MINDA GLOBAL BERHAD

2021
Annual Report

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 Valued Shareholders,

On behalf of the Board of Directors ("Board") of Minda Global Berhad ("Minda" or the "Group"), it is my pleasure to present to you the Annual Report of Minda for the financial year ended 31 December 2021.

A Year of Significant Progress

FY2021 was a year of significant progress in which our Organisation successfully delivered on our Strategic Turnaround Plan and firmly established ourselves on a strong financial footing.

However, while there are great positives, our entire Organisation has continued to face some serious challenges over the course of the year – the most significant of these remain the ongoing effects of the COVID-19 pandemic. Our industry continues to be greatly affected by movement-restrictive regulatory measures put in place by the Ministry of Health ("MoH") and the Ministry of Higher Education ("MoHE") to contain the pandemic.

In such unpredictable and difficult times, we have remained focused and resolute in our determination to steer our Organisation forwards. We have successfully transitioned to a hybridised learning model to cater to the rapidly evolving regulatory landscape and our international students who are impacted due to cross-border travel restrictions. Through engagements with MoH and MoHE, we have also 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 and are undergoing preparatory measures for a full opening of campus Teaching & Learning in FY2022.

Our Successful Turnaround

In FY2021, we marked the end of our Strategic Turnaround Plan.

The management team led by Maha Palan designed in late 2018 a strategy to restructure our business, rebrand our Institutions and refine our product offerings. Guided by this plan, the whole team has worked tirelessly to achieve all these objectives, which they have successfully accomplished by December 31st FY2021.

We posted a Profit After Tax ("PAT") of RM3.5 million in FY2021 as compared to a Loss After Tax ("LAT") of RM10.2 million in FY2020 and a LAT of RM 37.8 million in FY2019. This PAT represents our first full-year profit since the incorporation of our Organisation in 2018 and the first profitable year for many of our constituent Institutions (tracing back to the Masterskill era) since 2011.

We now have a solid foundation from which we can enter a new strategic phase with Earnings growth and customer satisfaction as our primary drivers. 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 remain steadfast in our belief that we can make a significantly positive impact not just to our students, employees and shareholders, but also to the wider society, economy and country.

Succession of Our Leadership

In December 2021, Tan Sri Dato' Dr Palan expressed his intent to retire from the position of Managing Director, having steered our Organisation since its inception in 2018. It was a decision that the Board and I respected.

Tan Sri Dato' Dr Palan will be succeeded by Maha Palan, who developed and led our now successful Strategic Turnaround Plan during some of our most difficult years.

On behalf of the whole board, I am grateful to thank Tan Sri Dato' Dr Palan for his contributions and wish Maha Palan all the very best in helming his new role as the Managing Director of our Organisation.

Last but not the least, I would like to express my sincere appreciation and thanks to all of our shareholders, fellow directors and staff for your undivided support and commitment you have extended to us over the years. We hope to continue building on the back of this year to carry our Organisation to ever greater heights in 2022.

Thank you.

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

KENYATAAN PENGERUSI

Para pemegang saham yang dihormati,

Bagi pihak Lembaga Pengarah (“Lembaga”) Minda Global Berhad (“Minda” atau “Kumpulan”), saya dengan sukacita membentangkan Laporan Tahunan Minda bagi tahun kewangan yang berakhir pada 31 Disember 2021.

Kemajuan Ketara Bagi Tahun Kewangan

Tahun 2021 merupakan tahun perkembangan ketara di mana organisasi kami telah berjaya melaksanakan Pelan Pemulihan Strategik di dalam mengukuhkan kedudukan kewangan kami.

Walaubagaimanapun, di samping kejayaan-kejayaan yang memberangsangkan, keseluruhan organisasi berdepan dengan beberapa kekangan sepanjang tahun berkenaan. Antara yang paling terkesan daripada kesemua ini adalah kesan pandemic COVID-19 yang terus berlarutan. Sektor pendidikan terus terkesan dengan Perintah Kawalan Pergerakan (PKP) yang dilaksanakan oleh Kementerian Kesihatan Malaysia (KKM) dan Kementerian Pengajian Tinggi (KPT) bagi mengawal pandemic tersebut.

Di dalam waktu yang sukar diramal ini, kami tetap kekal fokus dan bertekad dengan penuh keazaman untuk memacu organisasi terus maju ke hadapan. Kami telah berjaya melakukan transaksi model pembelajaran kami kepada hibrid bagi memenuhi tuntutan pembelajaran dan pengajaran yang semakin berkembang pesat di mana pelajar antarabangsa kami merupakan kelompok yang paling terjejas akibat sekatan perjalanan rentas sempadan. Melalui panduan dan pantauan oleh KKM dan KPT, kami juga telah membangunkan panduan dan mekanisma yang selamat dan terkawal untuk pelajar meneruskan sesi makmal, kajian praktikal dan kajian klinikal bagi pelajar-pelajar Perubatan, Farmasi dan Sains Kesihatan. Kesemua kampus kami mematuhi SOP yang ketat dengan kapasiti terhad kepada pelajar dan kakitangan mengikut saranan kerajaan serta menjalani langkah persediaan untuk pembukaan sepenuhnya kampus bagi pengajaran dan pembelajaran pada tahun 2022 ini.

Kejayaan Pelan Pemulihan

Tahun 2021 menunjukkan berakhirnya Pelan Pemulihan Strategik kami.

Pasukan pengurusan yang diketuai oleh En. Maha Palan telah merangka beberapa strategi pada akhir 2018 untuk menstruktur semula perniagaan, menjenamakan semula institusi dan memperhalusi penawaran produk-produk kami. Berpandukan perancangan ini, seluruh pasukan telah bekerja tanpa rasa jemu untuk mencapai kesemua objektif ini di mana mereka telah berjaya mencapainya pada tahun kewangan 31 Disember 2021.

Kami mencatatkan Keuntungan Selepas Cukai (“PAT”) sebanyak RM3.5 juta pada tahun 2021 berbanding Kerugian Selepas Cukai (“LAT”) sebanyak RM10.2 juta pada tahun 2020 dan LAT sebanyak RM 37.8 juta pada tahun 2019. PAT ini menunjukkan keuntungan sepenuhnya buat kali pertama sejak penubuhan organisasi kami pada 2018 dan juga keuntungan julung kalinya institusi-institusi dibawah naungan kami.

Kami kini mempunyai asas yang kukuh di mana kami boleh memasuki fasa strategik baharu dengan pertumbuhan pendapatan dan kepuasan pelanggan sebagai pemacu utama kami. Dengan terus menumpukan pada perkembangan dan transformasi perniagaan kami agar menjadi perniagaan yang bertanggungjawab dan kukuh dari segi kewangan dalam jangka panjang, dibantu pula dengan tujuan kami yang jelas iaitu bagi menyediakan peluang pendidikan kepada semua lapisan masyarakat, maka kami tetap dengan kepercayaan bahawa kami boleh membuat pencapaian yang lebih ketara. Impak positif bukan sahaja kepada pelajar, pekerja dan pemegang saham kami, bahkan juga kepada masyarakat, ekonomi dan negara.

Pertukaran Kepimpinan

Pada Disember 2021, Tan Sri Dato' Dr Palan menyatakan hasratnya untuk bersara daripada jawatan Pengarah Urusan, setelah mengemudi organisasi kami sejak penubuhannya pada 2018. Ini merupakan keputusan beliau dimana saya dan ahli Lembaga Pengarah perlu menghormatinya.

Tan Sri Dato' Dr Palan akan digantikan oleh En. Maha Palan, dimana beliau telah mengetuai dan membangunkan dan Pelan Pemulihan Strategik dengan jayanya walaupun berdepan dengan pelbagai rintangan dan cabaran.

Bagi pihak seluruh ahli Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada Tan Sri Dato' Dr Palan atas sumbangan beliau dan mengucapkan selamat maju jaya kepada En. Maha Palan dalam menerajui peranan baharu beliau sebagai Pengarah Urusan organisasi kami.

Akhir sekali, saya ingin merakamkan setinggi-tinggi penghargaan dan terima kasih kepada semua pemegang saham, rakan pengarah dan kakitangan kami diatas sokongan dan komitmen tidak berbelah bahagi yang telah anda berikan kepada kami selama ini. Kami berharap untuk terus berkembang dan maju jaya untuk membawa organisasi kami ke tahap yang lebih tinggi pada tahun 2022.

Terima kasih.

Jeneral Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)
Pengerusi Bebas Bukan Eksekutif

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 74) 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 Malaysian 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 Ordnance 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
Non-Independent Non-Executive Director

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr. Palan") (Malaysian/male, aged 66) was appointed to the Board on 9 January 2018. He was the Group Managing Director of Minda Global Berhad and redesignated as Non-Independent Non-Executive Director on 1 January 2022.

He completed his PhD (Education) at the Federation University, Ballarat, Australia, and the Advanced Management Programme at Harvard Business School. He has authored numerous books including the Reflections of an Entrepreneur published in 2021 by University Malaya Press. More details about Tan Sri Dato' Dr. Palan can be found at www.palan.org.

Tan Sri Dato' Dr Palan served as the Executive Chairman of SMRT Holdings Berhad, a listed company on the ACE Market of Bursa Malaysia Securities Berhad. He serves as the Pro-Chancellor of University of Cyberjaya (UoC). He is also a Director on the Board of Directors, University of Malaya. He founded Yayasan Palan to support Corporate Social Responsibility initiatives and his voluntary contributions include serving on non-profit organisations, both governmental and private. He also served as a member of the Special Independent Committee to advise the Yang Di Pertuan Agong on the state of Emergency in 2021.

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, and he has no direct family relationship with any other Director of the Company other than Mr Maha Palan, who is his son, the Group Managing Director 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 ended 31 December 2021.

DIRECTORS' PROFILE

(Continued)

Maha Ramanathan Palan
Group Managing Director
Non-Independent Executive Director

Maha Ramanathan Palan ("Maha Palan") (Malaysian/male, aged 28) 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 and as Managing Director on 1 January 2022.

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 led the successful strategic turnaround initiative at Minda Global Berhad culminating in the Organisation's first ever full-year profit in FY2021. Conceptualised and launched in late 2018, the Organisation has since grown its enrolment by well over 50%, increased revenue by 19% and reduced its cost base by 27%. The Organisation has also successfully rebranded its Institutions and greatly improved their academic credentials (as demonstrated by international rankings recognitions).

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 a 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.

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 75) 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 the 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 66), 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 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 from the University Malaya, a Postgraduate Diploma in Computer Science from the Malaysia University of Technology, and Master of Taxation and Doctor of Public Administration from 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 was 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") (Malaysian/female, aged 72), 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 and a member of the Nomination and Remuneration 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 MANAGEMENT'S PROFILE

Leong Tuck Yee
Group Chief Financial Officer

Mr Leong Tuck Yee ("Mr. Leong") (Malaysian/male, aged 49) joined the Company in end 2019 and was appointed as the Group Chief Financial Officer of the Company on 5 March 2020.

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

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

Mr Leong started his career in 1996 as an Auditor with Arthur Andersen Malaysia. During his tenure, he audited various companies from large manufacturing companies, insurance, and services companies. He left Arthur Andersen in 2001 and joined 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 MANAGEMENT'S PROFILE

(Continued)

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

Dato' Hj Abd Rashid Bin Hj Mohd Sharif ("Dato' Hj Abd Rashid") (Malaysian/male, aged 57) was appointed as Group Chief Regulatory Officer in 2018. He holds a Master's in Art and Design Education from De Monfort University, United Kingdom, Bachelor's in Industrial Design from MARA University of Technology and Art Teachers' Diploma from MARA University of Technology.

Dato' Hj Abd Rashid is an educationist with 33 years' experience in education strategic leadership, compliance and communication. He has a strong foundation and knowledge in education business and management. With 33 years of experience in education, it has enabled him to lead and manage high qualified and calibre individuals towards achieving desired goals and objectives.

Dato' Hj Abd Rashid is also well-versed in the implementation of communication programmes to ensure a positive and productive relationship with ministries, government agencies, local authorities, other institutions and organisations. He has been providing strategic leadership, compliance and management to the business while being fully responsible for the day to day running of the company and institutions.

Dato' Hj Abd Rashid is also well-versed in the field of pedagogy in terms of interaction with students and ensuring programme objectives are delivered. He believes motivation is necessary to achieve one's goal and ambition.

