaries, allowances and others	1,008	1,279	25	38
- contribution to Employees' Provident Fund	118	149	-	-
	1,328	1,728	227	338
Other key management personnel				
- salaries, allowances and others	1,165	1,787	-	-
- contribution to Employees' Provident Fund	71	155	-	-
	1,236	1,942	-	-

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

28. 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 are 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 statement 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.

28. 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						
2020						
Revenue						
External revenue	75,253	11,585	1,807	1,033	-	89,678
Inter-segment revenue *	-	-	-	8,787	(8,787)	-
	75,253	11,585	1,807	9,820	(8,787)	89,678
Results						
Loss before tax	(10,400)	(47)	(30)	(1,535)	-	(12,012)
Tax credit/(expense)	1,820	(35)	(3)	18	-	1,800
Profit for the financial year	(8,580)	(82)	(33)	(1,517)	-	(10,212)
Included in the measure of segment loss are:						
Reversal/(Impairment loss) of:						
- property and equipment	3,662	-	-	-	-	3,662
- right-of-use assets	2,290	-	-	-	-	2,290
- trade receivables	(1,549)	(511)	(21)	-	-	(2,081)
- other receivables	(481)	-	-	-	-	(481)
Interest expense	(16,867)	(1,128)	-	(168)	-	(18,163)
Interest income	18	-	-	17	-	35
Amortisation of intangible assets	(202)	-	-	(120)	-	(322)
Amortisation of contract costs	(2,279)	(586)	-	-	-	(2,865)
Depreciation of:						
- property and equipment	(6,906)	(41)	(55)	(33)	-	(7,035)
- right-of-use assets	(13,328)	(2,158)	-	(135)	-	(15,621)
Gain on modification and derecognition of lease	6,516	-	-	-	-	6,516
COVID-19 related rent concession income	3,699	327	-	-	-	4,026

28. **OPERATING SEGMENTS (CONTINUED)**

	University 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						
Revenue						
External revenue	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
Results						
(Loss)/Profit before tax	(29,167)	(608)	1,785	(14,050)	-	(42,040)
Tax credit/(expense)	4,328	55	(126)	-	-	4,257
(Loss)/Profit for the financial year	(24,839)	(553)	1,659	(14,050)	-	(37,783)
Included in the measure of segment (loss)/profit are:						
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)
Amortisation of contract costs	(2,129)	(506)	(6)	-	-	(2,641)
Depreciation of:					-	
- property and equipment	(8,515)	(38)	(54)	(3)	-	(8,610)
- right-of-use assets	(12,373)	(2,075)	-	(275)	-	(14,723)
Gain on modification of lease	1,529	-	-	-	-	1,529

* Inter-segment revenue is eliminated on consolidation.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

Group	Amortised Cost RM'000	Total RM'000
2020		
Financial assets		
Trade and other receivables @	42,992	42,992
Cash and bank balances	13,125	13,125
	56,117	56,117
Financial liabilities		
Trade and other payables	46,658	46,658
Borrowings	25,882	25,882
Lease liabilities	122,892	122,892
	195,432	195,432
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	49,727	49,727
Borrowings	16,482	16,482
Lease liabilities	189,327	189,327
	255,536	255,536

@ *Exclude prepayments and GST refundable.*

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

Company	**Amortised Cost RM'000**	**Total RM'000**
2020		
Financial assets		
Trade and other receivables @	3,134	3,134
Cash and bank balances	13	13
	3,147	3,147
Financial liability		
Trade and other payables	38,295	38,295
	38,295	38,295
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

@ *Exclude prepayments.*

(b) Fair values

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.

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

As the financial assets and financial liabilities of the Group and of the Company are reasonable approximation of fair value, the fair value hierarchy is not presented.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

30. 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

	2020		2019	
	RM'000	**%**	**RM'000**	**%**
Group				
Universities	16,627	81%	9,311	83%
Colleges	3,131	15%	1,322	12%
International school	474	2%	544	5%
Others	413	2%	-	0%
	20,645	100%	11,177	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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

30. 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 are as follows:

Group	ECL Rate	Gross Carrying Amount RM'000	ECL Allowance RM'000	Net Balance RM'000
2020				
1 to 30 days past due	1% to 14%	1,357	(43)	1,314
> 30 days past due	1% to 12%	3,132	(55)	3,077
> 60 days past due	1% to 10%	3,920	(115)	3,805
> 90 days past due	1% to 17%	4,553	(72)	4,481
> 120 days past due	8% to 100%	13,010	(5,042)	7,968
Credit impaired:				
- individually impaired	100%	44,533	(44,533)	-
		70,505	(49,860)	20,645
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

The reconciliations of loss allowance for trade receivables as at 31 December 2020 are disclosed in Note 12 to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (including 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.

