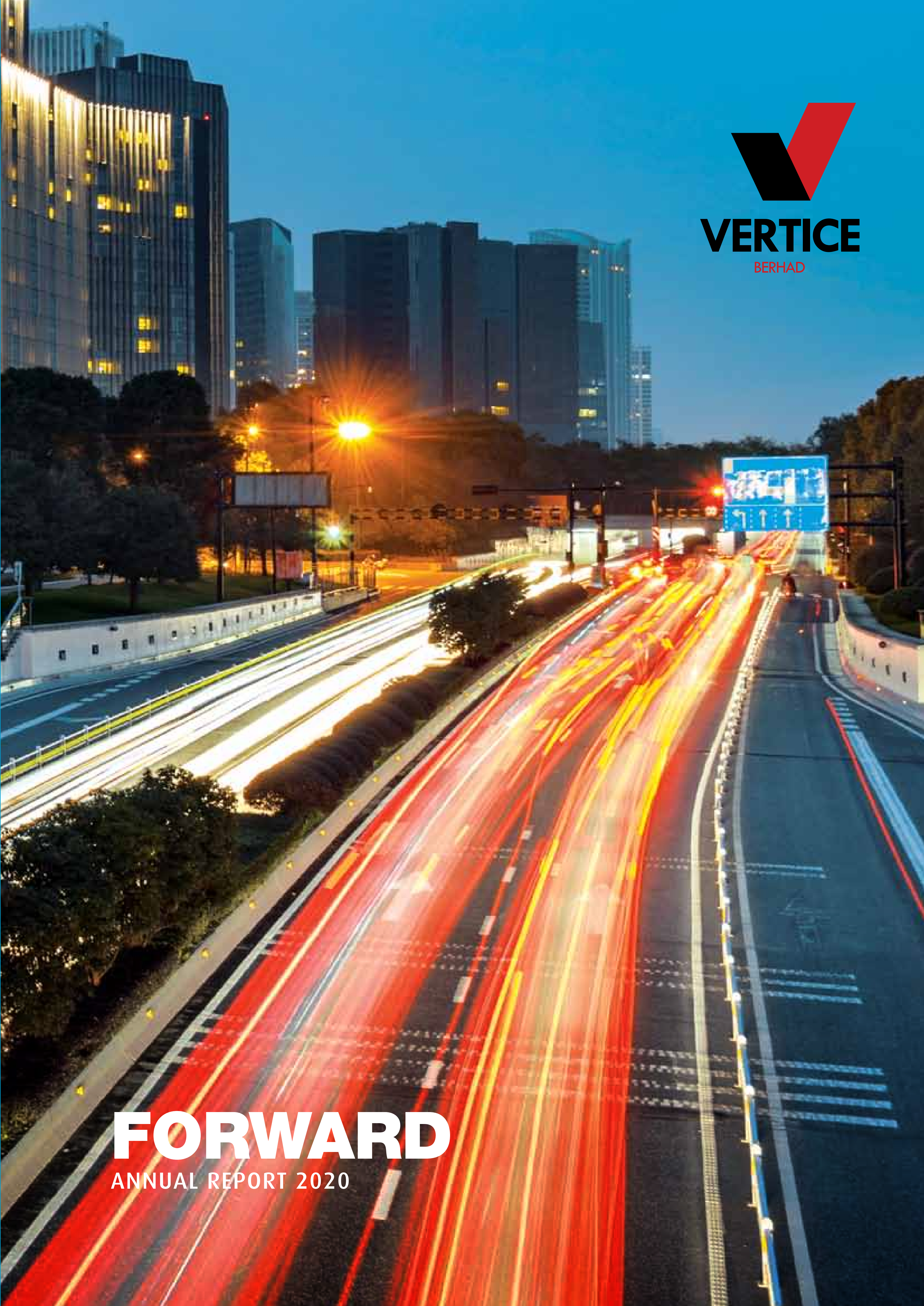

VERTICE
BERHAD

FORWARD

ANNUAL REPORT 2020

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Chairman / Independent Non-Executive Director
Tun Arifin Bin Zakaria

Executive Deputy Chairman
Mr. Seow Khim Soon

Managing Director
Mr. Ham Hon Kit

Executive Director
Mr. Ibrahim Bin Sahari
Mr. Wong Kwai Wah

Independent Non-Executive Director
Dato' Dr. Azirul Salihin Bin Anuar
Dato' Mah Siew Kwok
Mr. Mohd Hatim Bin Abdullah
Mr. Yee Yit Yang

AUDIT COMMITTEE

Mr. Yee Yit Yang

Dato' Dr. Azirul Salihin Bin Anuar

Mr. Mohd Hatim Bin Abdullah

NOMINATION COMMITTEE

Tun Arifin Bin Zakaria
Dato' Dr. Azirul Salihin Bin Anuar
Mr. Mohd Hatim Bin Abdullah

REMUNERATION COMMITTEE

Dato' Mah Siew Kwok
Dato' Dr. Azirul Salihin Bin Anuar
Mr. Yee Yit Yang

RISK MANAGEMENT COMMITTEE

Dato' Mah Siew Kwok
Dato' Dr. Azirul Salihin Bin Anuar
Mr. Ham Hon Kit

REGISTERED OFFICE

B-3-9, 3rd Floor, Block B,
Megan Avenue II, No. 12,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur
Tel : 03 - 2715 5569
Fax : 03 - 2714 4412

COMPANY SECRETARIES

Ms. Chin Li Thing (MAICSA 7044467)
(SSM PC No. 201908000022)

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No.2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

AUDITORS

Russell Bedford LC & Company (AF1237)
Chartered Accountants
Suite 37, Level 21, Mercu 3,
No. 3, Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur
Tel : +603 - 2202 6666
Fax : +603 - 2202 6699

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: VERTICE / VERTICE-WA
Stock Code: 7240 / 7240WA

CORPORATE **STRUCTURE**

VERTICE BERHAD

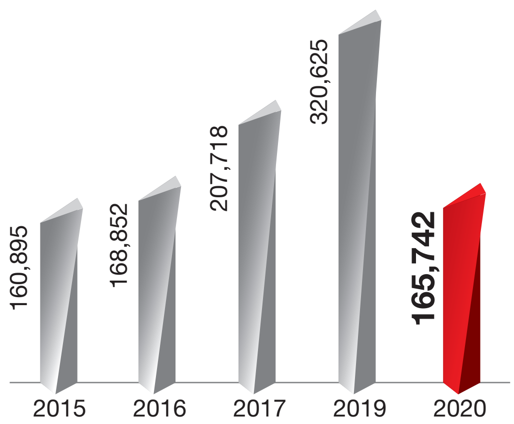
- 100% VERTICE CONSTRUCTION SDN. BHD.
  - 100% VERTICE INFRASTRUCTURE SDN. BHD.
  - 50% BUILDMARQUE CONSTRUCTION SDN. BHD.
- 100% VERTICE SUPPLIES SDN. BHD.
- 100% KUMPULAN VOIR SDN. BHD.
  - 100% GREEN POINT SDN. BHD.
  - 50.1% TRIPLE A SPORTS SDN. BHD.

FINANCIAL **HIGHLIGHTS**

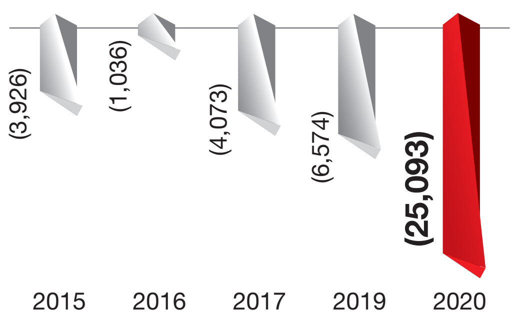
		For Year Ended 31 DECEMBER			For Year Ended 31 MARCH	
		AUDITED 2015	AUDITED 2016	AUDITED 2017	AUDITED 2019	AUDITED 2020
Revenue	RM'000	160,895	168,852	207,718	320,625	165,742
Profit / (Loss) Before Tax	RM'000	(3,926)	(1,036)	(4,073)	(6,574)	(25,093)
Profit / (Loss) Attributable To Owners	RM'000	(4,205)	675	(4,825)	(6,964)	(24,491)
Equity Attributable To Owners	RM'000	88,863	89,538	92,633	127,744	101,253