KEY SENIOR MANAGEMENT'S PROFILE

(Continued)

Mr Kalaiarasu Malayandi
Group Chief Commercial Officer

Kalaiarasu Malayandi, is the Group Chief Commercial Officer of the company.

He has a Masters in Business Administration ("MBA" from Victoria University, Australia and a Bachelors in Electronic & Computing Engineering from Nottingham Trent University.

Kalaiarasu has played various roles in Minda Global Berhad ("Minda") and its component Institutions since 2013 and was first appointed within the Senior Management Team as Bursar of the University of Cyberjaya in early 2014. Since then, Kalaiarasu has continued to progress within the leadership team culminating in his appointment as the Chief Commercial Officer of the Minda on the 1st of February 2020.

During his time with Minda, Kalaiarasu has continued to successfully lead the Organisation's drive for growth as evidenced by the Organisation's enrolment growth of 35%. He has also taken on the management responsibility of Minda's college operations which continues to be a major driver of sustainable growth for our Organisation.

Under Kalaiarasu's leadership the University of Cyberjaya was honoured with several awards and recognitions which includes SME 100 Award: Fast moving companies, Brand Laureate SME Best Brands Award 2015/16 in the Medical & Healthcare Education category and 2015 Workforce Optimas Awards. Kalaiarasu himself was also honoured with Asia Pacific Entrepreneurship Awards for the Education & Training Industry, 2016.

Prior to joining the education industry Kalaiarasu was in the Technology and Software industry during which time he rose from being a consultant to a senior management position. During this time, he has collaborated and liaised directly with several clients including Shell, Crédit Agricole, Ministry of Health Singapore, and several more.

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

KEY SENIOR MANAGEMENT'S 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 69) 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 was accorded university status by the 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 a registrar and spinal injury fellow at the Southport Spinal Injuries Centre in Liverpool. He has brought his considerable experience in 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 MANAGEMENT'S 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 71) 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 the curriculum for OSH programmes for several public and private universities in Malaysia.

He obtained his Bachelor's of Social Science in Economics from Universiti Sains Malaysia and went on to complete his Master's 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 College of Medical Sciences prior to his appointment to Asia Metropolitan University.

Professor Dr. Mohamad Khan has taught various courses in OSH, Human Resource Management and Research Methodology at postgraduate and undergraduate levels, and has supervised several PhD and Master's 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.

KEY SENIOR MANAGEMENT'S PROFILE

(Continued)

Adjunct Prof. Subramaniam Amamalay ("A. Subra")
Chief Executive,
SMR HR Group

Adjunct Professor Subra has over thirty years of management and leadership experience in a wide range of organisations from Finance, Education to Consulting. He has travelled extensively in Asia on business assignments.

His working experience includes working at the Ministry of Social Welfare, Government of Malaysia, MBf Finance, Taylors Education and the SMR Group. He was a Executive Director for Asiamet Education Group Berhad from 4 November 2015 to 21 September 2018.

During his tenure at the SMR Group, he has held several leadership positions at the Group level including being the Director & CEO of SMR HR Group Sdn Bhd, Chairman & Director of N'osairis Technology Solutions Sdn Bhd, Director of Asiamet Education Group Sdn Bhd and Director of Asiamet (M) Sdn Bhd. Recently appointed as a Director of SMRT Holdings.

Subra holds a Master Degree in Business Administration from Asia Metropolitan University, Bachelor's Degree in Social Sciences from University Sains Malaysia. He has a Certificate in Training Practice, CIPD, UK and has achieved membership of the Chartered Institute of Personnel & Development, UK. He has also obtained his Accredited Competency Professional from ILM UK. Subra is a qualified auditor of the IRCA and certified in Total Quality Management and Strategic Planning. He is also a certified Trainer with HRDF Malaysia and an SMR-accredited trainer.

Subra has vast experience in managing projects and consulting assignments. His focus and approach in aligning solutions to meet the business objectives of the organisation. He has led and delivered consulting assignments for large GLCs and MNCs in design, develop & implement competency framework and Talent Development across Asia and the Middle East, including Malaysia, Indonesia, India, Sudan, Qatar, Abu Dhabi, Dubai, Bahrain, Saudi Arabia, Oman, Singapore and Hong Kong.

As a leader, he is recognised for building talent pipelines and is committed to ensuring the adoption of sustainable best practices across the group.

MANAGEMENTS' PROFILE

(Continued)

Puan Nor Hasnida Nor Adzman
Group Human Resource Manager

Puan Hasnida holding a Bachelor's Degree in Accounting (Hons.) from Universiti Tenaga Nasional, she was appointed as the Group Human Resource Manager in March 2021.

Overall, she has approximately 17 years of HR management experience, covering a wide variety of HR practices within a broad range of business/ industry sectors that includes education, broadcasting, hospitality, healthcare, renewable energy, facilities management, construction and property, oil and gas and others.

Prior to joining Minda Global Berhad, she has experienced working in a few public listed companies such as KUB Berhad and Malaysian Resources Corporation Berhad.

Mr Jullian John
Bursar,
University of Cyberjaya

Mr Jullian John joined the 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"). Jullian has broad responsibility that spans the University's support and strategic departments. He is also primarily responsible for driving operational results and achieving strategic alignment between the University and the larger Group.

Jullian holds a B.Eng (Communications & Electronics) from Northumbria University, UK and an MBA from Victoria University, Australia. He has over 17 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.

MANAGEMENTS' 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 of Technology Malaysia (UTM).

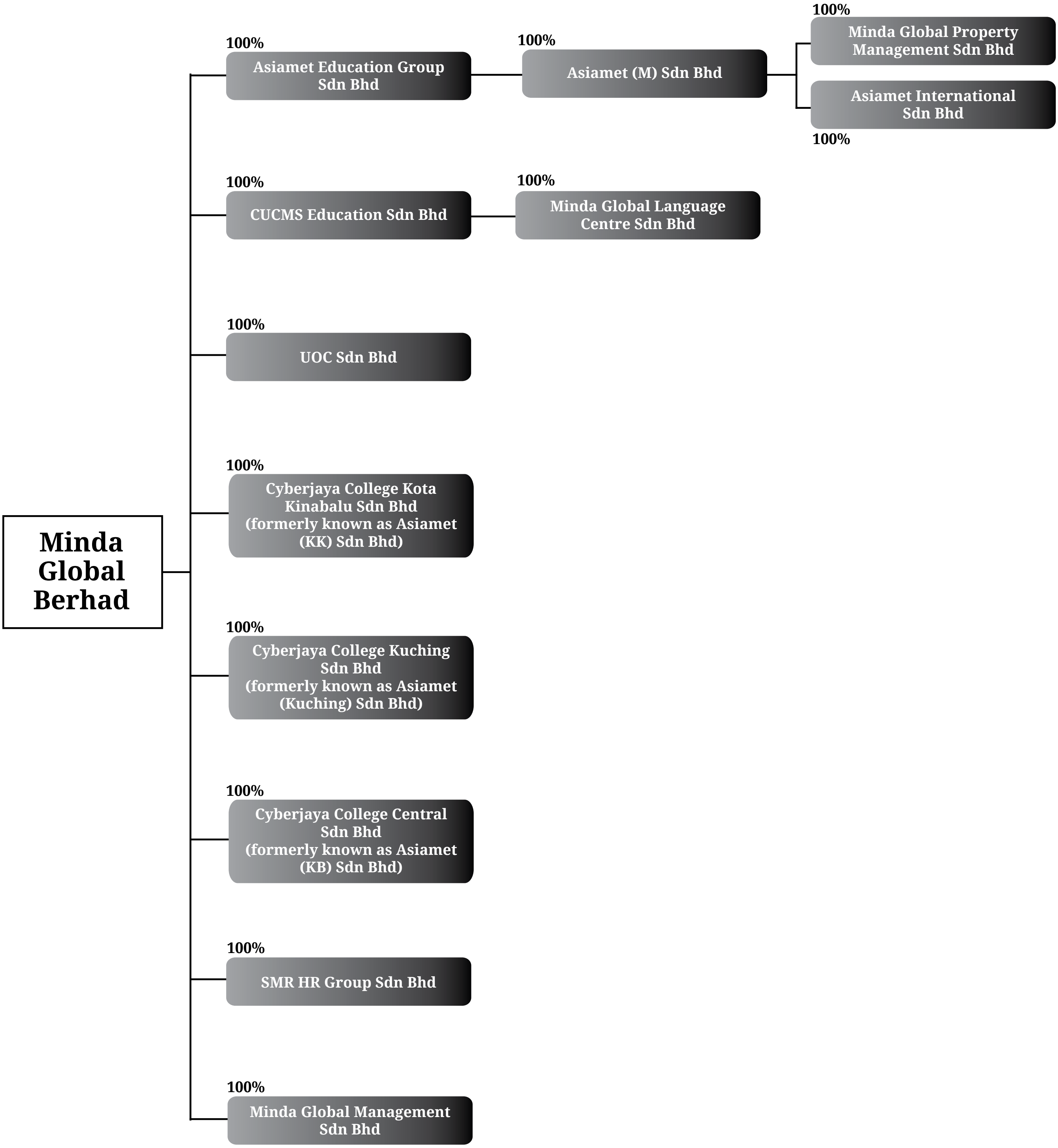
Prior to holding his current position, Mr. Demudu was Deputy Vice Chancellor, after holding many roles in the organisation as Senior Vice President of Operations, Vice President Branch Operations, Chief Branch Officer of Ipoh Campus and Manager of Systems and Methods. He also worked as General Manager of Operations of Institute Business Executive Malaysia. Apart from the education sector, Mr Demudu had 11 years of 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 the 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 the 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 a pharmacy lecturer to pursue her passion in teaching. In the past 10 years, she grew along the education management path and has worked as a Program Coordinator in 2011, Academic Manager in 2014 and subsequently as Chief Executive.

GROUP CORPORATE STRUCTURE

As At 28 April 2022



MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis is provided to assist shareholders to develop a clearer understanding of the results of our operations and financial condition when reading our Financial Statements shared below on pages 56 to 160. Our MD&A is presented in the following sections:

- Overview
- Results of Operations
- Way Forward

Overview

<u>Our Business</u>

Minda Global Berhad was formed in February 2018 to grow and transform 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.

Over the course of FY2021, we have successfully completed two major exercises to further refine our Organisation's structure and strategic presence in Malaysia's Education industry:

1. The first of these is our integration and rebranding exercise across the colleges in our Organisation which are now co-branded alongside our flagship Institution – the University of Cyberjaya. With this initiative successfully implemented, the Organisation will now be able to further leverage our centralized domain expertise to better add value to the Academic and Sales functions of our fast-growing colleges.
2. The second is the successful divestment of our presence in the K-12 Education sector (i.e. via the AMETIS International School) effective from 1st March 2022. With the completion of this exercise, the Management will now be fully focused on the Higher Education space which has continued to act as our primary growth driver.

With the completion of the above exercises, we continue to operate a portfolio of Learning Institutions throughout Malaysia, which now encompass the University of Cyberjaya, Cyberjaya College Kota Kinabalu, Cyberjaya College Kuching, Cyberjaya College Central, Oxbridge Language Centre, Asia Metropolitan University, and SMR HR Group.

<u>Key Business Metrics</u>

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.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

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 on 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, and financial assistance programmes, amongst others.

<u>COVID-19 Impact</u>

The world changed drastically in the past two years, 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 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 continue to grapple with bringing the disease under control in FY2021 by significantly restricting populace movement, imposing significant international border restrictions and shutting down vulnerable parts of the industry. The Education industry, like all others, was similarly disrupted by these measures.

All of our Institutions have continued to remain agile during these developments in adhering to government-mandated guidelines. We have in FY2021 successfully made the transition to hybrid delivery mechanisms which allow our Institutions to better adapt to the rapidly changing guidelines. Going a step further, we have also begun to develop and deploy future-proof innovations into our product suite which include Online Distance Learning and Micro-Credentials amongst others.

Nevertheless, while there were and continue to be significant potential adverse impacts to our Institutions as a result of this pandemic, the Management has made tough, calculated decisions throughout FY2021 that have, in turn, allowed us to steer our Organisation through the year to emerge out of it in better Fiscal shape – with our first ever Full-Year Profit - than ever before.

Results of Operations

Our revenue increased by 20%, primarily driven by a sustained increase in the number of active students over the past three years due to successive growth in our past student intake cycles. The cost savings from the continued implementation of our Strategic Turnaround Plan has further reduced our cost of services by 14% or RM7.8 million. The Organisation achieved significant savings by developing and deploying more advanced hybridized Teaching & Learning tools which have in turn allowed us to better dynamically teach a greater number of students more efficiently without reducing quality or graduate outcomes.