30. 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 subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries 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 subsidiaries 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(h)(i) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 31 December 2020 to have low credit risk and the expected credit loss is negligible. The reconciliations of loss allowance for other receivables as at 31 December 2020 are disclosed in Note 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 RM25,529,000 (2019: RM16,482,000) 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.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

30. 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)

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.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM7,973,000 (2019: RM10,479,000) and the Group had payables and short-term borrowings of RM46,658,000 and RM8,492,000 (2019: RM49,727,000 and RM16,482,000) respectively.

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	2 to 5 Years RM'000	More than 5 Years RM'000
Group					
2020					
Financial liabilities					
Term loan (Islamic)	17,390	21,157	960	16,436	3,761
Bank overdraft	8,492	8,492	8,492	-	-
Lease liabilities	122,892	194,762	16,971	71,288	106,503
Trade and other payables	46,658	46,658	46,658	-	-
	195,432	271,069	73,081	87,724	110,264
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	49,727	49,727	49,727	-	-
	255,536	410,273	88,691	116,991	204,591

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

30. 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)

The Company's financial liabilities including financial guarantee liability of RM25,529,000 (2019: RM16,482,000) at the reporting date either mature within one year or are repayable on demand.

(c) Interest rate risk

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

Sensitivity analysis for interest rate risk

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

	Change in basis point	Effect on profit for the financial year (Increase/ (Decrease)) RM'000	Effect on equity (Increase/ Decrease)) RM'000
Group:			
31 December 2020	+ 50	(102)	(102)
	- 50	102	102
31 December 2019	+ 50	(66)	(66)
	- 50	66	66
Company:			
31 December 2020	+ 50	(3)	(3)
	- 50	3	3
31 December 2019	+ 50	(3)	(3)
	- 50	3	3

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

31. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as going concerns, 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 and the Company's approach to capital management during the financial year.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total borrowings (Note 17)	25,882	16,482	-	-
Less: Cash and bank balances (Note 13)	(13,125)	(4,581)	(13)	(4)
Net debt	12,757	11,901	(13)	(4)
Total equity attibutable to the owners of the Company	194,197	193,536	290,986	315,072
Capital and net debts	206,954	205,437	290,973	315,068
Gearing ratio	0.06	0.06	#	#

\# Not meaningful.

The Group does not have any externally imposed capital requirement other than a debt service coverage ratio of a subsidiary effective in year 2021 in respect of term loan facility as disclosed in Note 17 to the financial statements.

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

(a) **COVID-19 Pandemic**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 outbreak in Malaysia and subsequently, followed by Recovery MCO and Conditional MCO. On 12 May 2021, the Government again imposed a nationwide MCO in view of the escalating infection rate of COVID-19. The COVID-19 outbreak also resulted in restriction of populace movement, international border restrictions and shutting down of vulnerable parts of industry.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

(a) COVID-19 Pandemic (Continued)

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities on the financial statements for the current financial year. The MCO and international border restriction affected the recruitment of international students and resulted in deferment of new academic year. Nevertheless, the Group was able to transition to digital and online education teaching, and undertake its transformation plan for cost savings.

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

(b) Private placement up to 123,990,500 new ordinary shares

On 31 December 2020, the Company proposed to undertake a private placement of up to 123,990,500 new ordinary shares of the Company, represents 10% of the existing total number of ordinary shares, to independent third party investors.

On 10 March 2021, 82,000,000 units of ordinary shares were issued for the first tranche of the private placement at RM0.06 per placement share. Consequently, the share capital of the Company had increased to RM388,129,122.

(c) Disposal of CUCMS Properties Management Sdn. Bhd.

On 3 March 2021, CUCMS Education Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a share sale agreement to dispose of 2 ordinary shares of CUCMS Properties Management Sdn. Bhd., its wholly-owned subsidiary, for a total consideration of RM1.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 61 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

……………………………………………………

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

……………………………………………………

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

Date: 21 May 2021

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 61 to 146 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 Putrajaya in the Federal Territory Putrajaya on 21 May 2021.

Before me,

YM KOLONEL DATO' SERI PADUKA DIRAJA RAMLI BIN SHUHAIMI (W634)
Commissioner for Oaths

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 2020 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 significant accounting policies, as set out on pages 61 to 146.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Key Audit Matters

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

Group

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

During the financial year, the Group adopted revaluation model in measuring the carrying amount of its properties. As at 31 December 2020, the properties that are classified as property and equipment and right-of-use of assets amounted to RM43,809,000 and RM20,300,000 respectively. Upon adoption of revaluation model, these properties are carried at revalued amount, being the fair value of the property, less accumulated depreciation and any accumulated impairment loss. The Group also recognised a reversal of impairment loss of RM5,952,000 on its property based on fair value less cost of disposal during the financial year.