Remark: Above financial highlights include Disposal group, Kumpulan Voir Sdn Bhd

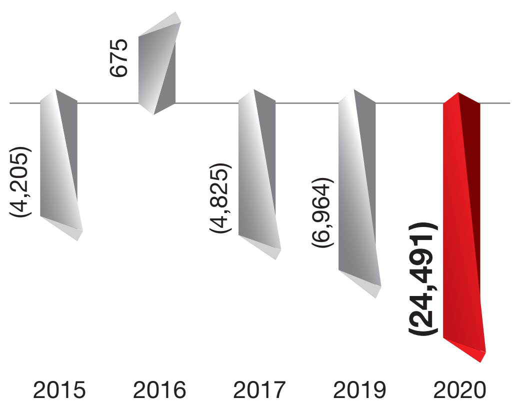
REVENUE
RM'000



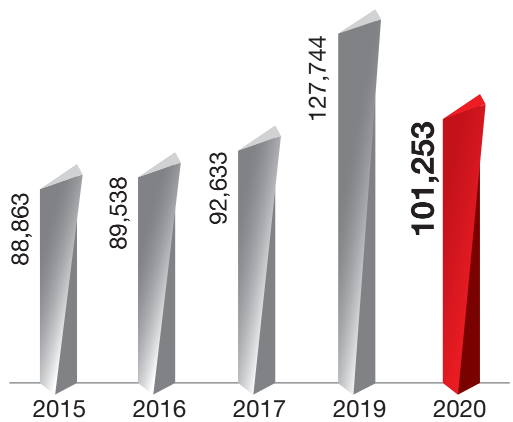
PROFIT/ (LOSS) BEFORE TAX
RM'000



PROFIT/ (LOSS) ATTRIBUTABLE TO OWNERS
RM'000



EQUITY ATTRIBUTABLE TO OWNERS
RM'000



PROFILE OF **DIRECTORS**

TUN ARIFIN BIN ZAKARIA

SSM, PSM, SPMK, SPSK, SPMS, SPCM, SSAP, DUPN, SPDK, SPMP, DPMK, DPCM

Chairman

Tun Arifin Bin Zakaria, aged 69, was appointed to the Board on 13 February 2018 as Chairman of the Company. Tun Arifin has a long and highly distinguished career in the Judicial and Legal Service, and the last post he held was as the Chief Justice of Malaysia from 2011 to April 2017.

Graduating with LLB (Hons) from the University of Sheffield, United Kingdom in 1974 and LLM from the University College, London in 1979. He was called to the English Bar at Lincoln's Inn in the same year. He is also currently an Honorary Bencher of Lincoln's Inn. His distinguished legal career began when he joined the Malaysian Judicial and Legal Service, before being posted as Federal Counsel in the Advisory Division of the Attorney General's Chambers and later as Magistrate, Senior Assistant Registrar and Sessions Court Judge. He was elevated to the High Court of Malaya as a Judicial Commissioner in 1992.

He too had the honour of serving as Co-Chair of the United Nations Environment Programme (UNEP) World Congress on Justice, Governance and Law for Environmental Sustainability as part of his efforts to improve the status of environmental law in the region.

Tun Arifin is presently Chairman of Microlink Solutions Berhad. He is also President of the Inns of Court Malaysia.

SEOW KHIM SOON

Executive Deputy Chairman

Mr. Seow Khim Soon, aged 58, Malaysian, is currently the Executive Deputy Chairman of the Company. He was appointed to the Board on 17 August 2007. Mr. Seow joined the family business in 1977. He was brought up in a family involved in the fashion and apparel industry. He was one of the founders of Kumpulan Voir Sdn. Bhd. when he set up the company together with his mother in 1988. Now, he is responsible for the overall strategic direction and management policy of the fashion retail division. He has played an instrumental role in expanding the Group's retail business to its current level.

HAM HON KIT

Managing Director

Mr. Ham Hon Kit, aged 58, Malaysian, is the Managing Director of the Company. He was appointed to the Board on 17 August 2007. He is currently responsible for the financial, business development as well as corporate affairs of the fashion retail division. He holds a Bachelor of Arts (Economics) degree from University of Malaya.

Upon graduation, he started his working career in banking and has more than 10 years of experience in banking and finance from his stint with various reputable Malaysian and international banks. He joined Kumpulan Voir Sdn. Bhd. in 1996, as a Senior General Manager, before being promoted to Executive Director in 2001 and was later promoted as Managing Director in 2007. He played an instrumental role in propelling the Group's retail division to its current size.

Profile of Directors (cont'd)

IBRAHIM BIN SAHARI

Executive Director

Mr. Ibrahim Bin Sahari, aged 56, Malaysian, was appointed to the Board on 19 July 2016. Upon graduating from the MARA University of Technology (UiTM), he started his career with Maybank Group in 1985 serving in various capacities including Assistant Chief Executive Officer of Uzbekleasing International A.O and Chief Representative Officer in the Republic of Uzbekistan. Upon his return to Malaysia in 2002, he served as the Head of Compliance and Supervision of the International Banking Division. He subsequently resigned from Maybank and joined Southern Finance Berhad as Assistant General Manager before leaving as Chief Operating Officer in 2005.

With two decades of experience including the banking sector, both local and international, automobile, transportation and construction, Ibrahim Sahari has proven his ability in financial operations, creation of business as well its growth and productivity.

WONG KWAI WAH

Executive Director

Mr. Wong Kwai Wah, aged 63, Malaysian, was appointed to the Board on 19 July 2016 and is a member of the Remuneration Committee. He is a member of New Zealand Institute of Chartered Accountants, a member of Malaysian Institute of Accountants and a member of Chartered Tax Institute of Malaysia.

Mr. Wong began his career with Messrs Ernst & Young upon graduating with a Bachelor of Commerce from University of Canterbury, New Zealand. Geared with a proven ability to constantly challenge and improve existing processes and systems, he subsequently moved on to hold several key positions such as Finance Director in Australian Group, Goodman Fielder Wattie in Malaysia and Senior General Manager of Larut Consolidated Bhd which was principally involved in the provision of property development and construction activities.

Having excellent communications skills and the ability to communicate professionally with clients and colleagues on detailed financial issues, he subsequently took on the position of Executive Director and Chief Executive Officer of Jackley Holdings Limited, a Hong Kong Public Listed Company.

DATO' MAH SIEW KWOK

(D.P.M.P)

Independent Non-Executive Director

Dato' Mah Siew Kwok, aged 72, Malaysian, was appointed to the Board as Independent Non-Executive Director on 15 February 2017. Dato' Mah qualified in law and was called to the English Bar in 1972. He was the founder and senior partner of Messrs Mah & Partners in 1975, specializing in Corporate Law, Banking Law and Land Law. He remained in practice for ten years before venturing into the commercial sector. From 1983 to 1994 he served as Managing Director of South Malaysia Industries Berhad.

Currently, he is the Non- Executive Vice Chairman of Omesti Berhad and Deputy Chairman of Ho Hup Construction Company Berhad. He also serves on the board of several private companies. He is Deputy Chairman of Chong Hwa Independent High School and a trustee and member of Chong Hwa KL Foundation. He has been elected as Executive Committee Member of the Inns of Court Malaysia.

Profile of Directors (cont'd)

MOHD HATIM BIN ABDULLAH

Independent Non-Executive Director

Mr. Mohd Hatim Bin Abdullah, aged 67, Malaysian, was appointed to the Board on 15 February 2017 and is also a member of Audit Committee and Chairman of Nomination Committee. He obtained his Bachelor of Arts (Business Management) from Marymount Manhattan College, New York. He also passed the MFORR Exam from the Malaysian Futures & Options Registered Representative and Federation of Malaysia Unit Trust Managers (FMUTM). He is also a Licensed Member of Financial Market Association Malaysia (formerly known as ACI Malaysia) and a Licensed Member of FMUTM.

He held senior positions in few of MGIC Berhad subsidiaries (1986-2007) and was the Senior Manager of Malaysia Discounts Berhad (1985 - 1986). He also worked for Bank Bumiputra (M) Bhd as Chief Dealer of Kuala Lumpur, Singapore, New York and senior position of London branch (1977-1985). Currently, he is also the Executive Director of Harlow's & MGI Sdn Bhd.

YEE YIT YANG

Independent Non-Executive Director

Mr. Yee Yit Yang, aged 53, Malaysian, was appointed to the Board on 15 February 2017, and is also the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee. He holds a Bachelor of Economics and is a member of the Australian CPA and Malaysian Institute of Accountants. He began his career with an international accounting firm and then moved on to an investment bank in which he was involved with various corporate restructuring exercises. Currently, he is attached to a private consultancy firm.

Currently, he is also the Independent and Non-Executive Director of Key Alliance Group Berhad.

DATO' DR. AZIRUL SALIHIN BIN ANUAR

D.I.M.P., AMW

Independent Non-Executive Director

Dato' Dr. Azirul Salihin Bin Anuar, aged 42, has 16 years extensive working experience in management and strategic planning in medical, construction and trading industry. He was appointed to the Board on 13 February 2018 and a member of Nomination Committee. Dato' Dr. Azirul holds an academic qualification from University Malaya, in Medical Bachelor of Surgery.