In addition to this, further savings of 5% or RM2.7 million was achieved by optimizing our lease portfolio that caters for our rented campuses, resource centers and student accommodation units. On a net basis, our

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

Organisation now operates at a Gross Profit margin of 55% (representing a growth of 165% relative to FY2018) and an EBITDA margin 33% (representing a growth of 538% relative to FY2018). These savings continue to drive our modernization efforts to ensure that our Institutions are competitively efficient and productive relative to our industry peers.

Overall, FY2021 marks a very significant milestone in our Organisation's history:

1. We have recorded our highest ever revenue of MYR 107.9 million (representing a growth of 19% relative to FY2018)
2. We have now more than doubled our active student population since the end FY2017.
3. We have produced our first ever Full-Year Profit of MYR 3.5 million (representing an earnings growth of MYR 19.4 million relative to FY2018) which marks the successful completion of our Strategic Turnaround Plan.

Way Forward

Having now successfully delivered our Strategic Turnaround Plan, the Management has begun planning to chart our future growth plans with a specific focus on widening our product base and education pathways while retaining a key focus on cost control efforts.

SUSTAINABILITY STATEMENT

Minda Global Berhad's ("Minda Global") Vision and Mission underline 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 FY2022, we will focus on what we can do as an educational institution to support our students and the health of communities across the nation.

<u>Reporting Guideline:</u>

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 2021 to 31 December 2021.

Reporting Cycle: Annually coinciding with our Annual Report

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

Materiality

<u>Materiality Analysis</u>

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.

<u>Materiality Review</u>

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

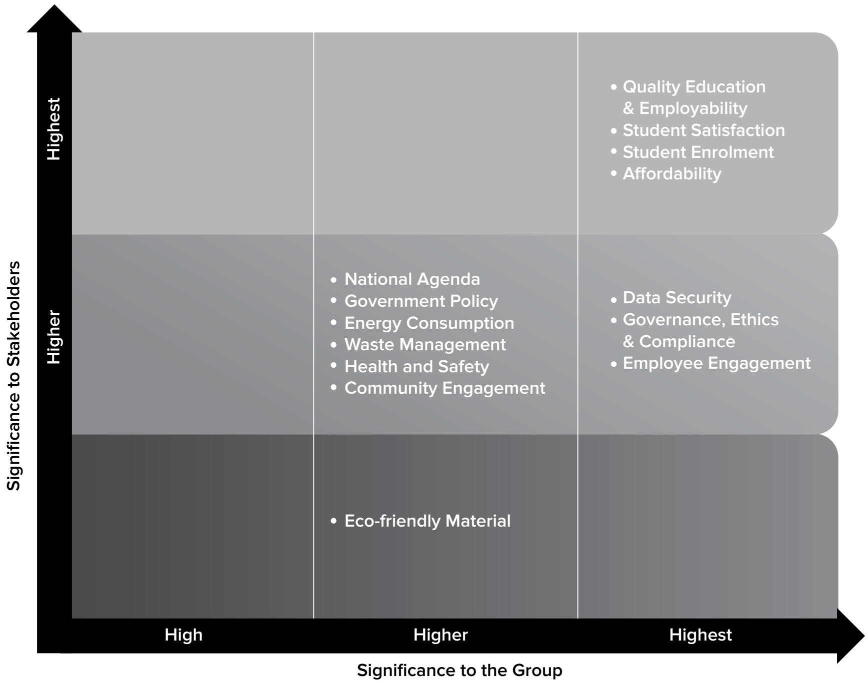
This assessment revealed that the material issues that we identified previously remained consistent with the type of activities that we have today. Our business underwent no significant change. As such, our materiality issues are unchanged in the current report.

SUSTAINABILITY STATEMENT

(Continued)

Materiality Matrix

The EES impacts of the Group and their influence on stakeholder assessments and decisions are illustrated below: Each issue's level of importance to the Group is plotted along the X-axis, whereas its level of importance to our stakeholders is plotted along the Y-axis.



The sustainable aspects 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

SUSTAINABILITY STATEMENT

(Continued)

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.
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.

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.

SUSTAINABILITY STATEMENT

(Continued)

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 health awareness

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 population 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 of the UN Bioethics Chair
- Incorporating sustainability as part of the curiculum

SUSTAINABILITY STATEMENT

(Continued)

Sustainable Governance

Board of Directors

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

The Management

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

SUSTAINABILITY STATEMENT
(Continued)

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: 5 Stars for Teaching, 5 Stars for Employability,
5 Stars for Facilities, 5 Stars for Inclusiveness
Times Higher Education ("THE") Impact Rankings 2022: Ranked 401 - 600

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

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

Cyberjaya College Kota Kinabalu
Ministry of Higher Education MyQuest College Based Ratings: 5 Stars (Very Competitive)

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.

SUSTAINABILITY STATEMENT

(Continued)

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.

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.

SUSTAINABILITY STATEMENT

(Continued)

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, 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.

SUSTAINABILITY STATEMENT

(Continued)

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.

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.

SUSTAINABILITY STATEMENT

(Continued)

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 negotiations with each of our suppliers to ensure that the stakeholders' interests are being prioritised.

<u>Vendor Selection and Qualification</u>

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.

<u>Vendor Monitoring</u>

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.

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.

SUSTAINABILITY STATEMENT

(Continued)

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") is committed to uphold the high standards of corporate governance throughout Minda Global and its subsidiaries ("the Group") with the ultimate objective of realising long- term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement ("Statement") sets out a summary of the corporate governance practices undertaken by the Group during the financial year ended 31 December 2021 ("FY2021") which takes guidance from the key Corporate Governance principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

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 FY2021, which is made available on the Company's website at https://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 financial year ended 31 December 2021.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders' interest and the Group's assets. The Board has adopted certain responsibilities for effective discharge of its functions through formalizing its Board Charter (available at the Company's website: https://mindaglobal.com.my/) which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman and Executive Directors that are further cascaded to senior management team within the Company.

The Board have established Board Committees namely the Audit and Risk Management Committee and, Nomination Committee and Remuneration Committee ("NRC"), which are entrusted with specific oversight responsibilities for the Company's Groups' affairs. The Board Committees are granted the authorities to act on each Board's behalf in accordance with their respective Terms of Reference ("TOR") and to report to the Board with the necessary recommendation. The TOR of the Board Committees are available at the Company's website. Further, as part of the Boards' responsibilities in ensuring compliance by the Company and Group with the MMLR, Companies Act 2016 and rules of other relevant authorities.

The Group aims to ensure a balance of power and authority between the Chairman and Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasizes and practices a division of responsibility between the Executive and Non-Executive Directors. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings are in compliance with good conduct and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

best practices. Whilst the Managing Director are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies. The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the Company's expenses.

The Board had adopted the Code of Ethics for Directors, Officers and Employees, and Anti-Bribery and Corruption Policy which is available on the Company's website.

The Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of Bursa Malaysia and its operations. The Company engage its stakeholders through various means of communication to enable them to more understand the Group's sustainability, priorities and targets as well as performance. The Sustainability Report of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2021, is set out on pages 24 to 34 of the Annual Report 2021. The Company engage its stakeholders through various means of communication to enable them to more understand the Group's business operation and seek their feedbacks and input on several matters relevant to them.

II. Board Composition

The Board currently consists of six (6) Directors i.e. one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the MMLR. This is in compliance with the MMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

The Board acknowledges the call by the Government and MCCG for Boards to comprise at least 30% women on board. The Company currently have two (2) women Director to the Board, which represent 33% of the total number of board members.

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.

In accordance to the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, Board justification and shareholders' approval are required. Two tier voting process will be applied in the Annual General Meeting ("AGM") for retaining any Independent Director serving beyond nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

As at the date of this statement, the term of service of the Independent Directors is less than nine (9) years.

The Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals. With the current composition, the NRC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have extensive experience with their many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise. The Chairman of the Board is not a member of any Board Committees which applied to the new Practice of MCCG 2021.

None of the Directors of the Company hold more than five (5) directorships of listed companies as provided under Paragraph 15.06 of the MMLR.

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the MMLR. The Board met on six (6) occasions during the financial year ended 31 December 2021 and the details of attendance at Board Meetings is set out below:-

Directors	Number of meetings attended / Number of meetings held	Percentage of attendance (%)
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	6/6	100%
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	6/6	100%
Tan Sri Datuk (Dr.) Rafiah Binti Salim	4/6 *absent due to medical reason	66.67%
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	6/6	100%
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	6/6	100%
Maha Ramanathan Palan	6/6	100%

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. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards. Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2021 are as follows:-

Directors	Training Programmes/Seminars/Workshops/Conferences
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	• Seminar/Dialog on Malaysian Defence Industries - The Way Forward
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	• Risk, Strategy and Governance – How Integrated Thinking Can Support Boards in Creating Long-Term Value (Webex) • Insights from TAFE Queensland: Future-Proof Hybrid Learning Environments • Affin Hwang AM Webinar | 2H 2021 Market Outlook (Zoom Meeting) • Gallup Webinar: How to Unlock the Full Potential of Your Employee Experience (Webcast) • Are Universities Worth It? (Zoom Meeting) • A Lasting Legacy: Ensuring the Future of Your Family Business • Corporate Tax Deduction in support of the Malaysian Arts & Culture Sector • AMU: Distinguished Talk Series 03/2021- Value Distribution in Global Value Chains: Interdependence Relationships, Markets for Social Justice and Governments Policy • A Human's Place in The Future of Work (Zoom Meeting)
Tan Sri Datuk (Dr.) Rafiah Binti Salim	• Launch of the Malaysia Board Diversity Study & Index • BNM – FIDE FORUM-MASB Dialogue on MFRS 17 Insurance Contracts : What Every Director Must Know • Unifying Insurance and Takaful – Value Based Protection • BNM-FIDE Dialogue : The Role of Independent Directors in Embracing Present and Future Challenges • MFRS 17 Insurance Contracts (General) by KPMG PLT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Directors	Training Programmes/Seminars/Workshops/Conferences
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	• Strategic Leadership, Strategic Planning & People Management • Practice of Mediation in Malaysia, Indonesia and Thailand : Sharing of Experience • National Tax Conference 2021 • Diplomacy in the Age of Disruption : Change or Status Quo? • Evidence in Public Policy • Leading at the Peak : Negotiation & Conflict Resolution • Seminar Percukaian Kebangsaan 2021 • Leadership Energy, Resilience and Agility • Conversation with Audit Committees • Budget Talk 2021
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	• Risk, Strategy & Governance-How integrated thinking can support boards in creating long term value • Audit documentation for ISA compliance • Tackling practical problems faced by Tax Payers • Anti Money Laundering, Anti Terrorism Financing and Proceeds of Unlawful Activities Act • Strengthening your Corporate Values ESG Adoption and highlights of MCCG 2021 • National Tax Conference 2021 • Audit completion stage and auditing disclosures with special emphasis on Covid 19 Audit Procedures and Disclosures • 2022 Budget Seminar • Compliance with Listing Requirements-Reporting of Financial Statements
Maha Ramanathan Palan	• OECD Education & Skills Today – Promoting a stronger professional identity in teaching: How to develop and support teachers in times of change • OECD Education & Skills Today – Connecting the dots: Interoperability in the field of educational technology • Imperial Future Matters – Is coronavirus destroying your network? • Harvard Business Review – 4 Strategies for Building a Hybrid Workplace that Works • Harvard Business Review – The 4 Tiers of Digital Transformation

During the financial year ended 31 December 2021, the External Auditors briefed the Board members on the changes to the Malaysian Financial Reporting Standards have impact on the Group's financial statements for the financial year.

<u>Company Secretary</u>

The Board is supported by a qualified secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act, 2016. As a practicing Company Secretary, she has also attended continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

She is also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the MMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretary in discharging her functions.

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 Independent Non-Executive Directors as follows:-

1. Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairman)
2. Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
3. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

The NRC is responsible for the Board evaluation process covering the Board, the Board Committees and individual Director. The NRC, upon conclusion of the evaluation exercise performed for the year 2021, was satisfied that the composition of the Board and its Board Committees possess a right blend of knowledge, expertise and experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Director which contributed to a healthy environment for constructive deliberation and decision-making process.

The Company's Constitution provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a Director who is eligible to stand for re-election, the NRC would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the Code;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and
- the independence of the Director.