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

Our response:

Our audit procedures included, among others:

- evaluating the competency, capabilities and objectivity of the external valuer which includes consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for the properties and discussed with external valuer on the valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and appropriateness of the key inputs based on our knowledge of the property industry.
- testing the mathematical calculation of the carrying amount of the properties.

Goodwill (Note 4(ii) and Note 7 to the financial statements)
Other intangible assets (Note 4(ii) and Note 8 to the financial statements)

The Group has significant balance of goodwill and education license 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 flows projection which includes future revenue and operating costs.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Group (Continued)

Goodwill (Note 4(ii) and Note 7 to the financial statements)
Other intangible assets (Note 4(ii) and Note 8 to the financial statements) (Continued)

Our response:

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

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

Trade receivables (Note 4(iii) and Note 12 to the financial statements)

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

Our response:

Our audit procedures included, among others:

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

Funding requirements and ability to meet short term obligations (Note 4(iv) and Note 30(b) to the financial statements)

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM7,973,000 and the Group had payables of RM46,658,000 and short-term borrowings of RM8,492,000. We focused on this area due to significant judgement made by the directors on assumptions relating to future revenue, operating costs and source of fundings.

The Group's policies and processes for the management of liquidity risk are disclosed in Note 30(b) to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Key Audit Matters (Continued)

Group (Continued)

Funding requirements and ability to meet short term obligations (Note 4(iv) and Note 30(b) to the financial statements) (Continued)

Our response:

Our audit procedures included, among others:

- assessing the cash flow forecast over the next 12 months;
- comparing the Group's assumptions in cash flow forecast to our assessment in relation to key inputs;
- 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.

Company

Investment in subsidiaries (Note 4(v) and Note 9 to the financial statements)

The Company has significant balances 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. The Company made an impairment assessment on these investments by estimating the recoverable amount from the subsidiaries.

We focused on this area because the assessment of the recoverable amount involved significant judgement. The recoverable amounts from the subsidiaries were determined based on value-in-use which include the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future revenue and operating costs.

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 Company's key assumptions to our assessment in relation to key inputs;
- testing the mathematical accuracy of the impairment assessment; and
- analysing, where applicable, the sensitivity of key assumptions by assessing the impacts of these key assumptions that are expected to be most sensitive to the recoverable amount.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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
No. 02967/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 21 May 2021

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 2020 (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 / partly rented	- / 84,246	Freehold	17 years	23-Jan-06	Refer to page 164
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 2020 (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 164
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	

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 2020 (RM'000)
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	Refer to page 164
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	
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	

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 2020 (RM'000)
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	Refer to page 164
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	
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	

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 2020 (RM'000)
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	Refer to page 164
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 2020 (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 164
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 / rented	153,149 / 15,400	Freehold	17 years	23-Jan-06	

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 2020 (RM'000)
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	Refer to page 164
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	
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	

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 2020 (RM'000)
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	Refer to page 164
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	
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	

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 2020 (RM'000)
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	19,850
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	Refer to page 165

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 2020 (RM'000)
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-2007	33,000
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	3,469
30	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 / rented	20,990 / 104,950	Leasehold for 99 years expiring on 31 December 2092	6 years	20-Dec-09	31,108

STATEMENT ON DIRECTORS' RESPONSIBILITY

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 financial year ended 31 December 2020. 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.

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2021

Issued Paid-Up Capital	:	RM384,676,114.74
Total Number of Issued Shares	:	1,321,905,790
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	0.38	649	0.00
100 – 1,000	924	9.21	624,140	0.05
1,001 - 10,000	4,239	42.26	25,950,069	1.96
10,001- 100,000	4,148	41.36	157,756,788	11.93
100,001 – 66,095,289 (*)	679	6.77	431,073,932	32.61
66,095,290 and above (**)	2	0.02	706,500,212	53.45
Total	**10,030**	**100.00**	**1,321,905,790**	**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	53.45
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	-	-	-
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	-	-	-
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-
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	53.45	-	-
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	706,500,212*1	53.45