Dato Dr. Azirul served as a medical officer in University Malaya Medical Centre before venturing into the business and currently holding directorships in several private companies related to Oil & Gas, IT, Medical Equipment and Construction.

Currently, he is also an Independent Non-Executive Director of Seacera Berhad.

None of the Directors has:

- *any family relationship with any Director and/or major shareholder of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences within the past 5 years; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

PROFILE OF **KEY SENIOR MANAGEMENT**

JERRY KOK WEI CHIN

Group Chief Operating Officer

Jerry Kok Wei Chin, aged 44, Malaysian, was appointed as the Group Chief Operating Officer of Vertice Berhad on 1 July 2019. He has more than 20 years of experience in financial accounting, general management and corporate finance. He began his career in auditing industry where his last employment with audit firm was Deloitte. He subsequently joined commercial sector and has served in several senior positions as a Group General Manager (Finance) and Chief Financial Officer in a few public listed and non-listed companies. He also has extensive experience in construction related industry.

He holds a Bachelor of Commerce (Accounting & Finance) from Griffith University, Australia and he has completed the Australia Certified Practicing Accountant (CPA Australia Program). He is currently a member of Malaysian Institute of Accountants (MIA).

He currently oversees all matters relating to the Group's operations in Vertice Berhad.

ERIC BOON CHUAN KIT

Group Financial Controller

Eric Boon Chuan Kit, aged 47, Malaysian, was appointed as the Group Financial Controller of Vertice Berhad on 21 August 2019. He obtained his Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT) and has completed his professional qualification CPA Australia. He is currently a member of the Malaysian Institute of Accountants.

He has over 20 years working experience commencing from a medium sized audit firm followed by key posts in the Finance Department with various companies which include those from trading, manufacturing, education and engineering sectors covering areas on financial reporting requirements of listed issuer, operational controls, funding requirements for sustainability and organizational budget.

He currently oversees all financial related matters of the Group, funding requirements, audit, tax, budgeting, internal controls and risk management, while ensuring compliance with Bursa listing requirements in respect of announcements, financial reporting and corporate exercises.

CHAN WEI KHANG

Project Director

Chan Wei Khang, aged 41, Malaysian, was appointed as the Project Director of Vertice Construction Sdn Bhd on 3 December 2018. He holds a Degree in Civil Engineering from Prime College, Malaysia.

Since he started his career in 2000, he has been involved in various construction projects and has vast experience in managing construction works, project financing and management. His notable experience in the construction industry, both in conventional and design and built project are as follows:

He was the project manager in Kumpulan Liziz Sdn Bhd for 12 years from March 2005 to June 2016, in which he was responsible for the planning, monitoring, management, implementation and coordinating of various property development and infrastructure construction projects such as roadworks, bridgeworks and reclamation works with a total amounting to more than RM1 billion. He joined Ekovest Berhad from July 2016 to May 2017 as project manager managing Duta – Ulu Kelang Expressway (Duke) Phase 2 and Eko Cheras. He currently oversees all activities related to assigned projects, ensuring completion to budget and time schedules.

Profile of Key Senior Management (cont'd)

CHE MAT ARIFFIN BIN SULAIMAN

Project Director of Buildmarque Construction Sdn Bhd

Che Mat Ariffin Bin Sulaiman, aged 58, was appointed as the Project Director of Buildmarque Construction Sdn Bhd on 18 March 2020. He graduated from University of Glasgow, United Kingdom, England in 1985 and holds a Bachelor of Science (Hons) in Engineering.

Since he started his career in 1986, he has been involved in various mega infrastructure projects in Malaysia. He has vast experience in managing and overseeing various aspects of the projects involving various stages of project development which includes feasibility studies, detailed design development, preconstruction stage, construction works, post construction stage, and, operation and maintenance. He has held various senior management posts for the past 30 years. He was involved in the project management and construction of Coastal Highway Johor Bahru – Nusajaya Johor and Pan Borneo Highway, Sarawak.

He currently responsible for monitoring the quality and timely completion of all engineering deliverables, produced by any contractor of engineering services as well as provides a single point of accountability to deliver the project in accordance with the project commitments.

AHMADI HASSAN BIN LATIB

Senior Project Manager of Buildmarque Construction Sdn Bhd

Ahmadi Hassan Bin Latib, aged 42, was appointed as the Senior Project Manager of Buildmarque Construction Sdn Bhd on 15 February 2020. He holds Master Degree in Civil Engineering (Highway & Transportation Engineering) from University of Putra, Malaysia.

Throughout his career, he gained experiences in major infrastructure projects including suspension bridge and elevated highway structure. He has involvements in various construction projects and has a vast experience in managing and overseeing various aspects of construction works, including site preparation, architectural and structural works as well as project financing, management and co-ordination. He was involved in the project management and construction of Duta – Ulu Kelang Expressway (DUKE) and Damansara – Shah Alam Expressway (DASH).

He currently oversee all matters relating to budget, schedule and day to day management of the project as well as to ensure all notification and project reporting to the relevant stakeholders and local authorities are carried out as per requirement and timely.

None of the Key Senior Management has:

- *any family relationship with any Director and/or major shareholder of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences within the past 5 years; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

CHAIRMAN'S **STATEMENT**

Dear valued shareholders,

On behalf of the Board of Directors ("Board") of Vertice Berhad ("Vertice", "our", "we" or the "Group"), I am pleased to present to you with the annual report and audited financial statements of the Group for the financial year ended 31 March 2020 ("FYE2020").

FYE2020 has been a challenging year for the Group. We have taken great efforts to streamline our business operations and continuously monitor its effectiveness and efficiency, consolidate our available resources and cautiously capitalise on the emerging opportunities to sail through this uncertain and volatile period.

On the corporate front, we have been actively identifying and approaching potential investors to subscribe towards another private placement exercise which entails the issuance of up to 10% of the enlarged issued share capital of Vertice after taking into consideration the existing number of issued shares and assuming full exercise of the outstanding warrants as well as share options. The potential investors have adopted a cautious stance attributable to several factors such as soft market conditions, volatile oil prices and the Coronavirus Pandemic ("COVID-19"). However, we remain confident based on the strong outstanding order book in hand at approximately RM937 million together with gradual renewed interest and consideration shown by the potential investors.

OPERATING ENVIRONMENT

According to Bank Negara Malaysia statistics, our country's annual gross domestic product (GDP) growth moderated to 4.3% in 2019, the lowest level since the Global Financial Crisis in 2009. The country's fourth quarter of 2019 (4Q19) GDP growth slowed to 3.6%, which is the lowest in 41 quarters since 3Q09. The annual growth in 2019 was adversely affected by supply disruptions, especially in the commodity sector.

Against the highly challenging global economic outlook, Malaysia's GDP growth is projected to be between -2% and 0.5% in 2020, while for 1Q20, on a quarter-on-quarter basis, the economy contracted 2% during the quarter. The global and Malaysian economic outlook for 2020 will be significantly impacted by the COVID-19 pandemic and our economy is expected to contract further reflecting the longer duration of containment measures.

Fashion retail business continues to operate in a very challenging business environment due to the stiff competition from international brands as well as other established brands in the local market, ever-changing consumers' taste and preference as well as rising operating costs. The outbreak of the COVID-19 pandemic and Movement Control Order ("MCO") implemented by the Malaysian government had further affected this business segment as reflected by its sharp decline in sales coupled with mark down provision on slow moving aged stocks.

In the construction business segment, the Group maintains its strong foothold amidst the challenging economic climate, effects of the COVID-19 pandemic and MCO. Despite the challenges faced, this segment continues to register profitability as we focused and directed our energy and resources to ensure its future growth and sustainability.

The proposed 60% stake disposal in Kumpulan Voir is in line with the Group's business strategy to focus on expanding our construction division that has huge potential and better prospects. The SPA has now become unconditional and we are going through the process of verifying the net assets position of Kumpulan Voir before determining its final purchase consideration. The major infrastructure projects that we secured, notably the Penang Mega Infrastructure Package 2 project worth RM815 million and Precast Viaduct (U-Trough Girder) for Light Rail Transit Line 3 project worth RM100 million reflect our goal towards diversification into construction business. We remain cautiously optimistic of the growth prospects in the future and believe that we are well positioned to bid for valuable projects that will provide higher earnings prospects in the coming years.

Chairman's statement (cont'd)

FINANCIAL PERFORMANCE

I am pleased to report that the Group's construction business segment's financial performance for the 12 months FYE 31 March 2020 recorded a full year revenue of RM62.1 million and profit before tax ("PBT") of RM0.2 million as compared to preceding year's 15 months revenue and PBT of RM125.7 million and RM3.9 million respectively. The overall weaker performance in the current financial year was mainly due to the factors outlined under the Operating Environment above.