The NRC had reviewed and assessed the size, mix of skill and experience, performance and contribution of the Board and Individual Director and satisfied with the current composition and performance of the Board for the financial year ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The NRC met once during the financial year ended 31 December 2021. The details of the members' attendance were as follows: -

Name of Director	Designation	No. of Meetings Attended
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Senior Independent Non-Executive Director)	Chairman	2/2
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar (Independent Non-Executive Director)	Member	2/2
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa (Independent Non-Executive Director) (Appointed on 21 May 2021)	Member	1/1

III. Directors' Remuneration

The NRC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The NRC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Director do not participate in the discussion and decision making of his own remuneration to avoid conflict of interest.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The annual review during the financial year ended 31 December 2021 was conducted by the Remuneration Committee RC on 22 November 2021.

The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group and the Company for the financial year ended 31 December 2021 are as follows:-

<u>Group Level</u>

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.)	-	67,220	-	6,500	-	73,720

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 Dato' Dr. Palaniappan A/L Ramanathan Chettiar	1,144,125	-	62,773	-	-	1,206,898
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	52,000	-	6,500	-	58,500
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	52,000	-	10,500	-	62,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	52,000	-	6,750	-	58,750
Maha Ramanathan Palan	477,923	8,000	57,240	-	-	543,163

<u>Company Level</u>

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.)	-	67,220	-	6,500	-	73,720
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	52,000	-	6,500	-	58,500
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	52,000	-	10,500	-	62,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	52,000	-	6,750	-	58,750

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
Maha Ramanathan Palan *(Redesignated as Executive Director on 30 March 2020)*	-	8,000	-	-	-	8,000

The aggregate remuneration paid out to the key senior management on group basis during the financial year ended 31 December 2021 are as follows: -

Remuneration (RM)	No. of key senior management*
1,652,215.50	5

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board is assisted by the Audit and Risk Management Committee ("ARMC") which comprises wholly of three (3) Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

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
  (Senior Independent Non-Executive Director)
  Member

The Chairman of the ARMC is not the Chairman of the Board. The ARMC comprises at least one (1) member fulfils qualifications prescribed by Bursa Securities via Paragraph 15.09(1)(c) of the MMLR of Bursa Securities. To-date, the Company has not appointed a former audit partner to be a member of the ARMC. In addition, the ARMC has revised the TOR of ARMC to update the cooling-off period of a former audit partner to three

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

(3) years before he/she can be considered for appointment as a ARMC member which aligns with the MCCG.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the principles of the MCCG, all members of the ARMC have continuously improved their financial literacy by attending trainings on the developments and changes in the Malaysian Financial Reporting Standards in order for them to discharge their duties effectively.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually based on the External Auditors Appointment.

The revised TOR of the ARMC to align with the MCCG 2021 is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2022/04/Minda-TOR-ARMC-20042022.pdf.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility 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.

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

I. Communication with Stakeholders

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

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) various 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 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

The AGM represents the principal forum for dialogue and interaction with shareholders. At each AGM, the Board presents the performance and progress of the Company and provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Company.

Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or clicking onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Questions & Answers Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Questions & Answers session. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM.

The Notice of the AGM is sent to shareholders at least 28 days prior to the AGM. The Company believes that shareholders will have sufficient time to make the necessary arrangement to submit the proxy forms or to participate the AGM. The 4th AGM of the Company held on 28 June 2021 was conducted fully virtual and online poll voting whereby shareholders and proxies can access and participate remotely.

The Minutes of the 4th AGM (including all the Questions raised at the meeting and the Answers thereto) were was also made available on the Company's website.

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 2021. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

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

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

STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG 2021 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 28 April 2022.

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 2021.

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
  (Senior Independent Non-Executive Director)
  Member

Meetings

The ARMC held six (6) meetings during the financial year ended 31 December 2021. The attendance of the committee members was as follows: -

Name of ARMC Member	Total Number of Meetings Attended
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	6/6
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	6/6
Tan Sri Datuk (Dr.) Rafiah Binti Salim	4/6 *Absent due to medical reason

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 2021 ("MCCG 2021"). The TOR of the ARMC is 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 2021

During the FYE 31 December 2021, 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 2021 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 2021 in relation to the statutory audit;

iv. Reviewed the ARMC Report and Statement on Risk Management and Internal Control for the FYE 31 December 2021 and recommended the adoption to the Board;

v. Reviewed with the External Auditors the Audit Planning Memorandum for the financial year ended 31 December 2021 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 2021.

vii. Reviewed and approved appointment of the Internal Auditor for the FYE 31 December 2021 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. 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)

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

Internal Audit Function

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 endeavor 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(Continued)

- The ARMC has active oversight on Internal Auditors' scope of work and resources. It also reviews the Internal Audit function and the scope of the annual audit plan and frequency of the internal audit activities.

During the financial year, the Internal Auditors conducted the following internal audit review in accordance with the approved Internal Audit Plan for 2021: -

i. Internal Audit Review on Student Registration, Admission, Admin & Business Development at University of Cyberjaya Campus

ii. Internal Audit Review on Operations Management at University of Cyberjaya Campus

iii. Follow up status reports on previously reported internal audit findings

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 28 April 2022.

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 2021. 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 organizational 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(Continued)

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

Day-to-day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and they are delegated with the responsibilities to identify and manage these risks. Significant risks identified during the risk assessment process were maintained in a formal database of risks and controls information i.e., risk registers, which capture the possible root causes, existing key controls and impact. The risks were then categorized 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 2021 (Jan – March 2021)	May 2021	University of Cyberjaya ("UoC")	• Student Registration / Admission & Admin • Business Development
2nd Quarter 2021 (April – June 2021)	Aug 2021	University of Cyberjaya ("UoC")	• Follow up actions on previously reported in May 2021
3rd Quarter 2021 (July – September 2021)	Nov 2021	University of Cyberjaya ("UoC")	• Operations Management
4th Quarter 2021 (Oct – December 2021)	Feb 2022	University of Cyberjaya ("UoC")	• Follow up actions on previously reported in Nov 2021

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 2021, 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;

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(Continued)

- 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.

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 2021, 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 2021. 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 28 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

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	347,000
Non-audit fees: – Review of statement on risk management and internal control	6,000	6,000
Total	96,000	353,000

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 2021.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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 2021.

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
Profit/(Loss) for the financial year	3,502	(72,098)
Attributable to:		
Owners of the Company	3,502	(72,098)

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 2021.

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; 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, the Company issued a total of 82,000,000 new ordinary shares pursuant to private placements at an issue price of RM0.06 per ordinary share for working capital purposes.

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

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

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

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	
Murugappan Kalaimani	
Dato' Abd Rashid Bin Mohd Sharif	
Dato' (Dr.) Asariah Binti Mior Shaharuddin	
Prof. Tan Sri Dato' Dr. Mohd Amin Bin Jalaludin	
Fazyanie Binti Fadzil	(Appointed on 29 April 2021)
Russaliza Binti Yaakop	(Appointed on 29 April 2021)
Mohindar Kaur A/P Ranjit Singh	(Resigned on 30 April 2021)
Vinesh Ashveen Nair	(Resigned on 30 April 2021)

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 1.1.2021	Bought	Sold	At 31.12.2021
The Ultimate Holding Company				
SMRT Holdings Berhad				
Direct interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	60,704,515	-	-	60,704,515
Indirect interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar #	71,289,272	-	-	71,289,272

Deemed interested pursuant to Section 8 and Section 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 RM45,000 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 COMPANIES AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interests in shares in the holding companies 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, 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 events during and subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

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

INDEMNITY TO AUDITORS

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

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: 28 April 2022

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property and equipment	5	76,057	81,571	-	-
Right-of-use assets	6	147,877	129,784	-	-
Goodwill on consolidation	7	75,683	75,683	-	-
Other intangible assets	8	54,068	54,762	-	-
Investment in subsidiaries	9	-	-	422,371	495,321
Deferred tax assets	10	8,425	8,783	-	-
Contract costs	11	2,736	1,968	-	-
Total non-current assets		364,846	352,551	422,371	495,321
Current assets					
Trade and other receivables	12	42,424	43,932	5,892	3,148
Contract costs	11	2,666	1,914	-	-
Current tax assets		537	584	-	-
Cash and bank balances	13	16,947	14,002	42	13
		62,574	60,432	5,934	3,161
Non-current assets held for sale	14	20,278	23,747	-	-
Total current assets		82,852	84,179	5,934	3,161
TOTAL ASSETS		447,698	436,730	428,305	498,482
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	388,129	383,209	388,129	383,209
Other reserves	16	7,420	7,420	-	-
Accumulated losses		(192,930)	(196,432)	(164,321)	(92,223)
TOTAL EQUITY		202,619	194,197	223,808	290,986

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONTINUED)

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	16,184	17,390	-	-
Lease liabilities	18	130,539	116,458	-	-
Deferred tax liabilities	10	16,533	16,533	-	-
Total non-current liabilities		163,256	150,381	-	-
Current liabilities					
Borrowings	17	1,268	8,492	-	-
Lease liabilities	18	14,421	6,434	-	-
Trade and other payables	19	36,208	47,535	204,497	207,496
Contract liabilities	20	29,926	29,691	-	-
Total current liabilities		81,823	92,152	204,497	207,496
TOTAL LIABILITIES		245,079	242,533	204,497	207,496
TOTAL EQUITY AND LIABILITIES		447,698	436,730	428,305	498,482

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 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	107,916	89,678	-	-
Cost of services		(48,256)	(56,081)	-	-
Gross profit		59,660	33,597	-	-
Other income		1,761	19,390	1,436	-
Administrative expenses		(41,351)	(44,309)	(470)	(995)
Net impairment loss on receivables		(4,373)	(2,562)	-	-
Other expenses		-	-	(72,950)	(22,981)
Operating profit/(loss)	22	15,697	6,116	(71,984)	(23,976)
Finance income		76	35	1	-
Finance costs	23	(11,871)	(18,163)	(115)	(110)
Profit/(Loss) before tax		3,902	(12,012)	(72,098)	(24,086)
Taxation	24	(400)	1,800	-	-
Profit/(Loss) for the financial year		3,502	(10,212)	(72,098)	(24,086)
Other comprehensive income/(loss), 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	-	-
		-	14,484	-	-
Total comprehensive income/(loss) for the financial year		3,502	4,272	(72,098)	(24,086)
Profit/(Loss) attributable to:					
Owners of the Company		3,502	(10,212)	(72,098)	(24,086)
Basic and diluted earnings/(loss) per share (sen)	25	0.27	(0.82)		

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 2021

Group	Share Capital RM'000	Other reserves Capital Reorganisation Deficit RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2020	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 comprehensive income	-	-	14,484	(10,212)	4,272
Transaction with owners					
Acquisition of a subsidiary (Note 9(c)), representing total transaction with owners	-	(3,611)	-	-	(3,611)
At 31 December 2020	383,209	(7,064)	14,484	(196,432)	194,197
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income	-	-	-	3,502	3,502
Transaction with owners					
Issue of ordinary shares, representing total transaction with owners	4,920	-	-	-	4,920
At 31 December 2021	388,129	(7,064)	14,484	(192,930)	202,619

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Company	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2020	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
Loss for the financial year, representing total comprehensive loss for the financial year	-	(72,098)	(72,098)
Transaction with owners			
Issue of ordinary shares, representing total transaction with owners	4,920	-	4,920
At 31 December 2021	388,129	(164,321)	223,808

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 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		3,902	(12,012)	(72,098)	(24,086)
Adjustments for:					
Amortisation of intangible assets		599	322	-	-
Amortisation of contract costs		3,288	2,865	-	-
Depreciation of:					
- property and equipment		6,658	7,035	-	-
- right-of-use asset		13,101	15,621	-	-
Net impairment losses/(Reversal of impairment losses) on:					
- property and equipment		-	(3,662)	-	-
- right-of-use assets		-	(2,290)	-	-
- trade receivables		4,139	2,081	-	-
- other receivables		234	481	-	-
- amount due from subsidiaries		-	-	(1,437)	-
- non-current assets held for sale		(131)	-	-	-
Gain on disposal of:					
- property and equipment		#	(41)	-	-
- subsidiary		(50)	-	-	-
COVID-19 related rent concession income		(123)	(4,026)	-	-
Impairment loss on investment in subsidiaries		-	-	72,950	22,981
Interest expense		11,871	18,163	115	110
Interest income		(76)	(35)	-	-
Gain on modification and derecognition of lease		(127)	(6,516)	-	-
Operating profit/(loss) before changes in working capital		43,285	17,986	(470)	(995)
Changes in working capital:					
Trade and other receivables		(7,596)	(3,371)	14	(6)
Contract costs		(4,808)	(3,431)	-	-
Trade and other payables		(10,292)	(5,835)	(266)	(220)
Contract liabilities		235	14,635	-	-
Net cash generated from/(used in) operations		20,824	19,984	(722)	(1,221)
Income tax paid		(36)	(92)	-	-
Income tax refunded		41	-	-	-
Interest paid		(11,871)	(18,163)	-	-
Interest received		76	35	-	-
Net cash from/(used in) operating activities		9,034	1,764	(722)	(1,221)