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.*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	SMR Education Sdn Bhd	549,300,212	41.55
2.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for SMR Education Sdn Bhd (Smart)	157,200,000	11.89
3.	Highdeal Capital Sdn Bhd	57,000,000	4.31
4.	DB (Malayisa) Nominee (Tempatan) Sendirian Berhad Exempt An for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	36,000,000	2.72
5.	Affin Hwang Investment Bank Berhad IVT (CEN)	23,551,400	1.78
6.	TA Securities Holdings Berhad PDT (058-TAE) Lai Teen Poh	22,000,000	1.66
7.	Dimensi Aurora Sdn Bhd	14,523,200	1.10
8.	Navin A/L Kumar	11,920,500	0.90
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dayatahan Sdn Bhd	9,000,000	0.68
10.	Norhayati Binti Tukiman	6,400,100	0.48
11.	Mahadzir Bin Mohamed	6,153,000	0.47
12.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	4,933,600	0.37
13.	V Assuntamani A/P R Veerappan	4,000,000	0.30
14.	Shamsulbahrin Bin Salleh	3,735,000	0.28
15.	Bong Lee Min	3,500,000	0.27
16.	Gurdip Singh Sidhu A/L Gurbachan Singh	3,000,000	0.23

ANALYSIS OF SHAREHOLDINGS
(Continued)

No.	Name	No. of Shares Held	%
17.	Lim Hock Sing	3,000,000	0.23
18.	Affin Hwang Investment Bank Berhad IVT (JRY)	2,985,100	0.23
19.	Permai Innovasi Sdn Bhd	2,947,200	0.23
20.	Juasa Holdings Sdn Bhd	2,200,000	0.17
21.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chee Peng	2,000,000	0.15
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Adhha' Amir Bin Dato' Abdullah	2,000,000	0.15
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Poh Tit (Penang-CL)	2,000,000	0.15
24.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Siew Cheen	2,000,000	0.15
25.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Caceis Bank (SW-CAI-FGN)	2,000,000	0.15
26.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Barclays Capital Securities Ltd (SBL/PB)	1,981,300	0.15
27.	Yong Yok Wan	1,880,000	0.14
28.	See Rong Zhi Maybank Nominees (Tempatan) Sdn Bhd	1,828,000	0.14
29.	Pledged Securities Account for Abd Aziz Bin Sheikh Fadzir	1,727,700	0.13
30.	Tan Win Tuck	1,700,000	0.13
TOTAL		942,466,312	71.30

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth 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 Monday, 28 June 2021 at 10.00 am, for the following purposes. However, please be informed that in the event the Movement Control Order is extended, the Company will make the necessary announcement on the details of the virtual meeting on the Company's website (www.mindaglobal.com.my) accordingly :-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 29 June 2021 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 Wira Dr. Mohd Shukor Bin Mahfar	**Resolution 2**
	(ii) Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	**Resolution 3**
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 4**

SPECIAL BUSINESS

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

5. **Ordinary Resolution**
Authority for Directors to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 5
Please refer to Explanatory Note C

"**THAT** subject always to the Companies Act 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements ("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 20% of the total number of issued shares of the Company at the time of issue ("Proposed 20% General Mandate")

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021 or a later date allowed by the relevant authorities at that point in time.

AND THAT with effect from 1 January 2022 or a later date allowed by the relevant authorities at that point in time, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements of Bursa Securities 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 ("Proposed 10% General Mandate") and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company

FURTHER 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."

NOTICE OF FOURTH ANNUAL GENERAL MEETING
(Continued)

6. **Special Resolution**
Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

Special Resolution 1
Please refer to Explanatory Note D

"**THAT** the proposed alteration or amendments to the existing Constitution of the Company, as set out in Appendix A accompanying the Company's 2020 Annual Report, be and are hereby approved and adopted with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps that may be necessary and/or expedient to give effect to the Proposed Amendments with full power to assent to any modification, variation and/or amendment as may be required by the relevant authorities."

OTHER ORDINARY BUSINESS

7. 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 28 May 2021

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 21 June 2021. Only a depositor whose name appears on the Record of Depositors as at 21 June 2021 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

NOTICE OF FOURTH ANNUAL GENERAL MEETING
(Continued)

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 wishes to seek shareholders' approval that the payment of Directors' fees and meeting allowances to Non-Executive Directors to be revised in the following manner for the period from 29 June 2021 until the conclusion of the next Annual General Meeting of the Company comprising the following, with or without modifications :-

		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	2,500 per month	500	2,500 per month	1000
	Member	2,000 per month	250	2,000 per month	500
Audit and Risk Management Committee	Chairman	-	500	-	1000
	Member	-	250	-	500
Nomination and Remuneration Committee	Chairman	-	500	-	1000
	Member	-	250	-	500

Note C

The proposed Resolution 5, 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 20% of the total number of issued shares of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021 or a later date allowed by the relevant authorities at that point in time, as the Directors consider would be in the best interest of the Company. With effect from 1 January 2022 or a later date allowed by the relevant authorities at that point in time, the Proposed 20% General Mandate will be reinstated to a 10% limit according to Paragraph 6.03 of the Listing Requirements of Bursa Securities. 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 sought to grant authority to the Directors of the Company to issue and allot shares is a renewal mandate that was approved by the shareholders at the Company's Third Annual General Meeting held

NOTICE OF FOURTH ANNUAL GENERAL MEETING
(Continued)

on 29 July 2020. The renewal of 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.