INDUSTRY PROSPECTS AND OUTLOOK

Global economic and financial conditions, which deteriorated sharply in the first quarter 2020 as the COVID-19 pandemic escalated, are expected to deteriorate further, with significant impact on the Malaysian economy. The domestic economy is also facing the economic effects from the actions taken to contain COVID-19 locally and continued supply disruptions in the commodities sector. It is expected that when the health crisis is eventually addressed, growth will be supported by the gradual improvement in household spending, further progress in the implementation of transport-related projects and higher public sector expenditure.

The monetary policy responses and economic stimulus measures undertaken in the first half of the year will provide additional support to growth. The economy is subsequently expected to normalise in 2021, in line with the projected recovery in the global economy.

An increase in public sector expenditure will further support growth. The continuation of infrastructure projects, such as the East Coast Rail Link (ECRL), Mass Rail Transit 2 (MRT2), Pan Borneo Highway, Bandar Malaysia and Penang Transport Masterplan by public corporations is vital for the recovery of the construction sector. However, no new major projects are being implemented and we are awaiting from the Government in their upcoming Budget whether the construction sector will be used to stimulate the economy.

Based on the above, we remain cautious over the future economic landscape. Meanwhile, we are exploring opportunities from renewable energy construction projects for potential future growth. Since 2018, the Malaysian Government had set a target of 20% renewable energy in its power generation mix by 2025. For Malaysia, where it is mainly powered by thermal power plants, recorded a two per cent contribution by renewable energy to its generation mix at the end of 2018.

The Group is well-prepared to take on the upcoming challenges as we took imperative measures to seize new opportunities, strive for better performance and create long-term shareholders' value.

APPRECIATION

On behalf of the Board, I would like to extend our appreciation to the Government and regulatory authorities, our clients, business associates, vendors, bankers and employees for their relentless commitment and dedication to Vertice.

I also wish to thank our valuable shareholders for their continuous support and confidence in the Group.

Tun Arifin Bin Zakaria
Chairman

MANAGEMENT DISCUSSION **& ANALYSIS**

OVERVIEW OF BUSINESS OPERATIONS

Continuing Operations

VERTICE Berhad ("Vertice", "our", "we" or "the Group") announced its diversification into construction, property development and property investment in August 2017. The diversification was through its wholly owned subsidiary, Vertice Construction Sdn Bhd. As at 31 March 2020, the Group holds a strategic 12.05% equity interest in Consortium Zenith Construction Sdn Bhd ("CZC") that provides the Group with an opportunity to participate in CZC's Penang Mega Infrastructure Project ("PMIP").

Amid domestic and global uncertainties, we have distinguished ourselves as an upcoming company in construction activities. Our order book remains strong, at RM1.0 billion of which RM937 million is outstanding which includes the contract awarded for the PMIP, the Major Road from Bandar Baru Ayer Itam connecting to Lebuhraya Tun Dr. Lim Chong Eu. This contract is worth RM815 million. The Group incorporated a joint venture company, Buildmarque Construction Sdn Bhd together with our strategic partner Vizione Construction Sdn Bhd to undertake this project. Early works preparation for this project such as the establishment of site office, traffic management, environmental monitoring works and site clearing has already commenced in November 2019 and had been expected to complete by April 2020. However, due to the COVID-19 pandemic and Movement Control Order (MCO) implemented by the Malaysian government, major construction works has been delayed until the second half of 2020, which shall then span over a period of 36 months.

Having directed our main focus into construction activities, we also successfully bagged new contracts. Notable ones include the Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia for Precast Viaduct Sub-contract works worth RM100 million in March 2019 and for the supply and installation of mechanical works on 2 blocks of office suites located at Mukim Semenyih, Selangor worth RM80.4 million.

Management Discussion & Analysis (cont'd)

Discontinued Operations

The Group's proposed disposal of its equity interest in Kumpulan Voir (KV) is currently still ongoing. On 30 June 2020, the Sales and Purchase Agreement (SPA) became unconditional and the Group is now in the process of verifying the net assets position of KV. This segment had substantially and adversely impacted the Group's performance since the SPA was entered into, which further supports the rationale for the disposal. We are in the midst of negotiating for the best value on the disposal.

The disposal will enable the Group to fully focus and redirect its resources in growing the construction business.

Financial Period Ended 31 March 2020

As announced on 27 November 2018, Vertice has changed its financial year end from 31 December to 31 March. Thus, the previous statutory financial statements was from 1 January 2018 to 31 March 2019 covering a period of 15 months. The cumulative financial periods covered relating to the 15 months ended 31 March 2019 do not correspond with any of its financial quarters covered by the interim financial reports of the current financial year. Consequently, no comparative figures have been provided.

Financial Results and Position

The segmental performance:

	Continuing		Discontinued	Disposal	
	Construction	Investment holdings and others	Apparels, footwear & accessories (KV)	Apparels, footwear & accessories (Applemint)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
FYE2020 (12 months)					
Turnover	62,127	–	103,615	–	**165,742**
Profit/(loss) before tax	181	(3,516)	(21,758)	–	**(25,093)**
Segmental total assets	72,006	12,298	77,411	–	**161,715**
FYE2019 (15 months)					
Turnover	125,716	–	151,844	43,065	**320,625**
Profit/(loss) before tax	3,924	(5,168)	(5,116)	(214)	**(6,574)**
Segmental total assets	77,331	27,825	94,859	–	**200,015**

Management Discussion & Analysis (cont'd)

Revenue

The Group's construction revenue for 2020 was RM62.1 million compared to RM125.7 million in FYE2019. The substantial decrease in revenue was mainly due to slow down in progress of works of certain projects. Such progress was particularly affected by the overall weaker economic climate in 2019 and further compounded when the COVID-19 pandemic and Movement Control Order came into effect.

The Group is ever constantly on the lookout to acquire construction contracts to grow its order book and is optimistic that the construction segment will be able to contribute significantly to the financial performance of Vertice.

The discontinued fashion retail business recorded a revenue of RM103.6 million in the current year, a decrease of RM91.3 million as compared to RM194.9 million. This is mainly due to several factors, which amongst others are the Movement Control Order which has severely affected its fourth quarter results, where there was no revenue generated from all retail outlets and counters during this period. Other factors were generally owing to the fact that FYE2019 was based on a 15 month period and the inclusion of revenue from Applemints Apparels Sdn Bhd, which was disposed off in that financial year.

Profit before tax

The construction business segment recorded a profit before tax of RM0.2 million in the current financial year as compared to RM3.9 million in the preceding year. This weaker result was mainly due to the substantial decrease in revenue generated in the current year from the slowing down in progress of works of certain projects. Despite the challenging economic environment, the Group's efforts in streamlining its activities proved fruitful as we still managed to maintain profitability with effective cost control measures in place.

The loss before tax in fashion & retail business was RM21.8 million in the current year as compared to the preceding year's loss before tax of RM5.3 million. This was mainly due to lower sales which was affected by the COVID-19 pandemic, the Malaysian government's implementation of the Movement Control Order from 18 March 2020 to 3 May 2020 where there was no revenue generated from all retail outlets and counters during this period. Revenue had also been generally lower from April 2019 to December 2019 as compared to the same corresponding period in the previous financial year. Despite lower sales throughout the year, this segment still had to incur fixed expenses such as staff related costs and committed services, while having to mark down slow moving aged stocks which were affected by the Movement Control Order.

Liquidity

As at 31 March 2020, the Group's cash and bank balances amounted to RM10.3 million, as compared to RM33.4 million as at the end of the preceding financial year. This together with newly acquired banking facilities enables the Group to sustain its operations at a comfortable level.

Capital expenditure requirements, capital structure and capital resources

The Group's capital expenditure consists mainly of assets required in the ordinary course of business such as motor vehicles, since generally our projects are subs-contracted out.

As at 31 March 2020, the Group's share capital is RM114,097,098 comprising 188,760,000 number of shares with a net asset value per share of RM0.54.

Anticipated or known risks

The Group is currently exposed to risks associated with reducing works in construction and infrastructure projects under the operating economic environment and has always been mindful of the risk management practices that drive our perfomance. Risk management processes are embedded in our operating and business management processes as we actively identify major risks with the appropriate mitigating controls in place, and continuously monitor the effectiveness of such controls.

Management Discussion & Analysis (cont'd)

Valued staff

We have always identified our staff as the vital factor in our business operation and strive to provide satisfying career path, competitive remuneration and a work-life balance. Staffing has shown increases in line with the progress of our mega-project and strong order book in the construction division.

Maintaining our competitive edge

We foresee ongoing opportunities for the Group and are confident on building an upward trajectory, in light of the commencement of the Penang Mega Project and the Government's anticipated push to implement more projects to prime pump the economy. We are also exploring opportunities from renewable energy construction projects where there is potential for growth. This is in line with the Government's target of 20% renewable energy in its power generation mix by 2025. Based on year end of 2018, renewable energy only contributed 2% in its generation mix, indicating the vast potential and opportunity ahead.