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Disposal of subsidiary, net of cash	9(b)	83	-	-	-
Subscription of shares in a subsidiary		-	-	-	(25,000)
Acquisition of a subsidiary, net of cash acquired	9(c)(ii)	-	(423)	-	-
(Advances to)/Repayments from subsidiaries		-	-	(1,321)	4,501
Acquisition of right-of-use assets		-	(130)	-	-
Purchase of property and equipment		(1,144)	(1,893)	-	-
Purchase of intangible asset		-	(2,975)	-	-
Deposits received from sale of non-current assets held for sale		-	3,360	-	-
Proceeds from disposal of property and equipment		@	41	-	-
Proceeds from disposal of non-current assets held for sale		3,600	13,000	-	-
Placement of deposits pledged with licensed banks		(42)	(39)	-	-
Placement of bank accounts pledged for term loan	13	(204)	(3,519)	-	-
Advances to holding company		-	(457)	-	-
Repayments from/(Advances to) related companies		3,898	(6,142)	-	-
Net cash from/(used in) investing activities		6,191	823	(1,321)	(20,499)
Cash flows from financing activities					
(Repayments to)/Advances from subsidiaries		-	-	(2,848)	28,734
Advances from holding company		520	-	520	-
(Repayment to)/Advances from related companies	(a)	(660)	1,884	(520)	(2)
Repayment to a director	(a)	-	(7,003)	-	(7,003)
Proceeds from issuance of ordinary shares		4,920	-	4,920	-
Withdrawal of bank accounts pledged for Sukuk Wakalah	13	-	1,100	-	-
Drawdown of term loan	(a)	-	17,390	-	-
Repayment of Sukuk Wakalah	(a)	-	(16,482)	-	-
Payments of lease liabilities	(a)	(8,876)	(1,467)	-	-
Net cash (used in)/from financing activities		(4,096)	(4,578)	2,072	21,729
Net increase/(decrease) in cash and cash equivalents		11,129	(1,991)	29	9
Cash and cash equivalents at the beginning of the financial year		1,104	3,095	13	4
Cash and cash equivalents at the end of the financial year		12,233	1,104	42	13

\# Representing (RM1).
@ Representing RM1.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Analysis of cash and cash equivalents:					
Deposits placed with licensed banks	13	929	887	-	-
Cash and bank balances	13	16,018	13,115	42	13
Bank overdrafts	17	(62)	(8,492)	-	-
		16,885	5,510	42	13
Less: Deposits pledged with licensed banks	13	(929)	(887)	-	-
Less: Bank accounts pledged for term loan	13	(3,723)	(3,519)	-	-
Cash and cash equivalents		12,233	1,104	42	13

(a) Reconciliation of liabilities arising from financing activities:

Group

	1 January 2021 RM'000	Cash Flows RM'000	Non-cash Additions RM'000	Non-cash Modification and Derecognition of Lease RM'000	Non-cash COVID-19 Rent Consession RM'000	31 December 2021 RM'000
Amounts due to holding company	2,246	520	-	-	-	2,766
Amounts due to related companies	4,177	(660)	-	-	-	3,517
Term loan	17,390	-	-	-	-	17,390
Lease liabilities	122,892	(8,876)	32,592	(1,525)	(123)	144,960
	146,705	(9,016)	32,592	(1,525)	(123)	168,633

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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

Group (Continued)

			Non-cash				
	1 January 2020 RM'000	Cash Flows RM'000	Additions RM'000	Modification and Derecognition of Lease RM'000	COVID-19 Rent Consession RM'000	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

Company

			Non-cash	
	1 January 2021 RM'000	Cash Flows RM'000	Interest RM'000	31 December 2021 RM'000
Amounts due to subsidiaries	204,755	(2,848)	-	201,907
Amounts due to holding company	1,093	520	-	1,613
Amounts due to related companies	1,292	(520)	115	887
	207,140	(2,848)	115	204,407

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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

Company (Continued)

			Non-cash		
	1 January 2020 RM'000	Cash Flows RM'000	Acquisition of a Subsidiary RM'000	Interest RM'000	31 December 2020 RM'000
Amounts due to subsidiaries	170,791	28,734	5,230	-	204,755
Amounts due to holding company	1,093	-	-	-	1,093
Amounts due to related companies	1,184	(2)	-	110	1,292
Amounts due to a director	7,003	(7,003)	-	-	-
	180,071	21,729	5,230	110	207,140

(b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM19,870,000 (2020: RM17,658,000).

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.

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 28 April 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), 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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16 *	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board ("MASB") on 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(s) to MFRS 16 Leases

The Group has early adopted the amendments to MFRS 16 that issued on 5 June 2020 and early adopted the amendment(s) to MFRS 16 that issued on 6 April 2021 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2021 and 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 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
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	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 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	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	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 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. The initial application of the above applicable new MFRS and 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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

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

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

(i) Subsidiaries (Continued)

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).

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).

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(ii) Business combination (Continued)

Acquisition method (Continued)

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.

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;

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

(iii) Reorganisation (Continued)

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 (Continued):

- no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in capital reorganisation reserve or deficit.

(iv) Acquisition of non-controlling interests

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

(v) Non-controlling interests

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

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

(vi) Transaction eliminated on consolidation

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

(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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property and equipment and depreciation

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).

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

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.

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
Signage	5 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).

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

(ii) Development costs

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

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

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

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

(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).

(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).

(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).

(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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

(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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(d) **Leases (Continued)**

(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.

Right-of-use asset

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).

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), then it classifies the sub-lease as an operating lease.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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 net of bank overdrafts and 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). 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). 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.

(b) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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):

(b) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

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

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

Financial liabilities at amortised cost

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

(ii) Financial guarantee contracts

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

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

(iii) Derecognition

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

(a) the contractual rights to receive cash flows from the financial asset expire; or

(b) 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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

(iii) Derecognition (Continued)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

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

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

(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.

(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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(h) **Impairment of assets (Continued)**

(i) Impairment of financial assets (Continued)

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)**

(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**

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

(i) **Current tax**

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

(ii) **Deferred tax**

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(l) **Income tax (Continued)**

(ii) **Deferred tax (Continued)**

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

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

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

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

(iii) **Sales and services tax**

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

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

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

(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 plan

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

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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) **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.

CONSOLIDATED FINANCIAL STATEMENTS

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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										
2021										
Cost/Valuation										
At 1 January 2021	55,420	494	2,736	7,557	4,513	56,224	5,279	139	1	132,363
Additions	-	15	-	74	36	935	81	-	3	1,144
Disposals	-	-	(369)	-	-	-	-	-	-	(369)
At 31 December 2021	55,420	509	2,367	7,631	4,549	57,159	5,360	139	4	133,138
Representing:										
- cost	-	509	2,367	7,631	4,549	57,159	5,360	139	4	77,718
- valuation	55,420	-	-	-	-	-	-	-	-	55,420
	55,420	509	2,367	7,631	4,549	57,159	5,360	139	4	133,138

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

	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										
2021										
Accumulated depreciation and impairment losses										
At 1 January 2021										
Accumulated depreciation	-	434	2,700	3,344	4,183	24,967	3,373	138	-	39,139
Accumulated impairment losses	11,611	-	-	42	-	-	-	-	-	11,653
	11,611	434	2,700	3,386	4,183	24,967	3,373	138	-	50,792
Depreciation for the financial year	937	21	17	957	149	4,230	347	-	-	6,658
Disposals										
- Depreciation	-	-	(369)	-	-	-	-	-	-	(369)
At 31 December 2021	12,548	455	2,348	4,343	4,332	29,197	3,720	138	-	57,081
Representing:										
- accumulated depreciation	937	455	2,348	4,301	4,332	29,197	3,720	138	-	45,428
- accumulated impairment losses	11,611	-	-	42	-	-	-	-	-	11,653
	12,548	455	2,348	4,343	4,332	29,197	3,720	138	-	57,081
Carrying amount										
At 31 December 2021	42,872	54	19	3,288	217	27,962	1,640	1	4	76,057
Representing:										
- cost	-	54	19	3,288	217	27,962	1,640	1	4	33,185
- valuation	42,872	-	-	-	-	-	-	-	-	42,872
	42,872	54	19	3,288	217	27,962	1,640	1	4	76,057

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

	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 (Note 9(c))	-	-	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)

	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										
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
	32,046	5,730	2,813	11,990	12,717	24,961	17,015	138	-	107,410
Acquisition of a subsidiary (Note 9(c))	-	-	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	11,611	434	2,700	3,386	4,183	24,967	3,373	138	-	50,792
Representing:										
- accumulated depreciation	-	434	2,700	3,344	4,183	24,967	3,373	138	-	39,139
- accumulated impairment losses	11,611	-	-	42	-	-	-	-	-	11,653
	11,611	434	2,700	3,386	4,183	24,967	3,373	138	-	50,792

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

	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
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

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

Group

(a) **Revaluation of leasehold land and buildings**

Management determined that the leasehold land as disclosed in Note 6 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 during the financial year ended 31 December 2020.

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	
	2021	**2020**
	RM'000	**RM'000**
Leasehold land	9,281	9,852
Buildings	34,260	35,198

(b) **Impairment loss**

In the previous financial year, based on the valuation by the independent professional valuer, a reversal of impairment loss of RM2,291,091 and RM3,661,862 respectively in respect of leasehold land as disclosed in Note 6 and buildings, were recognised in profit or loss.

(c) **Security**

Buildings and renovation with a carrying amount of RM42,875,693 (2020: RM43,825,901) were pledged to secure borrowings as disclosed in Note 17.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

Group (Continued)

(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				
2021				
- Leasehold land (Note 6)	-	-	20,300	20,300
- Buildings	-	-	43,809	43,809
	-	-	64,109	64,109
2020				
- Leasehold land (Note 6)	-	-	20,300	20,300
- Buildings	-	-	43,809	43,809
	-	-	64,109	64,109

There were no Level 1 or Level 2 leasehold land and buildings or transfer between Level 1 and Level 2 during the financial year ended 31 December 2021 or 31 December 2020.

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
2021/2020			
Leasehold land and buildings	Comparison method	Adjusted market 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	Average construction cost of RM68 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

(Continued)

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 2021	20,300	128,944	229	823	150,296
Additions	-	3,798	-	-	3,798
Reassessment of lease	-	28,794	-	-	28,794
Modification and derecognition of lease	-	(2,255)	-	-	(2,255)
Disposal of a subsidiary	-	(44)	-	-	(44)
At 31 December 2021	20,300	159,237	229	823	180,589
Representing:					
- cost	-	159,237	229	823	160,289
- valuation	20,300	-	-	-	20,300
	20,300	159,237	229	823	180,589
Accumulated depreciation					
At 1 January 2021	-	19,985	136	391	20,512
Depreciation charge for the financial year	571	12,271	92	167	13,101
Modification and derecognition of lease	-	(857)	-	-	(857)
Disposal of a subsidiary	-	(44)	-	-	(44)
At 31 December 2021	571	31,355	228	558	32,712
Carrying amount					
At 31 December 2021	19,729	127,882	1	265	147,877
Representing:					
- cost	-	127,882	1	265	128,148
- valuation	19,729	-	-	-	19,729
	19,729	127,882	1	265	147,877

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/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 (Note 9(c))	-	-	-	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
	3,854	12,929	46	10	16,839
Acquisition of a subsidiary (Note 9(c))	-	-	-	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	-	19,985	136	391	20,512
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)

(a) The Group leases land and buildings to be used as campus and office. The leasehold land has unexpired lease terms of 68 to 71 years (2020: 69 to 72 years). The leases of buildings generally have lease terms between 1 to 15 years (2020: 1 to 9 years).

(b) In the previous 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 RM19,728,993 (2020: RM20,300,000) were pledged as security for borrowings as disclosed in Note 17.