As at the date of this Notice, 82,000,000 new ordinary shares of the Company were issued at an issue price of RM0.06 per ordinary share on 10 March 2021 by way of private placement. The total proceeds raised from this private placement exercise was RM4,920,000. The details of utilisation of the proceeds from the private placement exercise are disclosed in the "Additional Compliance Information" section of the Company's Annual Report 2020.

Note D

The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the Companies Act 2016, the updated provisions of the Main Market Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to enhance administrative efficiency and provide greater clarity.

STATEMENT ACCOMPANYING NOTICE OF FOURTH 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 Wira Dr. Mohd Shukor Bin Mahfar
(ii) Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar and Dato' Tan Choon Hwa @ Esther Tan Choon Hwa have offered themselves for re-election at the Fourth Annual General Meeting of the Company.

The profiles of the above Directors are set out in the "Directors' Profile" section of the Company's Annual Report 2020.

The details of the interest of the Directors in the securities of the Company are stated in the "Directors' Report" section of the Company's Annual Report 2020.

DETAILS OF PROPOSED AMENDMENTS

APPENDIX A

The Constitution of the Company shall be amended in the following manner (portions in bold are text newly inserted or added onto the existing Clause and portions struck through are text deleted):-

Existing	Proposed New
By inserting section (d) into Clause 66	
66 Power to alter capital The Company may by special resolution : (a) consolidate and divide all or any of its share capital the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.	66 Power to alter capital The Company may by special resolution : (a) consolidate and divide all or any of its share capital the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. **(d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.**
By amending Clause 75	
75 Contents of notice Every notice of a general meeting shall specify whether the meeting is an annual general meeting or an extraordinary general meeting, the day, place and hour of meeting and the business to be transacted at the said meeting.	**75** Contents of notice **and venue of general meetings** Every notice of a general meeting shall specify whether the meeting is an annual general meeting or an extraordinary general meeting, the day, place and hour of meeting and the business to be transacted at the said meeting. **The main venue of all general meetings shall be within Malaysia at such time and place as the Board shall determine. The chairperson shall be present at the main venue of the meeting. The general meetings may be held at more than one (1) venue using any technology or method that enables the members to participate and to exercise the members' rights to speak and vote at the Meeting.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By amending Clause 86

Existing	Proposed
86 Taking of poll If a poll is duly demanded it shall be taken at such time and place and in such manner as the Chairman may direct and the result of the poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of a Chairman of a meeting or on question of adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. A poll demanded on any other question shall be taken either at once or at such subsequent time (not being more than thirty (30) days from the date of the meeting) and place as the Chairman may direct. The Chairman may and if so directed by the meeting shall appoint scrutineers and may adjourn the meeting to a time and place fixed for the purpose of declaring the results of the poll.	**86 Taking of poll** If a poll is duly demanded it shall be taken at such time and place and in such manner as the Chairman may direct and the result of the poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of a Chairman of a meeting or on question of adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. A poll demanded on any other question shall be taken either at once or at such subsequent time (not being more than thirty (30) days from the date of the meeting) and place as the Chairman may direct. The Chairman may and if so directed by the meeting shall appoint scrutineers and may adjourn the meeting to a time and place fixed for the purpose of declaring the results of the poll. **The poll may be conducted manually using ballot or voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer, as may be appointed by the Company for the purpose of determining the outcome of the resolutions to be decided on poll.**

By amending Clause 111

Existing	Proposed
111 Directors' remuneration The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that : (a) Fees payable to Directors (except salaries payable to executive Directors for their services) shall from time to time be determined by a resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the general meeting.	111 **Directors' remuneration** The fees **and any benefits** payable to the Directors shall from time to time be determined **by an ordinary resolution** of the Company in general meeting, and such fees **and benefits** shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that : (a) ~~Fees payable to Directors (except salaries payable to executive Directors for their services) shall from time to time be determined by a resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the general meeting.~~

DETAILS OF PROPOSED AMENDMENTS
(Continued)