ECONOMIC OUTLOOK

The Malaysian economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). The services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, external demand and investments declined, while private consumption growth moderated. The moderation reflected the impact of containment measures taken both globally and domestically to contain the spread of the COVID-19 pandemic.

As these measures are eased, economic activity is expected to gradually improve in 2H 2020. The sizeable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

(Source: Bank Negara Malaysia - Economic and Financial Developments in Malaysia 1Q 2020)

Construction Outlook

The Malaysian Government's second economic stimulus package that was announced on 27 March 2020 totalling RM230 billion aims to provide further relief mainly by increasing broad-based financial assistance for households, supporting employment retention and accelerating public sector spending on infrastructure upgrades. The continuation of large scale transport related projects, such as MRT2, LRT3 and Pan Borneo highway and the implementation of upstream oil and gas, telecommunication and power generation projects by the Federal Government will lend further impetus to growth.

(Source: Bank Negara Malaysia – Outlook and Policy in 2020)

We aim to follow the government agenda to drive the rapid progress of Penang and Butterworth, and the northern corridor of Peninsula Malaysia. We are also actively exploring the renewable energy sector, infrastructure projects in the northern corridor and any forthcoming Government tenders.

SUSTAINABILITY AT VERTICE GROUP

We underwent a year of significant transition in 2018, along with the changes forthcoming in our corporate leadership and transformation of our organisational structure. The experience taught valuable lessons that helped us obtain a deeper understanding of how sustainability was perceived in the organisation, which sustainability practices were already being adopted and implemented, and what areas could be further improved.

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level in efforts to contribute to global and national initiatives towards sustainable development. As we venture in the construction industry, we strategize our business plans taking into consideration not only profitability and liquidity but also our responsibilities in terms of the impact relating to economic issues, environmental problem (for example, construction waste and social responsibility).

As a pioneer in the fashion apparels retail industry, we based our long-term business success in understanding the demands of our customers and providing exactly what they want to their best satisfaction and value for money.

Over the past years, we carried out the process of identifying, refining, and assessing material issues that could affect our businesses and stakeholders, such as:-

(i) Financial stability;
(ii) Compliance with regulatory authorities;
(iii) Product responsibility;
(iv) Retail system;
(v) Occupational health and safety; and
(vi) Construction waste management;

While we acknowledge that certain materiality issues may be more important than others, we are equally concerned with each and every materiality issue. We rank financial stability as the most important materiality issue because we believe adequate financial strength of a company allows it to resolve all other materiality issues with precision, ease and without any financial hindrances. As a good corporate citizen, compliance with regulatory authorities is essential and also brings good corporate values. We support the initiatives taken by the regulatory authorities in improvising the reporting requirements as well as corporate governance.

Other materiality issues that relates directly to business processes are dealt with in an on-going basis and revisions are made as and when required.

Below are the qualitative comments which cover the three (3) main aspects:-

Economic

Civil and construction works for basic infrastructure underpin the progress of society and always high on any government agenda, even during period of economic uncertainty. With the award of Penang Mega Infrastructure Project (PMIP) Major Roads, we aim to deliver on-time, on-budget infrastructure projects that ease the traffic congestion to create a highly liveable, economically vibrant and socially inclusive community in Penang. New roads, better infrastructure and other projects which alleviate the problems of rapid urbanization such as wastewater management, water supply and so on. Also, improving the state's present transportation system by adopting a balanced approach in relation to the public transport and highway, which ultimately boost socio-economic growth.

1. Procurement practices

Integrity and transparency are essential to our procurement endeavours and we havestrict protocols in place to safeguard critical information in the interests offair play and competitiveness. We demand and enforce compliance with contractual standards and where possible, we favour local suppliers and sub-contractors.

2. Community investment

We have always taken the stand that success can only be measured in the context of creating a positive impact on our community.Vertice believes strongly in 'giving back' and supporting charities events.

Sustainability Report (cont'd)

3. Indirect economic impact

We understand that commercial decisions we make, impact other players in the industry. We currently have a pool of sub-contractorsand suppliers and we endeavour to ensure our decisions have a positive flow on effect. We support our sub-contractors with credit lines, assistance with material purchases, machineries and etc toenable them to develop their capabilities and capacity. We work with suppliers to ensure timely project delivery and fair business dealings for mutual benefit.

Meaningful engagements with various stakeholders is critical to understand their interests and needs. We encourage stakeholders to communicate with us through our corporate website as well as other social events. We practise equality and do not discriminate based on creed, colour, or culture. The Group has zero tolerance on sex discrimination and sexual harassment. Our goal is providing a conducive, fair, and hazard-free working environment for all our employees. We believe our employees will thrive in such working environment as it breeds good corporate culture and values.

Environment

We are passionate about caring for our planet and preserving the environment for future generations. We are constantly striving to promote green practices and to lead the way in environmentally responsible practices which prevent or mitigate environmental impacts that occurs as a result of construction projects.

1. Emissions

At Vertice, we are vigilant with regard to any potentially polluting effects of our activities. The use of cars, lorries, heavy machinery and other plant and equipment that run on fossil fuel remains essential to our business. However, we do monitor the maintenance and efficiency of these. On site, we ensure dust control and proper disposal of oil, batteries and other potential polluting items.

2. Waste and effluent

For hazardous waste is governed by local environmental regulations i.e. the Environmental Quality (Scheduled Wastes) Regulations 2005 and non-hazardous waste includes general waste such as paper and plastic or effluent that is disposed as wastewater.

At Vertice, we abide by all environmental regulations in relation to waste disposal. Our team, lead by the Environmental Officer will conduct routine inspections at project sites to ensure compliances and address environmental impact aspects of its operations along with our existing suppliers and sub-contractors.

In office and at project site, all employees are encouraged to promote the 'reduce, reuse, recycle' ethos.

3. Water/Energy

We are always looking for efficiency gains. Reducing consumption of utilities is a responsibility of all businesses and we support policies on renewables.

Diversity

1. Vertice promotes diversity across all levels of operations. However, a gender balance on site is difficult to achieve and the construction industry in general remains male dominated.

   At Board level we have a fair diversity of ethnicities and ages, but continue to lack gender diversity. In filing the vacancies that have arisen on the Board, the candidates with valuable background in the industry were male.

   The Board comprises Chinese, Malay members with age ranging from 42 to 72 years.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board believes that the principles of good corporate governance such as integrity, transparency, accountability and responsible conduct are important to achieve a sustainable growth. Such principles must be supported by a comprehensive framework of policies, guidelines and internal controls.

The Group's corporate governance framework is set based on the following guidelines:

- the principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG") issued by the Securities Commission Malaysia in April 2017;

- the corporate governance requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities");

- Corporate Governance Guide: 3rd Edition and the Corporate Disclosure Guide issued by Bursa Securities in December 2017 and September 2011 respectively.

This Corporate Governance Overview Statement ("Statement") sets out the manner in which the Group has applied its corporate governance framework, in particular, the principles and recommendations articulated in the MCCG. The Board approved this Statement on 4 April 2018 and believes that it has in all material aspects complied with the principles and recommendations outlined in the MCCG. Where the recommendations relating to any principle have not been complied with, the non-compliance is clearly stated and reasons given. However, if alternatives have been adopted, it will be disclosed accordingly.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Function of the Board and Management

The Board's Terms of Reference clearly set out the framework of functions, roles and responsibilities of the Board. It serves as a guide for good corporate governance practice and to ensure that there is a clear separation of functions between the Board and the Management.

The Management executes the corporate and business plans formularized by the Board and conduct meetings on a regular basis to discuss and review matters such as:

- Business strategies in line with the corporate direction;
- Strategies adopted in business operations;
- Important issues happening in operations; and
- Highlight important issues on effectiveness and efficiency of the system of risk management and internal control that has impact to the financial results.

Clear Roles and Responsibilities

The Board must ensure that the Directors are aware of their roles and responsibilities as outlined by the Terms of Reference. The principal responsibilities of the Board are as follows:

- review and adopt the strategic plan for the Group, including goal-setting, determine the Group's business strategies to promote sustainability;
- approve management major proposal and monitoring the implementation of strategic plan by management; review and evaluate key policies adopted by the Group;
- appoint Chief Officers and work closely with them to formalize and focus on business and operational strategies; review the results from time to time to achieve the intended results;
- oversee the conduct of the Group's business and operations and evaluate whether the businesses are being properly managed;
- identify principal business risks faced by the Group and ensure the implementation of appropriate risk management and internal control framework and mitigating measures to address such risks;

Corporate Governance Overview Statement (cont'd)

- ensure that all candidates appointed to the Board are of sufficient caliber, including succession and diversity of the members of the Board;
- establish Board committees and be responsible for all decisions made by the committees;
- review the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines on a quarterly basis;
- deliberate on proposals presented and recommended, including those proposed by its committees on a quarterly basis;
- reviewing the Group's performance on a quarterly basis;
- receiving updates on various business operations from the Management;
- bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to the Management; and
- approving the declaration of dividends and approval of financial statements, including accounting policies of the Group.