(d) The Group also leased computer equipment and motor vehicles under lease arrangements with lease terms of 3 to 7 years (2020: 3 to 7 years) and have options to purchase the assets at the end of the contract term.

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

7. GOODWILL ON CONSOLIDATION

	Group	
	2021	**2020**
	RM'000	**RM'000**
Goodwill on consolidation	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% (2020: 1%) which is based on the country headline inflation rate; and
- The 14% (2020: 12%) 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.

The estimated recoverable amount exceeds the carrying amount of the 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.

CONSOLIDATED FINANCIAL STATEMENTS

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8. OTHER INTANGIBLE ASSETS

	Education License RM'000	Software RM'000	Development Costs RM'000	Intellectual Rights RM'000	Franchise Fee RM'000	Trademark RM'000	Total RM'000
Group							
2021							
Cost							
At 1 January	49,829	992	3,157	3	53	1,500	55,534
Disposal of a subsidiary	-	-	(181)	-	-	-	(181)
At 31 December	49,829	992	2,976	3	53	1,500	55,353
Accumulated amortisation							
At 1 January	-	605	158	3	6	-	772
Amortisation for the financial year	-	202	392	-	5	-	599
Disposal of a subsidiary	-	-	(86)	-	-	-	(86)
At 31 December	-	807	464	3	11	-	1,285
Carrying amount							
At 31 December	49,829	185	2,512	-	42	1,500	54,068
2020							
Cost							
At 1 January	49,829	992	182	3	53	-	51,059
Additions - acquired separately	-	-	2,975	-	-	-	2,975
Acquisition of a subsidiary (Note 9(c))	-	-	-	-	-	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

(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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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 the 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% (2020: 1%) which is based on the country headline inflation rate; and
- The 14% (2020: 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 14% (2020: 13%) 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.

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9. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
At cost:		
Unquoted shares	582,640	582,640
Less: Accumulated impairment losses		
At 1 January	(87,319)	(64,338)
Additions	(72,950)	(22,981)
At 31 December	(160,269)	(87,319)
	422,371	495,321

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 RM72,950,000 (2020: RM22,981,000) 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% (2020: 1%), applying pre-tax discount rate of 14% (2020: 11%).

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

Name of Company	Ownership Interest 2021 %	Ownership Interest 2020 %	Principal Activities
Direct			
ASIAMET Education Group Sdn. Bhd. ("AEGSB")	100	100	Investment holding
Minda Global International Education Sdn. Bhd.	100	100	Provision of education services
Minda Global Management Sdn. Bhd.	100	100	Provision of management service
Cyberjaya College Central Sdn. Bhd. (formerly known as ASIAMET (KB) Sdn. Bhd.)	100	100	Provision of education services
Cyberjaya College Kota Kinabalu Sdn. Bhd. (formerly known as ASIAMET (KK) Sdn. Bhd.)	100	100	Provision of education services
Cyberjaya College Kuching Sdn. Bhd. (formerly known as ASIAMET (Kuching) Sdn. Bhd.)	100	100	Provision of education services

CONSOLIDATED FINANCIAL STATEMENTS

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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 2021 %	2020 %	Principal Activities
Direct (Continued)			
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	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	Provision of properties management services
CUCMS Edutech Sdn. Bhd.	-	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

(a) **Disposal of CUCMS Properties Management Sdn. Bhd.**

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.

CONSOLIDATED FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Disposal of CUCMS Properties Management Sdn. Bhd. (Continued)

(i) Summary of the effects of disposal of CUCMS Properties Management Sdn. Bhd.:

	2021 RM'000
Recognised:	
Cash consideration received	*
Derecognised:	
Cash and cash equivalents	@
Loss on disposal of CUCMS Properties Management Sdn. Bhd.	#

(ii) Effects of disposal on cash flows:

	2021 RM'000
Consideration received in cash	*
Less: Cash and cash equivalents of subsidiary disposed	@
Net cash outflows on disposal	#

* Representing RM1.
@ Representing (RM2).
\# Representing (RM1).

(b) Disposal of CUCMS Edutech Sdn. Bhd.

(i) Summary of the effects of disposal of CUCMS Edutech Sdn. Bhd.:

	2021 RM'000	RM'000
Recognised:		
Cash consideration received		100
Derecognised:		
Other intangible asset (Note 8)	95	
Cash and cash equivalents	17	
Other payables	(12)	100
Gain on disposal of CUCMS Edutech Sdn. Bhd.		-

CONSOLIDATED FINANCIAL STATEMENTS

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9. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

(b) **Disposal of CUCMS Edutech Sdn. Bhd. (Continued)**

(ii) Effects of disposal on cash flows:

	2021 **RM'000**
Consideration received in cash	100
Less: Cash and cash equivalents of subsidiary disposed	(17)
Net cash outflows on disposal	83

(c) **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 became 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 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	**2020** **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

CONSOLIDATED FINANCIAL STATEMENTS

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9. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

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

(i) The carrying amount of identifiable assets acquired and liabilities recognised:

	2020 RM'000
Assets	
Property and equipment (Note 5)	20
Right-of-use assets (Note 6)	343
Other intangible assets (Note 8)	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

(ii) Effect of acquisition on cash flows

	2020 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:

	2020 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.

(d) In the previous 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.

CONSOLIDATED FINANCIAL STATEMENTS

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10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	(7,750)	(4,870)
Recognised in profit or loss (Note 24)	(358)	1,694
Recognised in other comprehensive income (Note 24)	-	(4,574)
At 31 December	(8,108)	(7,750)

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

	Group 2021 RM'000	Group 2020 RM'000
Deferred tax assets	8,425	8,783
Deferred tax liabilities	(16,533)	(16,533)
	(8,108)	(7,750)

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 2021 RM'000	Recognised in profit or loss RM'000	As at 31 December 2021 RM'000
Deferred tax assets			
Property and equipment	112	640	752
Other deductible temporary differences	833	(833)	-
Unabsorbed capital allowances	66	(66)	-
Contract liabilities	5,718	(470)	5,248
Unutilised tax losses	25	(25)	-
Right-of-use assets	2,708	678	3,386
	9,462	(76)	9,386
Deferred tax liabilities			
Other taxable temporary differences	(679)	(282)	(961)
Revaluation reserves	(4,574)	-	(4,574)
Education license	(11,959)	-	(11,959)
	(17,212)	(282)	(17,494)
	(7,750)	(358)	(8,108)

CONSOLIDATED FINANCIAL STATEMENTS

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

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

Group	As at 1 January 2020 RM'000	Recognised in profit or loss RM'000	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)

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

	Group 2021 RM'000	2020 RM'000
Plant and equipment	26	66
Unabsorbed capital allowances	282,183	283,949
Unutilised investment tax allowances	90,466	90,466
Unutilised tax losses	132,198	131,714
Other deductible temporary differences	53,113	52,907
	557,986	559,102

CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Group 2021 RM'000
2031	959
2030	678
2029	7,791
2028	122,770
	132,198

11. CONTRACT COSTS

	Group	
	2021 RM'000	2020 RM'000
Non-current		
Contract costs	2,736	1,968
Current		
Contract costs	2,666	1,914
	5,402	3,882

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 RM3,288,000 (2020: RM2,865,000) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

CONSOLIDATED FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current				
Trade				
Trade receivables	67,253	70,505	-	-
Less: Allowance for impairment losses	(48,843)	(49,860)	-	-
	18,410	20,645	-	-
Non-trade				
Amounts due from subsidiaries	-	-	5,892	4,571
Less: Allowance for impairment losses	-	-	-	(1,437)
	-	-	5,892	3,134
Other receivables	3,130	2,025	-	-
Less: Allowance for impairment losses	(827)	(593)	-	-
	2,303	1,432	-	-
Deposits	11,565	7,489	-	-
Prepayments	618	940	-	14
Amounts due from holding company	7,284	7,284	-	-
Amounts due from related companies	2,244	6,142	-	-
	21,711	21,855	-	14
	24,014	23,287	5,892	3,148
	42,424	43,932	5,892	3,148

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

The amounts due from subsidiaries that are impaired at the reporting date and the reconciliations of movement in the impairment allowance of amounts due from subsidiaries are as follows:

	Company 2021 RM'000	Company 2020 RM'000
At 1 January	1,437	1,437
Reversal of impairment losses	(1,437)	-
At 31 December	-	1,437

CONSOLIDATED FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Included in deposits of the Group are rental deposits amounting to RM9,916,690 (2020: RM6,441,003). Included in rental deposits of the Group are rental deposits amounting to RM7,988,793 (2020: RM3,358,328) paid to a related company.

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

(d) 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.

(e) Trade receivables

Receivables that are impaired

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**	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	49,860	53,683	-	-
Charge for the financial year			-	
- Individually assessed	1,394	1,742		-
- Collectively assessed	2,745	441	-	-
Reversal of impairment losses	-	(102)	-	-
Written off	(5,156)	(5,904)	-	-
At 31 December	48,843	49,860	-	-

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

(f) 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	
	2021 RM'000	**2020 RM'000**
At 1 January	593	112
Charge for the financial year		
- Individually assessed	234	481
At 31 December	827	593

CONSOLIDATED FINANCIAL STATEMENTS

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13. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	929	887	-	-
Cash and bank balances	16,018	13,115	42	13
	16,947	14,002	42	13

(a) Deposits placed with licensed banks of RM928,829 (2020: RM887,297) 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 (2020: 30 days to 365 days) and bear interest at a rate of 1.50% to 1.91% (2020: 1.85% to 2.98%) per annum.

(c) Included in cash and bank balances of the Group amounting to RM3,723,176 (2020: RM3,519,455) are restricted fund held as security for the borrowing facilities as disclosed in Note 17.

14. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2021	2020
	RM'000	RM'000
Cost		
At 1 January	72,040	95,883
Transfer from property and equipment (Note 5)	-	5,878
Transfer from right-of-use assets (Note 6)	-	1,500
Disposal	(7,378)	(31,221)
At 31 December	64,662	72,040
Accumulated depreciation and impairment losses		
At 1 January	48,293	62,736
Transfer from property and equipment (Note 5)	-	3,142
Transfer from right-of-use assets (Note 6)	-	636
Reversal of impairment loss	(131)	-
Disposal	(3,778)	(18,221)
At 31 December	44,384	48,293
Carrying amount		
At 31 December	20,278	23,747

Included in the non-current assets held for sale are properties with carrying amount of RM20,277,765 (2020: RM20,277,765) registered under master title which have yet to be sub-divided or strata and register in the name of the subsidiary.

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

(a) During the financial year 2019, 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 2022. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

The Proposed Building Disposal is being delayed due to refusal by liquidator in providing the consents or endorsement and undertakings to enable completion of the sale of the said property. The Group, via its solicitor, had, in February 2021 filed a Notice of Motion and submitted the relevant documents to the High Court to appeal against the act and/or decision of the liquidator not to act in giving their consent or endorsement and undertaking. On 1 September 2021, the High Court judge had granted an order in favour of the Group directing the liquidator to, inter alia, provide the required consent. The liquidator had filed two appeals at the Court of Appeal. On 8 March 2022, the Court of Appeal had granted a stay of execution of High Court order to the liquidator. The Group had filed two leave to appeal at the Federal Court seeking leave to appeal against the decision of the Court of Appeal. The Federal Court had fixed 9 May 2022 for case management. The Group expects the issue to be resolved and the sale would be completed within the next financial year. Hence, the directors are of the view that these properties would continue to be classified as non-current assets held for sale.

(b) 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 was completed during the financial year.

15. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Issued and fully paid up (no par value):				
At 1 January	1,239,906	383,209	1,239,906	383,209
Issued during the financial year	82,000	4,920	-	-
At 31 December	1,321,906	388,129	1,239,906	383,209

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.

During the financial year, the Company issued a total of 82,000,000 new ordinary shares pursuant to private placements at an issue price of RM0.06 per ordinary share for working capital purposes.

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

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16. OTHER RESERVES

	Group 2021 RM'000	Group 2020 RM'000
Capital reorganisation deficit	(7,064)	(7,064)
Revaluation reserve	14,484	14,484
	7,420	7,420

(a) Capital reorganisation deficit

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	(7,064)	(3,453)
Acquisition of a subsidiary (Note 9(c))	-	(3,611)
At 31 December	(7,064)	(7,064)

Capital reorganisation deficit includes:

(i) the difference between the purchase consideration to acquire ASIAMET Education Group Sdn. Bhd. and the share capital of AEGSB; and

(ii) the difference between the purchase consideration to acquire SMR HR Group Sdn. Bhd. and the book value of identifiable assets and liabilities assumed.