(b) Fees payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover.	(a) Fees payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover.
(c) Salaries payable to executive Directors may not include a commission on or percentage of turnover.	(b) Salaries payable to executive Directors may not include a commission on or percentage of turnover.
(d) Any fee paid to an alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.	(c) Any fee paid to an alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

<u>By deleting the entire section (2) and replacing with new section (2)</u>

125 Meetings of Directors	125 Meetings of Directors
(1) The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit by serving not less than seven (7) days' notice thereof unless such requirement is waived by all the Board members. The notice can be served by post, via facsimile, e-mail, orally or any other electronic means.	(1) The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit by serving not less than seven (7) days' notice thereof unless such requirement is waived by all the Board members. The notice can be served by post, via facsimile, e-mail, orally or any other electronic means.
(2) The conduct of a meeting of Directors or a committee of the Directors may include a participation thereat by any Director via telephone conferencing and/or video conferencing or any other interactive means of audio or audio-visual communications whereby all participating persons are able to hear each other or be heard during the meeting but shall not be counted for the purpose of a quorum. A Directors' participation in the manner as aforesaid shall be deemed to be present at the meeting. He shall also be entitled to vote thereat. Any meeting held in such manner shall be deemed to be or have been held such time and place as set out in the notice of the meeting.	**(2) Any Director may participate at meeting of Directors or a committee of the Directors by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such Director shall be deemed to be physically present at the meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By amending Clause 143

Existing	Proposed
143 Meeting of committees A committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present and in the case of an equality of votes the Chairman shall have a casting vote.	143 Meeting of committees **Notwithstanding any provision to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting whether for the purposes of this Constitution or otherwise. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting.** A committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present and in the case of an equality of votes the Chairman shall have a casting vote.

By amending Clause 152

Existing	Proposed
152 Manner in which Seal is to be affixed The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Directors authorising the use of the Seal. The instrument to which the Seal is affixed may bear the signatures or autographic or facsimile signatures of at least one (1) Director and the Secretary or two (2) Directors or one Director and some other person appointed by the Directors. The facsimile signature may be reproduced by machine or other means approved by the Directors.	152 Manner in which Seal is to be affixed The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Directors authorising the use of the Seal. ~~The instrument to which the Seal is affixed may bear the signatures or autographic or facsimile signatures of at least one (1) Director and the Secretary or two (2) Directors or one Director and some other person appointed by the Directors. The facsimile signature may be reproduced by machine or other means approved by the Directors.~~ **Every instrument to which the Seal is affixed shall be autographically signed by a Director and either by a second Director or by the Secretary or by another person appointed by the Board for the purpose, same and except that, in the case of a certificate or other document of title in respect of any share, stock, loan stock or debenture as defined in the Act or any other obligations, warrants, call warrants or securities and instruments of any kind whatsoever, such certificate or document of title may be created or issued under the Seal or the Share seal (for affixing onto share certificates pursuant to Clause 154 hereof) as the case may be, of the Company and the Board may by resolution determine that such signatures may be affixed by some mechanical electronic facsimile or autographical means or by such other means to be specified by the Board from time to time in such resolution.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By amending Clause 156

156 To whom copies of accounts may be sent

The Directors shall from time to time in accordance with Section 248 of the Act and the Listing Requirements, cause to be prepared and laid before the Company in general meeting such financial statements and reports as are referred to in Section 248 and the Listing Requirements. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the Directors' and Auditors' reports shall not exceed four (4) Months. The Company may issue the annual report in printed form or in CD-ROM form or in such other form of electronic media. A copy of the annual report in printed form or in CD-ROM form or in such other form of electronic media including such document, shall not less than twenty-one (21) days before the date of the meeting, provided always that it shall not exceeding six (6) Months from the close of a financial year of the Company, be sent to every Member and holder of debentures of the Company under the provisions of the Act or of this Constitution. The requisite number of copies of each of such document as may be required by the Exchange or other stock exchange, if any, upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange and other stock exchange, if any, provided that this Constitution shall not require a copy of these documents to be sent to any person of whose address the Company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office. In the event that the annual report is sent in CD-ROM form or such other electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request or such other timeframe as prescribed by the Exchange from time to time.