The Board will also involve in deliberation and decision making process to ensure the direction and control of the Group's businesses and resources are in good hands. Amongst others:

- reviewing and approval of Group's strategic plan and annual budget;
- acquisition and disposal or closure of businesses;
- declaration of dividends and approval of financial statements;
- establishment of new or diversified businesses;
- material capital investment and disposal of tangible assets from existing businesses to third parties;
- increase or reduction of subsidiaries issued capital; and
- any corporate restructuring not covered by the abovementioned paragraphs.

The Board monitors progress of Group's strategies and performance, ensures key management continuity with proper succession plan and reviews internal control and risk management system. The Board delegates some of these responsibilities to Board Committees such as the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Board's activities for the Financial Year Ended 31 March 2020 comprised the following:

- review and approve the 2020 quarterly results;
- approve the Directors' Report and Audited Accounts for the financial year ended 31 March 2020;
- approve the reports of the Audit, Nomination and Remuneration Committees and to note the minutes of the Board Committees meetings on a quarterly basis;
- review the Group's strategies and plans;
- receive quarterly updates from the Managing Director and Executive Directors on significant changes in the business and the external environment which affects the businesses and operations;
- approve the General Budget and Capital Expenditure Budget;
- review the risk management framework of the Group and update on management of major business risks by the Group on a quarterly basis;
- approve the re-appointment of the Group's external auditors and ensure that the external auditors meet the criteria provided by Paragraph 15.21 of the Listing Requirements;
- approve the Annual Report 2020;
- approve the draft Circular to Shareholders in relation to the proposed Renewal of Shareholders' Mandates for Recurrent Related Party Transactions of revenue or trading nature;
- note the semi-annual returns of the Company;
- note the amendments to the Bursa Securities Listing Requirements; and
- review of the effectiveness of the Board meetings.

The Group have various departments and management teams to manage the businesses. Their roles and responsibilities are clearly defined. For example, in the event of resignation from any key management personnel, replacement will be sought within and outside of the Group during the notice period. Failing which, internal coordination will be carried out to mitigate the risk of short-handed and miss-match of skilled personnel.

The same applies to the Board. The Board is made up of members from different skill sets and professions that will contribute to the Group's growth. Nomination Committee will take responsibility to source for replacements in succession planning for the Board members.

Shareholders are encouraged to provide their views and expectations to the Board. The Board conducts dialogues with some major shareholders from time to time. Shareholders are also given opportunities to express their views during Annual General Meetings. They can also exchange their point of views through our official website.

Formalizing Ethical Standard through a Code of Conduct

The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to the Management Team.

The Company assesses the independence of the Directors in accordance with the criteria stipulated in paragraph 1.01 of the Listing Requirements, which states that a director needs to be independent from management and free from any business or other relationship which could interfere with his independent judgment or ability to act objectively and in the best interest of the Company.

All Independent, Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealings or other relationships with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

Whistleblowing

Whistleblowing Policy and Procedure is available for the employees to raise their concerns on any illegal, unethical or fraudulent activities being committed against the Group, without the risk of reprisal. This will assist the Group to generate and enhance a healthy system of reporting undesired and unwanted activities while encouraging the employees to protect and preserve the prosperity and growth of the Group.

Strategies Promoting Sustainability

The Group promote sustainability through its efforts on producing high quality products; rejects harmful material and ingredients; participates in charitable events; improving customers' satisfaction; diversifying business segments and channels; reviewing segmental business performance on a periodic basis; strategize business plans; improving employees' welfare and retaining programs. With policies mentioned above, the Group will be able to work towards better results and improve on sustainability.

Access to Information and Advice

The Directors have individual, unrestricted and independent access to Management staff in order to obtain relevant information on issues under their respective portfolios.

The Board may also seek independent professional advice when necessary, under company expense to discharge their duties when necessary. Prior to engaging an independent adviser, approval must be obtained from the Chairman and, where applicable, the Chairman may bring up the request for the Board's evaluation on the need for external advice.

Management reports are submitted to Executive Directors for review on fixed intervals. Draft quarterly results are provided to Board members prior to the Board meetings in order for them to comment and deliberate, and prepare themselves for the Board meetings.

Corporate Governance Overview Statement (cont'd)

Support from Qualified and Competent Company Secretary

The Board is satisfied with the performance and support provided by the Company Secretary. As a professional Company Secretary, she provides valuable and relevant advice to the Directors on compliance and maintaining good corporate governance within the Group.

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified, experienced and competent, ensure compliance of relevant regulatory requirements and best practices and advises the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Group, including fiduciary duties and responsibilities.

The Company Secretary organizes and attends all Board and Board Committee meetings and ensures that these meetings are properly convened; follow-up on matters arising; ensure accurate and proper records of the proceedings and resolutions passed. Such documentations are properly maintained at the registered office of the Company.

The Company Secretary is also responsible to maintain the documentations of the Board such as meeting papers and minutes. These documentations of the Board and its Committees will be produced for inspection, if required.

Board Charter

The Board Charter provides clarity on Board practices in upholding corporate governance and serves as a reference point for Board activities, which include the following key areas:

- The Board principal role and responsibilities;
- The Board structure, including Board balance and Directors' tenure;
- The Board members, Board committees, key management officers and company secretary roles and responsibilities;
- The Board governance processes, including meetings, appointment, re-appointment and removal of Directors;
- The Board Committees, including the terms and references of the Audit, Nomination and Remuneration Committees.

The last review was conducted on 5 April 2018.

STRENGTHEN COMPOSITION

The Board has established the following Committees to assist the Board in discharging its duties and responsibilities:-

The **Audit Committee** during the financial year ended 31 March 2020 comprises:-

Mr. Yee Yit Yang (Chairman)	*Independent, Non-Executive Director*
Dato' Dr. Azirul Salihin Bin Anuar	*Independent, Non-Executive Director*
Mr. Mohd Hatim Bin Abdullah	*Independent, Non-Executive Director*

The summary terms of reference of the Audit Committee (including its key function, roles and responsibilities) have been approved by the Board and the summary of Audit Committee's activities for the financial year ended 31 March 2020 can be found in the Audit Committee Report.

The **Nomination Committee** during the financial year ended 31 March 2020 comprises:-

Tun Arifin Bin Zakaria (Chairman)	*Independent, Non-Executive Director*
Dato' Dr. Azirul Salihin Bin Anuar	*Independent, Non-Executive Director*
Mr. Mohd Hatim Bin Abdullah	*Independent, Non-Executive Director*

The Nomination Committee, under its terms of reference, performs annual review on the required mix of competencies, commitment and performance of Board members and the effectiveness of the Board and Committees as a whole and reviews Board succession plan.

When selecting new Directors, the Nomination Committee is responsible for assessing the candidates for the proposed directorship and submits their recommendations to the Board for decision. When the candidate is approved by the Nomination Committee, the candidate will then be proposed to the Board. The Board will assess the skills set requirements and discuss through the fitness based on the selection factors and skills of the candidate and make the final decision for approval of the candidate.

Board and Committees Assessment

The Committee has established a formal evaluation process to assess the effectiveness of the Board and Board Committees in terms of their composition, independency, effectiveness and accountability, and the contribution and performance of individual Directors and Chief Executive including their roles and responsibilities, competency and expertise.

The main activities carried out by the Nomination Committee in 2020 are as follow:

- reviewed the required mix of skills and experience and other qualities of the Directors and to assess the effectiveness of the Board as a whole;
- discussed and determine the directors retiring by rotation in accordance with the Articles of Association of the Company;
- reviewed trainings attended by the Directors, assess the training needs and recommend suitable orientation, education, training programme for the continuous development of each Director.

Chairman

The Company's Chairman is an independent director. The Chairman plays an important role for the Group with his leadership skills which allows him to give the right judgment and recommendations that benefits the Company's functions and operations.

Gender diversity

The Board currently does not adopt any policy on boardroom diversity, such as gender and age. The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competency, skills, experiences and knowledge in areas identified by the Board should remain a priority.

The Board will monitor the Company's performance in meeting the target and shall review the policy and target set to achieve gender diversity in the boardroom as and when needed.