(b) Revaluation reserve

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings net of deferred taxation.

17. BORROWINGS

	Group 2021 RM'000	Group 2020 RM'000
Non-current		
Secured		
Term loan (Islamic)	16,184	17,390
Total non-current borrowing	16,184	17,390
Current		
Secured		
Bank overdrafts	62	8,492
Term loan (Islamic)	1,206	-
Total current borrowings	1,268	8,492
Total borrowings	17,452	25,882

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17. BORROWINGS (CONTINUED)

(a) Term loan (Islamic)

Term loan of a subsidiary bears profit rate at 5.51% (2020: 5.51%) 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 of the Company;
(iii) Corporate guarantee of the Company; and
(iv) Charge over cash deposit – debt service reserve account (Note 13).

(b) Bank overdrafts

The bank overdrafts bear interest ranging from 6.51% to 7.90% (2020: 6.51% to 7.40%) per annum. The bank overdrafts are secured by way of:

(i) Charge over properties of a subsidiary (Note 5, 6 and 14);
(ii) Guarantee from a director of the Company;
(iii) Corporate guarantee of the Company;
(iv) Charge over cash deposit – debt service reserve account (Note 13);
(v) Fixed deposits placed with licensed banks (Note 13);
(vi) Half yearly sinking fund of RM25,000 to be placed until the bank overdraft of RM495,000 is fully secured; and
(vii) Corporate guarantee by the ultimate holding company.

18. LEASE LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Lease liabilities	130,539	116,458
Current		
Lease liabilities	14,421	6,434
	144,960	122,892

Computer equipment and motor vehicles of the Group as disclosed in Note 6 are pledged for leases. Such leases with carrying amount of RM266,540 (2020: RM524,598) 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% to 8.80% (2020: 2.29% to 8.12%).

CONSOLIDATED FINANCIAL STATEMENTS

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18. LEASE LIABILITIES (CONTINUED)

	Group 2021 RM'000	Group 2020 RM'000
Future minimum lease payments	194,401	194,762
Less: Future interest charges	(49,441)	(71,870)
Total present value of minimum lease payables	144,960	122,892
Current liabilities		
Payable within one year		
Future minimum lease payments	23,360	16,971
Less: Future interest charges	(8,939)	(10,537)
Present value of minimum lease payments	14,421	6,434
Non-current liabilities		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	80,539	71,288
Less: Future interest charges	(25,751)	(34,764)
Present value of minimum lease payments	54,788	36,524
Payable more than 5 years		
Future minimum lease payments	90,502	106,503
Less: Future interest charges	(14,751)	(26,569)
Present value of minimum lease payments	75,751	79,934
Total present value of minimum lease payables	144,960	122,892

19. TRADE AND OTHER PAYABLES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade				
Trade payables	543	1,158	-	-
Non-trade				
Other payables	15,438	23,402	-	42
Accruals	9,462	11,467	90	314
Deposits received	4,482	5,085	-	-
Amounts due to subsidiaries	-	-	201,907	204,755
Amounts due to holding company	2,766	2,246	1,613	1,093
Amounts due to related companies	3,517	4,177	887	1,292
	35,665	46,377	204,497	207,496
	36,208	47,535	204,497	207,496

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19. TRADE AND OTHER PAYABLES (CONTINUED)

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

(i) an amount of RM1,188,271 (2020: RM1,093,213) due to contractor for the renovation of new campus;

(ii) an amount of RM87,068 (2020: RM3,348,745) in respect of rental of premises; and

(iii) an amount of RM348,518 (2020: 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 RM3,000,000 (2020: RM3,360,000) 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 (2020: 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	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Interest bearing	(i)	887	887	887	887
Non-interest bearing	(ii)	2,630	3,290	-	405
		3,517	4,177	887	1,292

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% (2020: 5.00%) per annum and repayable on demand.

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

CONSOLIDATED FINANCIAL STATEMENTS
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20. CONTRACT LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000
Deferred income	18,816	18,379
Advances received from students	11,110	11,312
	29,926	29,691

Significant changes in contract balances:

	Group 2021 RM'000	Group 2020 RM'000
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	(29,691)	(15,056)
Increase due to billings/cash received in advance not recognised as revenue at the end of the financial year	29,926	29,691

21. REVENUE

	Group 2021 RM'000	Group 2020 RM'000
Revenue from contract with customers:		
Course fees	92,146	69,940
Royalty fees	4,823	4,094
Resource fees	1,443	1,264
Other miscellaneous charges	8,087	11,443
	106,499	86,741
Revenue from other sources:		
Hostel rental	1,417	2,937
	107,916	89,678

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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:					
2021					
Cyberjaya	73,976	103	-	1,268	75,347
Johor Bahru	16,930	-	-	-	16,930
Kuching	-	4,702	-	-	4,702
Kota Kinabalu	-	7,596	-	-	7,596
Ipoh	-	-	1,924	-	1,924
	90,906	12,401	1,924	1,268	106,499
Timing of revenue recognition:					
At a point in time	5,780	561	679	1,067	8,087
Over time	85,126	11,840	1,245	201	98,412
	90,906	12,401	1,924	1,268	106,499
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

(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.

CONSOLIDATED FINANCIAL STATEMENTS

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22. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	599	322	-	-
Amortisation of contract costs	3,288	2,865	-	-
Auditors' remuneration				
- statutory audit				
- current year	347	365	90	90
- prior year	(17)	138	-	-
- other services	6	6	6	6
Depreciation of:				
- property and equipment	6,658	7,035	-	-
- right-of-use assets	13,101	15,621	-	-
Executive directors				
- fees	8	12	8	12
- salaries, allowances and others	2,321	2,185	-	1
- contributions to Employees Provident Fund	202	215	-	-
Non-executive directors				
- fees	385	394	223	190
- allowances	33	26	30	24
Impairment loss on:				
- trade receivables	4,139	2,183	-	-
- other receivables	234	481	-	-
- investment in subsidiaries	-	-	72,950	22,981
Personnel expenses (including other key management personnel):				
- wages, salaries and others	40,141	43,394	-	-
- contributions to Employees Provident Fund	3,821	3,982	-	-
Expenses relating to short-term lease:				
- premises	756	355	-	-
Expenses relating to low value assets:				
- equipment	8	32	-	-

CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

22. OPERATING PROFIT/(LOSS) (CONTINUED)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
And crediting:				
Interest income	76	35	1	-
Gain on modification and derecognition of lease	127	6,516	-	-
COVID-19 related rent concession income	123	4,026	-	-
Gain on disposal of:				
- property and equipment	#	41	-	-
- subsidiaries	50	-	-	-
Reversal of impairment loss:				
- property and equipment	-	3,662	-	-
- right-of-use assets	-	2,290	-	-
- trade receivables	-	102	-	-
- amounts due from subsidiary	-	-	1,437	-
- non-current assets held for sale	131	-	-	-
Rental income from properties	944	1,488	-	-

\# The gain on disposal of property and equipment is RM1.

23. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense:				
- advances from a related company	115	110	115	110
- term loan	972	417	-	-
- Sukuk Wakalah	-	1,391	-	-
- lease liabilities	10,230	15,804	-	-
- bank overdrafts	554	441	-	-
	11,871	18,163	115	110

CONSOLIDATED FINANCIAL STATEMENTS

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24. TAXATION

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current income tax				
- current year	37	35	-	-
- prior years	5	(141)	-	-
	42	(106)	-	-
Deferred tax (Note 10)				
- current year	424	(2,167)	-	-
- prior years	(66)	473	-	-
	358	(1,694)	-	-
Total tax expense/(credit) recognised in profit or loss	400	(1,800)	-	-
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% (2020: 24%) of the estimated assessable profit for the financial year.

CONSOLIDATED FINANCIAL STATEMENTS

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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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit/(Loss) before tax	3,902	(12,012)	(72,098)	(24,086)
Taxation at the applicable tax rate of 24% (2020: 24%)	936	(2,883)	(17,304)	(5,781)
Tax effects arising from:				
- non-deductible expenses	1,431	4,038	17,304	5,781
- non-taxable income	(178)	(1,924)	-	-
- tax exempt income	(1,460)	(1,783)	-	-
- utilisation of unrecognised deferred tax assets	(528)	-	-	-
- under/(over) provision of current income tax in prior year	5	(141)	-	-
- (over)/under provision of deferred tax in prior year	(66)	473	-	-
- origination of deferred tax assets not recognised in the financial statements	260	420	-	-
Income tax expense/(credit) recognised in profit or loss	400	(1,800)	-	-

CONSOLIDATED FINANCIAL STATEMENTS

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25. EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per ordinary share for the financial year ended 31 December 2021 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to owners of the Company	3,502	(10,212)

	2021 '000	2020 '000
Weighted average number of ordinary shares:		
Number of ordinary shares in issue as of 1 January	1,239,906	1,239,906
Effect of issuance of ordinary shares pursuant to private placements	66,723	-
Weighted average number of ordinary shares in issue at 31 December	1,306,629	1,239,906

	2021 Sen	2020 Sen
Basic earnings/(loss) per ordinary share	0.27	(0.82)

Diluted earnings/(loss) per share

The diluted earnings/(loss) per share of the Company for the financial year ended 2021 and 2020 is equal to the basic earnings/(loss) per share of the Company as there are no potential dilutive ordinary shares in issue.

26. CORPORATE GUARANTEE

	Company 2021 RM'000	Company 2020 RM'000
Corporate guarantee for credit facility granted to a subsidiary		
- CUCMS Education Sdn. Bhd.	17,390	25,529

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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.

(b) Significant related party transactions and balances

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions with:				
Related companies				
Interest expenses paid/payable	115	110	115	110
Rental of premises paid/payable	12,144	11,695	-	-
IT expenses paid/payable	1,080	-	-	-
Disposal of motor vehicle to a key management personnel	#	-	-	-

\# The sales proceeds for the disposal of motor vehicle is RM1.

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

CONSOLIDATED FINANCIAL STATEMENTS

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27. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
- fees	231	202	231	202
- salaries, allowances and others	1,652	1,012	30	25
- contribution to Employees' Provident Fund	120	118	-	-
	2,003	1,332	261	227
Directors of subsidiaries				
- fees	162	204	-	-
- salaries, allowances and others	702	1,199	-	-
- contribution to Employees' Provident Fund	82	97	-	-
	946	1,500	-	-
	2,949	2,832	261	227
Other key management personnel				
- salaries, allowances and others	1,270	1,167	-	-
- contribution to Employees' Provident Fund	84	72	-	-
	1,354	1,239	-	-

CONSOLIDATED FINANCIAL STATEMENTS

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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)**

Group	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
2021						
Revenue						
External revenue	91,463	13,261	1,924	1,268	-	107,916
Inter-segment revenue *	-	-	-	8,034	(8,034)	-
	91,463	13,261	1,924	9,302	(8,034)	107,916
Results						
Profit/(Loss) before tax	4,416	(342)	1	(173)	-	3,902
Tax (expense)/credit	(380)	(35)	-	15	-	(400)
Profit/(Loss) for the financial year	4,036	(377)	1	(158)	-	3,502
Included in the measure of segment loss are:						
(Impairment loss)/Reversal of:						
- trade receivables	(3,569)	(529)	(41)	-	-	(4,139)
- non-current assets held for sale	-	131	-	-	-	131
Interest expense	(10,615)	(1,103)	-	(153)	-	(11,871)
Interest income	66	-	-	10	-	76
Amortisation of intangible assets	(233)	-	-	(366)	-	(599)
Amortisation of contract costs	(2,423)	(865)	-	-	-	(3,288)
Depreciation of:						
- property and equipment	(6,528)	(63)	(33)	(34)	-	(6,658)
- right-of-use assets	(10,813)	(2,171)	-	(117)	-	(13,101)
Gain on modification and derecognition of lease	118	9	-	-	-	127
COVID-19 related rent concession income	-	123	-	-	-	123

28. OPERATING SEGMENTS (CONTINUED)

Group	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
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
Loss 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

* Inter-segment revenue is eliminated on consolidation.