156 To whom copies of accounts may be sent

The Directors shall from time to time in accordance with Section 248 of the Act and the Listing Requirements, cause to be prepared and laid before the Company in general meeting such financial statements and reports as are referred to in Section 248 and the Listing Requirements. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the Directors' and Auditors' reports shall not exceed four (4) Months. The Company may issue the annual report in printed form or in CD-ROM form or in such other form of electronic media. A copy of the annual report in printed form or in CD-ROM form or in such other form of electronic media including such document, shall not less than twenty-one (21) days before the date of the meeting, provided always that it shall not exceeding six (6) Months from the close of a financial year of the Company, be sent to every Member and holder of debentures of the Company under the provisions of the Act or of this Constitution. The requisite number of copies of each of such document as may be required by the Exchange or other stock exchange, if any, upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange and other stock exchange, if any, provided that this Constitution shall not require a copy of these documents to be sent to any person of whose address the Company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office. ~~In the event that the annual report is sent in CD-ROM form or such other electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request or such other timeframe as prescribed by the Exchange from time to time.~~

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By amending Clause 163

Existing	Proposed
163 Dividends to be paid out of profits only	163 Dividends to be paid out of profits only **and if the Company is solvent**
No dividend shall be paid otherwise than out of profits nor shall any dividend or other monies payable on or in respect of any share bear interest against the Company and no dividend shall be paid in excess of the amount recommended by the Directors.	No dividend shall be paid otherwise than out of profits nor shall any dividend or other monies payable on or in respect of any share bear interest against the Company and no dividend shall be paid in excess of the amount recommended by the Directors. **The Directors may authorise a distribution at such time and in such amount as the Board considers appropriate, if the Board is satisfied that the Company will be solvent immediately after the distribution is made. The Company is regarded as solvent if the Company is able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

<u>By deleting the entire Clause 176 and replacing with new Clause</u>

Existing Clause		Proposed Clause	
176	Service of notice A notice may be given by the Company to any Member either personally or by sending it by post to him at his registered address as appearing in the Register of Members or the Record of Depositors, or (if he has no registered address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices to him, or by sending or supplying it in electronic form as authorized by the Member to an electronic address notified by that Member to the Company for that purpose. Only Members described in the Register of Members or the Record of Depositors shall be entitled to receive any notice from the Company.	**176**	**Service of notice and/or other document** **A notice or other document required to be sent by the Company to Members or Directors may be given by the Company or the Secretary to any Member or Director, as the case may be :-** **(a) in hard copy, either personally or by sending it through the post in prepaid letter addressed to such Member or Director at his registered address as appearing in the Record of Depositors or Register of Directors, as the case may be, in Malaysia or (if he has no address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices or documents to him; or** **(b) in electronic form and sent via the following electronic means :-** **(i) transmitting to the last known electronic mail address of the Member or Director;** **(ii) publishing the notice or document on the Company's website provided that a notification via hard copy or electronic mail or short messaging service to that effect is given in accordance with Section 320 of the Act and the Listing Requirements; or** **(iii) Using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members or Directors, provided that a notification of the publication or availability of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to the Members or Directors**.

DETAILS OF PROPOSED AMENDMENTS
(Continued)

<u>By deleting the entire Clause 177 and replacing with new Clause</u>

Existing Clause	New Clause
177 Notice deemed served (1) If any notice or other document is served or sent by post, it shall be deemed to have been served or delivered two (2) days after the time when the letter containing the same is put into the post. In proving service by post, it shall be sufficient to prove that the letter containing the notice or document was properly addressed or put into the post as a prepaid letter. (2) If any notice or other document is left by the Company (or its agent) at a Member's registered address or at a postal address notified to the Company in accordance with this Constitution by a Member, it is treated as being received on the day it was left; (3) If served or delivered in any other manner contemplated by this Constitution, it shall be deemed to have been served and delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission by electronic means or publication. (4) If any notice or other document is given, sent or supplied by the Company by any other means authorised in writing by a Member, it is treated as being served and received when the Company has done what it was authorised to do by that Member.	177 **When service deemed effected** **Any notice or document shall be deemed to have been served by the Company to a Member :-** **(a) Where the notice or document is sent in hard copy by post, on the day the prepaid letter, envelope or wrapper containing such notice or document is posted.** **In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice or document was addressed and posted to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and posted.** **(b) Where the notice or document is sent by electronic means :-** **(i) Via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to Clause 176(b)(i), provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;** **(ii) Via publication on the Company's website, on the date the notice or document is first made available on the Company's website provided that the notification on the publication of notice or document on website has been given pursuant to Clause 176(b)(ii); or** **(iii) Via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to Clause 176(b)(iii).** **In the event that service of a notice or document pursuant to Clause 177(b) is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with Clause 176(a) hereof.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By deleting Clause 178 and replacing with new Clause

178 Notice served on Company

Any notice or other document required to be sent or served upon the Company or upon any officer of the Company may be sent or served by leaving the same or sending it through the post in a prepaid letter or by electronic means addressed to the Company or to such officer at the Office.

178 Last known address for service

A **Member's address, electronic mail address and any other contact details provided to Bursa Depository shall be deemed as the last known address, electronic mail address and contact details respectively for purposes of communication including but not limited to service of notices and/or documents to the Member**.