The **Remuneration Committee** members are:-

Dato' Mah Siew Kwok (Chairman) *(appointed on 28 August 2019)*	*Independent Non-Executive Director*
Dato' Dr. Azirul Salihin Bin Anuar	*Independent Non-Executive Director*
Mr. Yee Yit Yang	*Independent Non-Executive Director*

The Remuneration Committee is responsible for establishing a formal and transparent policy on Executive Directors remunerations and to fix the remuneration of individual directors. The Executive Directors abstain from participating in discussions and decisions on matters directly involving them to avoid any conflict of interest.

The range and aggregate remuneration received by Directors for the financial year ended 31 March 2020 is set out in the Notes 24.3 to the Financial Statements.

Corporate Governance Overview Statement (cont'd)

The range and aggregate remunerations received by Directors for the financial year ended 31 March 2020 are categorized as follows:-

Group		**Fees RM**	**Salaries RM**	**Other emoluments RM**	**Total RM**
ED 1	current	–	720,000	108,000	828,000
ED 2	current	–	720,000	108,000	828,000
ED 3	current	–	609,000	73,080	682,080
ED 4	current	12,000	343,233	39,642	394,875
		12,000	2,392,233	328,722	2,732,955
Non-ED 1	current	180,000	–	30,901	210,901
Non-ED 2	current	60,000	–	7,500	67,500
Non-ED 3	current	60,000	–	6,500	66,500
Non-ED 4	retired	25,000	–	3,000	28,000
Non-ED 5	current	60,000	–	4,000	64,000
Non-ED 6	current	60,000	–	6,000	66,000
		445,000	–	57,901	502,901
TOTAL		**457,000**	**2,392,233**	**386,623**	**3,235,856**

Note : Other emoluments include meeting allowances and statutory contributions.

Company		**Fees RM**	**Salaries RM**	**Other emoluments RM**	**Total RM**
ED 1	current	–	720,000	108,000	828,000
ED 2	current	–	720,000	108,000	828,000
		–	1,440,000	216,000	1,656,000
Non-ED 1	current	180,000	–	30,901	210,901
Non-ED 2	current	60,000	–	7,500	67,500
Non-ED 3	current	60,000	–	6,500	66,500
Non-ED 4	retired	25,000	–	3,000	28,000
Non-ED 5	current	60,000	–	4,000	64,000
Non-ED 6	current	60,000	–	6,000	66,000
		445,000	–	57,901	502,901
TOTAL		**445,000**	**1,440,000**	**273,901**	**2,158,901**

Note : Other emoluments include meeting allowances and statutory contributions.

The aggregate remunerations of the top five (5) Senior Management staff of the Group for the financial year ended 31 March 2020 are categorized as follows:-

Senior Management		Range of Remuneration			
		RM0 - RM50,000	RM100,001- RM150,000	RM200,001- RM250,000	RM250,001- RM300,000
SM 1	current	–	–	–	✓
SM 2	current	–	–	✓	–
SM 3	current	–	✓	–	–
SM 4	current	✓	–	–	–
SM 5	current	✓	–	–	–

The Board determines the Directors' remunerations including fees to the Directors, which is subject to shareholders' approval during the Annual General Meeting.

The attendances of Directors who are members of Board Committee during the financial year ended 31 March 2020 are as follow:

Directors	Designation	Audit Committee	Nomination Committee	Remuneration Committee
Tun Arifin Bin Zakaria	*Chairman Independent Non-Executive Director*	Non member	1/1	Non member
Mr. Seow Khim Soon	*Executive Deputy Chairman*	Non member	Non member	Non member
Mr. Ham Hon Kit	*Managing Director*	Non member	Non member	Non member
Mr. Wong Kwai Wah	*Executive Director*	Non member	Non member	Non member
Mr. Ibrahim Bin Sahari	*Executive Director*	Non member	Non member	Non member
Dato' Dr. Azirul Salihin Bin Anuar	*Independent Non-Executive Director*	3/3	1/1	1/1
Dato' Mah Siew Kwok	*Independent Non-Executive Director*	Non member	Non member	–
Mr. Yee Yit Yang	*Independent Non-Executive Director*	6/6	Non member	1/1
Mr. Mohd Hatim Bin Abdullah	*Independent Non-Executive Director*	4/6	0/1	Non member

Note:-

(1) Dato' Dr. Azirul Salihin Bin Anuar was appointed as member of the Audit Committee on 28 August 2019.

(2) Dato' Mah Siew Kwok was appointed as chairman of the Remuneration Committee on 28 August 2019.

For the financial year ended 31 March 2020, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills were adequate.

Corporate Governance Overview Statement (cont'd)

REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board assesses the independence of Independent Non-Executive Directors annually. The Board takes into account the individual Director's ability to exercise independent judgment and deliberations as well as the effective functioning of the Board as a whole.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continuous contributions from the Independent Directors will provide invaluable benefits to the Board and the Group as a whole, especially through their immense knowledge of the Group' financial and operations policies which they gained throughout the years. The caliber, qualification, experience and personal traits, particularly of the Independent Directors' integrity and objectivity in discharging their responsibilities in the best interest of the Group, predominantly determines the ability of them serving effectively and impartially.

Composition of Board and Independence

The Board has 9 members. 5 of them are independent non-executive members. The composition of the Board complied with paragraph 15.02 of the Bursa Securities Listing Requirements. The Chairman of the Board is Tun Arifin bin Zakaria, an independent non-executive Director, who is objective and upholds his intellectual integrity in leading the Board.

In accordance with the Company's Articles and Associations ("the Articles"), at least one-third (1/3), or the number nearest one-third (1/3) of the remaining directors including Managing Directors shall retire from office and be eligible for re-election at each Annual General Meeting provided that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are over the age of seventy years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

Independence – tenure of Independent Director who serves more than 9 years

As recommended in Principle A of MCCG 2017, the tenure of an independent director should not exceed cumulative term limit of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval.

Relationship with the Auditors

The Audit Committee maintains a formal and transparent relationship with the Group's auditors, both internal and external. The Audit Committee has explicit authority to communicate directly with the external and internal auditors. Where required, the external and internal auditors are invited to be present at the Audit Committee meetings.

FOSTER COMMITMENT

Time Commitment

The Board and Board Committee meetings are scheduled well in advance, i.e. in the last quarter of the preceding financial year, to facilitate the Directors in planning ahead and to ensure that the dates of the Board and Board Committees meetings are booked in their respective schedules. Additional meetings are convened when urgent and important decisions need to be made in between scheduled meetings.

The Board is satisfied with the level of time commitment contributed by the Directors in discharging their roles and responsibilities as Directors of the Company.

During the financial year ended 31 March 2020, five (5) Board meetings were held. The details of the Directors' attendances are as follows:

Directors	Designation	Meetings Attended	%
Tun Arifin Bin Zakaria	*Chairman Independent Non-Executive Chairman*	5/5	100
Mr. Seow Khim Soon	*Executive Deputy Chairman*	3/5	60
Mr. Ham Hon Kit	*Managing Director*	5/5	100
Mr. Wong Kwai Wah	*Executive Director*	4/5	80
Mr. Ibrahim Bin Sahari	*Executive Director*	5/5	100
Dato' Dr. Azirul Salihin Bin Anuar	*Independent Non-Executive Director*	5/5	100
Dato Mah Siew Kwok	*Independent Non-Executive Director*	5/5	100
Mr. Yee Yit Yang	*Independent Non-Executive Director*	5/5	100
Mr. Mohd Hatim Bin Abdullah	*Independent Non-Executive Director*	4/5	80

Training

In order for the Directors to enhance their business acumen and professionalism in discharging their duties to the Group, all the Directors are encouraged to attend courses, whether in-house or external as part of the continuing development in gaining relevant knowledge and updates. During the financial year ended 31 March 2020 the Company provides internal briefings to the Directors on key corporate governance developments and salient changes to the Listing Requirements of Bursa, and other relevant laws and regulations. The Directors are also briefed on matters relevant to the operations and activities of the Company.

From time to time, the Directors are provided with hard copies of reading materials pertaining to the latest developments in areas relating to the Directors' roles and responsibilities. They are encouraged to attend appropriate external trainings on the subject matter that aid the Directors in the discharge of their duties and responsibilities.

The external auditors also continuously brief the Audit Committee on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

In addition, the Company Secretary also receives regular updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration.

The Directors that attended external training during the financial year ended 31 March 2020 are as follow:

Directors	Seminar/Training Attended
Tun Arifin Bin Zakaria	New Impulses in the Malaysian Tax Scene: the Ramsay Approach – Judicial Invention or Rule of Law?
Dato' Mah Siew Kwok	Business Transformation Drive Impactful Performance Result
Yee Yit Yang	COVID-19 and The New Normal: Corporate Rescue Mechanisms in Times of Crisis MFRS 16 Leases: Businesses in the Engineering, Construction and Real Estate Sectors
Mohd Hatim Bin Abdullah	Harlows – MGI Wealth Management Lecture

Corporate Governance Overview Statement (cont'd)

Other Directors who did not attend external training program due to their busy travelling schedules had gained other relevant knowledge through reading material and relevant trade discussions and functions conducted both locally and internationally.