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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
2021		
Financial assets		
Trade and other receivables @	41,806	41,806
Cash and bank balances	16,947	16,947
	58,753	58,753
Financial liabilities		
Trade and other payables	36,208	36,208
Borrowings	17,452	17,452
	53,660	53,660
2020		
Financial assets		
Trade and other receivables @	42,992	42,992
Cash and bank balances	14,002	14,002
	56,994	56,994
Financial liabilities		
Trade and other payables	47,535	47,535
Borrowings	25,882	25,882
	73,417	73,417

@ *Exclude prepayments.*

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29. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

Company	Amortised Cost RM'000	Total RM'000
2021		
Financial assets		
Trade and other receivables @	5,892	5,892
Cash and bank balances	42	42
	5,934	5,934
Financial liability		
Trade and other payables	204,497	204,497
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	207,496	207,496

@ *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 (2020: 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.

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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

	2021		2020	
	RM'000	%	RM'000	%
Group				
Universities	12,613	69%	16,627	81%
Colleges	5,338	29%	3,131	15%
International school	79	0%	474	2%
Others	380	2%	413	2%
	18,410	100%	20,645	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.

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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
2021				
Current (not past due)	0%	94	-	94
1 to 30 days past due	1% - 4%	1,289	(26)	1,263
> 30 days past due	1% - 7%	2,055	(28)	2,027
> 60 days past due	1% - 9%	3,351	(65)	3,286
> 90 days past due	1% - 27%	4,262	(233)	4,029
> 120 days past due	8% - 100%	11,726	(4,015)	7,711
Credit impaired:				
- individually impaired	100%	44,476	(44,476)	-
		67,253	(48,843)	18,410
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

The reconciliations of loss allowance for trade receivables as at 31 December 2021 are disclosed in Note 12.

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.

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)

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) 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 2021 to have low credit risk and the expected credit loss is negligible. The reconciliations of loss allowance for other receivables as at 31 December 2021 are disclosed in Note 12.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to financiers in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM17,390,000 (2020: RM25,529,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 26. 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.

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					
2021					
Financial liabilities					
Term loan (Islamic)	17,390	20,513	2,134	17,007	1,372
Bank overdrafts	62	62	62	-	-
Lease liabilities	144,960	194,401	23,360	80,539	90,502
Trade and other payables	36,208	36,208	36,208	-	-
	198,620	251,184	61,764	97,546	91,874
2020					
Financial liabilities					
Term loan (Islamic)	17,390	21,157	960	16,436	3,761
Bank overdrafts	8,492	8,492	8,492	-	-
Lease liabilities	122,892	194,762	16,971	71,288	106,503
Trade and other payables	47,535	47,535	47,535	-	-
	196,309	271,946	73,958	87,724	110,264

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 RM17,390,000 (2020: RM25,529,000) 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.

<u>Sensitivity analysis for interest rate risk</u>

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 2021	+ 50	(70)	(70)
	- 50	70	70
31 December 2020	+ 50	(102)	(102)
	- 50	102	102
Company:			
31 December 2021	+ 50	(3)	(3)
	- 50	3	3
31 December 2020	+ 50	(3)	(3)
	- 50	3	3

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

31. COMPARATIVE INFORMATION

During the financial year, the Group reclassified certain comparative figures which have been restated in order to conform with current year presentation.

Accordingly, the financial statements for the financial year ended 31 December 2020 have been restated as follows:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of Financial Position as at 31 December 2020			
Group			
Current assets			
Cash and bank balances	13,125	877	14,002
Current liabilities			
Trade and other payables	46,658	877	47,535
Statement of Cash Flows for the financial year ended 31 December 2020			
Group			
Cash flows from operating activities			
Changes in working capital:			
Trade and other payables	(6,712)	877	(5,835)
Net cash generated from operations	19,107	877	19,984
Net cash from operating activities	887	877	1,764
Cash and cash equivalents at the end of the financial year	227	877	1,104

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

32. 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 2021 and as at 31 December 2020 were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings (Note 17)	17,452	25,882	-	-
Less: Cash and bank balances (Note 13)	(16,947)	(14,002)	(42)	(13)
Net debt	505	11,880	(42)	(13)
Total equity attibutable to the owners of the Company	202,619	194,197	223,808	290,986
Capital and net debts	203,124	206,077	223,766	290,973
Gearing ratio	0.002	0.058	#	#

\# 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.

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

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows:

(a) 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 15 June 2021, the Government implemented the four-phased National Recovery Plan 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.

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

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows (Continued):

(a) 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 fluid 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 2022 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) 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 as disclosed in Note 15.

On 5 July 2021, Bursa Malaysia Securities Berhad had approved the Company's application for an extension of time of 6 months until 14 January 2022 for the Company to complete the implementation of the private placement. The implementation of the private placement had lapsed on 14 January 2022. Thus, the private placement is deemed completed on 14 January 2022.

(c) On 5 October 2021, the Company had entered into a share sale agreement to dispose of 500,000 ordinary shares of Minda Global International Education Sdn. Bhd., its wholly-owned subsidiary, for a total consideration of RM600,000 ("Proposed Disposal"). On 1 March 2022, the Proposed Disposal was completed.

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 62 to 152 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 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: 28 April 2022

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 62 to 152 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 on 28 April 2022.

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 2021 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 62 to 152.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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)

As at 31 December 2021, the properties that are classified as property and equipment and right-of-use of assets amounted to RM42,872,000 and RM19,729,000 respectively. These properties are carried at revalued amount, being the fair value of the property, less accumulated depreciation and any accumulated impairment loss.

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

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Key Audit Matters (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)

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Key Audit Matters (Continued)

Company

Investment in subsidiaries (Note 4(iv) 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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 (Continued):

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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	Ng Zu Wei
201906000600 (LLP0019411-LCA) & AF 0117	No. 03545/12/2022 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 28 April 2022

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 2021 (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	18 years	23-Jan-06	Refer to page 125
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	18 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	18 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 2021 (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	18 years	20-Mar-07	Refer to page 125
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	18 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	18 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 2021 (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	18 years	19-Dec-07	Refer to page 125
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	18 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	18 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 2021 (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	18 years	21-Jan-08	Refer to page 125
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	18 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	18 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 2021 (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	18 years	21-Jan-08	Refer to page 125
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	18 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	18 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 2021 (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	18 years	15-Dec-08	Refer to page 125
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	18 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	18 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 2021 (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	18 years	30-Jun-08	Refer to page 125
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	18 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	18 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 2021 (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	18 years	7-Aug-08	
23	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-2-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-2-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / student rest area	- / 1,606	Freehold	18 years	7-Aug-08	Refer to page 125
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	18 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 2021 (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	18 years	8-May-08	20,278
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	13 years	14-Feb-07	Refer to page 109

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 2021 (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 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	7 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 2021. 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 31 March 2022

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	39	0.43	662	0.00
100 – 1,000	772	8.57	511,907	0.04
1,001 - 10,000	3,378	37.51	20,632,789	1.56
10,001- 100,000	4,051	44.98	161,701,388	12.23
100,001 – 66,095,289 (*)	835	9.27	432,558,832	32.72
66,095,290 and above (**)	1	0.01	706,500,212	53.45
Total	9,005	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	706,500,212	53.45
2.	Highdeal Capital Sdn Bhd	57,000,000	4.31
3.	DB (Malayisa) Nominee (Tempatan) Sendirian Berhad Exempt An for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	33,500,000	2.53
4.	Dimensi Aurora Sdn Bhd	14,523,200	1.10
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Doh Tee Leong (E-TAI/STW)	13,576,500	1.03
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dayatahan Sdn Bhd	9,000,000	0.68
7.	V Assuntamani A/P R Veerappan	6,750,000	0.51
8.	Mah Chuen Huei	4,500,000	0.34
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Doh Tee Leong (7001921)	4,000,000	0.30
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian PTE LTD (A/C Clients)	3,841,500	0.29
11.	Lim Keng Chuan	3,614,000	0.27
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Gurdip Singh Sidhu A/L Gurbachan Singh	3,000,000	0.23
13.	Permai Innovasi Sdn Bhd	2,947,200	0.22
14.	Mohd Bazlanbazlie Bin Mat Taib	2,878,200	0.22
15.	Public Nominees (Tempatan) Sdn Bhd ledged Securities Account for Tan Lay Peng (E-TAI)	2,700,000	0.20

ANALYSIS OF SHAREHOLDINGS

(Continued)

No.	Name	No. of Shares Held	%
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Velayutham A/L Vadivelo (E-TMI/JTS)	2,500,000	0.19
17.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meenambal A/P Vijayakumar (7004424)	2,500,000	0.19
18.	Juasa Holding Sdn Bhd	2,200,000	0.17
19.	Koay Eng Soon	2,025,000	0.15
20.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Adhha' Amir Bin Dato' Abdullah	2,000,000	0.15
21.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Caceis Bank (SW-CAI-FGN)	2,000,000	0.15
22.	Maybank Nominees (Tempatan) Sdn Bhd Tiong Chin Tung	2,000,000	0.15
23.	See Rong Zhi	1,888,800	0.14
24.	Tan Pei Pei	1,750,000	0.13
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abd Aziz Bin Sheikh Fadzir	1,727,700	0.13
26.	Yong Wye Hong	1,700,000	0.13
27.	Ee Soo Feng	1,679,700	0.13
28.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Siew Cheen	1,600,000	0.12
29.	Leong Chee Wai	1,600,000	0.12
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Heng Fong	1,600,000	0.12
TOTAL		897,102,312	67.85

NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth 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 Tuesday, 28 June 2022 at 11.30 am, for the following purposes:-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31December 2021 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 2022 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) Mr. Maha Ramanathan Palan	Resolution 2
	(ii) Tan Sri Datuk (Dr.) Rafiah Binti Salim	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 2022 or a later date allowed by the relevant authorities at that point in time.

NOTICE OF FIFTH ANNUAL GENERAL MEETING

(Continued)

AND THAT with effect from 1 January 2023 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."

OTHER ORDINARY BUSINESS

6. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Act.

By Order of the Board

WONG YOUN KIM
SSM PC No. 201908000410 (MAICSA 7018778)
Company Secretary

Kuala Lumpur

Dated this 29 April 2022

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.

NOTICE OF FIFTH ANNUAL GENERAL MEETING

(Continued)

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 24 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 2022. Only a depositor whose name appears on the Record of Depositors as at 21 June 2022 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

EXPLANATORY NOTES

Note A

The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to Section 340(1)(a) of the Act. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

Note B

Section 230 (1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant to Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.

The Nomination and Remuneration Committee ("NRC") of the Company has conducted a review on the current Directors' fees and meeting allowances. The Board of Directors ("Board") of the Company has approved the NRC's proposal and wishes to seek shareholders' approval that the payment of Directors' fees and meeting allowances to Non-Executive Directors in the following manner for the period from 29 June 2022 until the conclusion of the next Annual General Meeting of the Company comprising the following, with or without modifications :-

		Current		New proposal	
		Directors' Fees (RM per Director)	Meeting Allowances (RM per Meeting)	Directors' Fees (RM per Director)	Meeting Allowances (RM per Meeting)
Board of Directors	Chairman	2,500 per month	1000	5,000 per month	1000
	Member	2,000 per month	500	4,000 per month	500

NOTICE OF FIFTH ANNUAL GENERAL MEETING

(Continued)

Audit and Risk Management Committee	Chairman	-	1000	-	1000
	Member	-	500	-	500
Nomination and Remuneration Committee	Chairman	-	1000	-	1000
	Member	-	500	-	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 such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This general mandate is 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 Fourth Annual General Meeting held on 28 June 2021. 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.

STATEMENT ACCOMPANYING NOTICE OF FIFTH 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) Mr. Maha Ramanathan Palan
(ii) Tan Sri Datuk (Dr.) Rafiah Binti Salim

Tan Sri Datuk (Dr.) Rafiah Binti Salim and Mr. Maha Ramanathan Palan have offered themselves for re-election at the Fifth 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 2021.

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 2021.

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 Fifth 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 Tuesday, 28 June 2022 at 11.30 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 2022 until the conclusion of the next Annual General Meeting of the Company.	Resolution 1		
2.	Re-election of Mr. Maha Ramanathan Palan	Resolution 2		
3.	Re-election of Tan Sri Datuk (Dr.) Rafiah Binti Salim	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		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of Shares	
CDS A/C No.	

....

Date Signature / Common Seal of Shareholder

PROXY FORM

(Continued)

NOTES:

1. *A member of the Company shall be entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*
2. *A member of the Company shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 24 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 2022. Only a depositor whose name appears on the Record of Depositors as at 21 June 2022 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 28 April 2022

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

Maha Ramanathan Palan
(Group Managing Director)

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar
(Non-Independent Non-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)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(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
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