By amending Clause 179

179 Notice in case of death or bankruptcy

A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, within Malaysia supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

179 Notice **and/or document** in case of death or bankruptcy

A notice **and/or document** may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, ~~at the address~~ **at his last known address**, if any, within Malaysia supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred. **Every person who by operation of law, transfer, transmission or other means whatsoever shall become entitled to any share, shall be bound by every notice and/or document in respect of such share which, prior to his name and/or address being entered in the Register of Members as the registered holder of such share have been duly given to the person from whom he derives the title to such share.**

DETAILS OF PROPOSED AMENDMENTS
(Continued)

By amending Clause 181

Existing	Proposed
181 Persons entitled to notice of general meeting	181 Persons entitled to notice of general meeting
Notice of every general meeting shall be given in any manner hereinbefore authorised to :	Notice of every general meeting shall be given in any manner hereinbefore authorised to :
(a) every member;	(a) every member;
(b) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and	(b) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and
(c) the Auditors.	(c) the Auditors.
(d) the Exchange.	(d) the Exchange.
	(e) the Directors
No other person shall be entitled to receive notices of general meetings.	No other person shall be entitled to receive notices of general meetings.
	Subject to this Constitution or to the Act, any notice issued on behalf of the Company or of the Board of Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised office of the Company.

DETAILS OF PROPOSED AMENDMENTS
(Continued)

Existing Clause	Proposed Clause
By inserting new Clause 187 None	**RECONSTRUCTION** **187 Power of the Board and liquidators to accept shares, as consideration for sale** **On the sale of the undertaking of the Company, the Directors or the liquidators on a winding up may, if authorised by a special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (on a winding-up), may distribute such shares or securities, or any property of the Company amongst the Members without realization, or vest the same in trust for them and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the Members or contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in the case of the Company which is proposed to be or is in the course of being wound up, such statutory rights (if any) under the Act as are incapable of being varied or excluded by this Constitution.**
By inserting new Clause 189 None	**THE ACT, CENTRAL DEPOSITORS ACT, THE LISTING REQUIREMENTS AND THE RULES** **189 Compliance with the Act, Central Depositors Act, the Listing Requirements and the Rules** **Notwithstanding this Constitution, the Company shall comply with the Act, Central Depositors Act, the Listing Requirements and the Rules in respect of all matters relating to Securities or otherwise where applicable.**

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 Fourth 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 Monday, 28 June 2021 at 10.00 am 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 29 June 2021 until the conclusion of the next Annual General Meeting of the Company.	Resolution 1		
2.	Re-election of Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	Resolution 2		
3.	Re-election of Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	Resolution 3		
4.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	Resolution 4		
5.	Approval for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 5		
6.	Proposed Amendments to the Constitution of the Company	Special Resolution 1		

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

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 21 June 2021. Only a depositor whose name appears on the Record of Depositors as at 21 June 2021 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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CORPORATE INFORMATION
As at 30 April 2021

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)

Maha Ramanathan Palan
(Non-Independent Executive 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)

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

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

Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Member)

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

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

COMPANY SECRETARY
Wong Youn Kim
(MAICSA 7018778)
(SSM PC No. 201908000410)
HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur,
Tel No.: (603)-2241 5800
Fax No.: (603)-2282 5022

AUDITORS
Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No.: (603)-2297 1000
Fax No.: (603)-2282 9980

SHARE REGISTRAR
BoardRoom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya Selangor Darul Ehsan
Tel No.: (603)-7890 4700
Fax No.: (603)-7890 4670

REGISTERED OFFICE
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No.: (603)-2241 5800
Fax No.: (603)-2282 5022

HEAD OFFICE
Level 8, Tower Block, UOC Campus
Persiaran Bestari, Cyber 11, 63000
Cyberjaya Selangor Darul Ehsan
Tel No.: (603)-8800 5295

SOLICITOR
Messrs Aaron Sankar & Co
Suite K.2.13, Level 2, Block K,
Solaris Mont Kiara,
Jalan Solaris,
50480 Kuala Lumpur
Tel No.: (603)-6413 3800

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

Stock Name: MINDA
Stock Code: 5166

Website http://www.mindaglobal.com.my

Minda Global
Berhad
Registration No. 201601039044 (1209985-V)

CORPORATE OFFICE
Level 8, Tower Block
University of Cyberjaya Campus
Persiaran Bestari, Cyber 11
63000 Cyberjaya
Selangor Darul Ehsan, Malaysia

Tel : +60 (3) 8800 5295

www.mindaglobal.com.my