For the newly appointed Directors, they will attend the Mandatory Accreditation Program within 4 months from their respective appointment dates. They will also be briefed by the Board on the nature of the Group's businesses and its culture, corporate strategy, general responsibilities and compliance obligations.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee. The Audit Committee assists the Board in reviewing the financial statements which are prepared in accordance with the provisions of the Companies Act, 2016 and the applicable accounting standards in Malaysia, and ensures that they give an accurate, adequate and complete reporting in order for the Board to present quarterly results and annual audited results announcements.

Assessing the Suitability and Independence of External Auditors

The Audit Committee conducts annual review of the suitability and independence of External Auditors. The Audit Committee meets with External Auditors at least twice a year to discuss audit plan, findings and financial statements. At least one of these meetings is without the presence of any Executive Director and the Management. The External Auditors also made a representation in their 2020 Group Audit Plan to reaffirm their independency of their engagement.

RECOGNISE AND MANAGE RISKS

Risk Management Framework

In recognizing the importance of risk management and internal controls, the Board has established a Risk Management working group comprising the Executive Director and Management staff. This working group will conduct regular review on internal control system, policy and procedure of respective business units, aim to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis, to assist the Board to manage risks and promote sustainability through a structural risk management framework.

Internal Audit Function

The internal audit function of the Group is out-sourced to a professional firm which adopts a risk-based audit approach in discharging their responsibilities. They review the Company's system of internal controls, effectiveness of corporate governance, risk management and regulatory compliances and report on its adequacy and efficiency to the Audit Committee.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company aims to maintain a clear, transparent and informed communication channel with its shareholders and potential investors. The Company has delegated certain Executive Directors and Management staffs to be the spoke-persons on official business, corporate events and announcements. There is also a "Contact Us" icon in our Corporate Website to allow any inquiry to be communicated to the right channel and obtain a response within a reasonable time.

Corporate Governance Overview Statement (cont'd)

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

Leveraging on Information Technology for Effective Dissemination of Information

An official "Investor Relations" ("IR") section is incorporated in the Company's website. It provides relevant information on Company's announcement on a timely basis.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company serves ample notice to shareholders regarding details of General Meetings, their rights and entitlements to attend the meetings. The Company also encourages shareholders to attend or appoint appropriate proxies with no qualification restriction who will have equal rights as members to speak at the meetings.

Encourage Poll Voting

The Chairman will inform shareholders of their right to demand for poll voting in the General Meetings. The Company will conduct poll voting if so requested by shareholders in the meetings.

Effective Communication and Proactive Engagement with Shareholders

The Company, Board members and senior management will actively and promptly communicate with key shareholders, minority shareholders and potential institutional and public investors about the development of company business plan and results.

Through timely official public announcement and meetings, to understand shareholders' concerns and expectations in order to plan, formalize and realign corporate direction in achieving the performance and common goals expected by shareholders, Board members and the management.

Compliance with MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the financial year ended 31 March 2020 except for below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 4.3: The board has a policy which limits the tenure of its independent directors to nine (9) years.

Practice 7.1: There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Practice 7.2 & 7.3: The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement during the Board Meeting dated 5 August 2020. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG, and MMLR of Bursa Securities throughout the financial year ended 31 March 2020, save for the exceptions as disclosed above.

AUDIT **COMMITTEE REPORT**

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee ("the Committee") are as follows:-

- **Yee Yit Yang (Chairman)**
  Independent Non-Executive Director

- **Dato' Dr. Azirul Salihin Bin Anuar**
  Independent Non-Executive Director

- **Mohd Hatim Bin Abdullah**
  Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. **Composition**

   The Committee shall be appointed from amongst the board and shall comprise at least three (3) members, a majority of whom shall be independent directors. All members of the Committee shall be non-executive directors.

   All members of the Committee shall be financially literate and at least one shall be a member of the accounting association or body.

   All members of the Committee, including the chairman, will hold office only so long as they serve as directors of the Company. Should any member of the committee ceases to be a director of the Company, his membership in the committee would cease forthwith.

   In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within three (3) months.

2. **Chairman**

   The chairman, who shall be elected by the Committee, must be an independent director.

3. **Secretary**

   The company secretary shall be the secretary of the Committee and shall be responsible, in conjunction with the chairman, for drawing up the agenda and circulating it prior to each meeting.

   The secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members.

4. **Meetings**

   The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

   The Chief Financial Officer, the representative of internal audit and the external audit shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

   The chairman of the Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

   Meetings shall be held at least four (4) times a year or at a frequency to be decided by the Committee.

5. Rights

The Committee shall:-

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the necessary resources which it needs to perform its duties;
(c) have full and unrestricted access to any information which it requires in the course of performing its duties;
(d) have unrestricted access to the chief executive officer and the chief financial officer;
(e) have direct communication channels with the external auditors and internal auditors; and
(f) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company.

6. Duties

The duties of the Committee shall include a review of:-

(a) the nomination of external auditors;
(b) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
(c) the adequacy and effectiveness of the internal control and management information systems;
(d) the financial statements of the Company with both the external auditors and management;
(e) the external auditors' audit report;
(f) any management letter sent by the external auditors to the Company and the management's response to such letter;
(g) any resignation of the Company's external auditors;
(h) the assistance given by the Company's officers to the external auditors;
(i) all areas of significant financial and operational risks and the arrangements in place to contain those risks to acceptable levels;
(j) all related-party transactions and potential conflict of interests situations; and
(k) the internal audit function including:-
    i. the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
    ii. the internal audit program and the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.

ATTENDANCE OF MEETINGS

There were six (6) meetings held during the financial year ended 31 March 2020 ("FY 2020"). The details of attendance of each member at the Committee meetings held during the financial year are stated below:

Directors	Directorship	Meetings Attended	%
Yee Yit Yang (Chairman)	Independent Non-Executive Director	6/6	100
Dato' Dr. Azirul Salihin Bin Anuar *(appointed as member on 28 August 2019)*	Independent Non-Executive Director	3/3	100
Mohd Hatim Bin Abdullah	Independent Non-Executive Director	4/6	67

The partner of the external auditors, Executive Director and relevant members of senior management team attended the meetings upon the invitation of the Committee.

Deliberations during the Committee's meeting including issues discussed and decisions were recorded. Minutes of the Committee's meetings would be tabled for confirmation at the next Committee's meeting and subsequently tabled at the Board meeting for notation.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES

The activities carried out by the Committee during the FY 2020 include:-

(a) Reviewed the interim financial results, analyze trend of financial numbers, query on significant issues and indicators before recommending the same for the Board's approval.

(b) Reviewed the annual audited financial statements of the Group together with the external auditors before recommending the same for the Board's approval.

(c) Reviewed the audit plan of internal and external auditors.

(d) Reviewed the related party transactions within the Group for compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

(e) Considered and recommended the audit fees payable to the internal and external auditors for the Board's approval.

(f) Reviewed the internal audit reports, audit recommendations made, the Management's response to these recommendations and follow-up review reports. Where appropriate, the Committee had directed the Management to ratify or improve the current system based on the internal auditors' recommendation for improvement.

(g) Reviewed the adequacy of scope, function, resources and competency of the internal audit function and that it has the necessary authority to carry out its work.

(h) Reviewed and approved the Audit Committee Report for the inclusion in the Company's Annual Report.

(i) Held meeting with External Auditors twice this year without the presence of any Executive Directors and the Management to discuss audit and financial matters.

EXTERNAL AUDIT FUNCTION

The Audit Committee evaluated the audit plan from Messrs Russell Bedford LC & Company for the financial year ended 31 March 2020. Audit Committee met with the external auditors without the presence of any members of the Board, in order to review and discuss on matters of interest for the Company. During the meeting with Russell Bedford, the Audit Committee also:

- Reviewed, discussed and where necessary sought explanations on the results of their audit;
- Discussed on changes in accounting standards;
- Discussed on issues impacting the financial statements;
- Sought explanations on the regulatory requirements and responsibilities.

The External Auditors had confirmed their independency in their 2020 Group Audit Plan and the Board is satisfied with that statement.

The Audit Committee and the Board are satisfied with the performance and effectiveness of the external auditors, Russell Bedford LC & Company and the fees quoted are within affordable range.

INTERNAL AUDIT FUNCTION

The internal audit function has been outsourced, which reports directly to the Committee. The Committee will review the work of the internal audit function to ascertain the audit findings and ensuring the senior management to follow-up and make adequate rectification or improvement to the findings. A follow-up review will be conducted by the internal audit function to ensure the issues that were previously highlighted has been rectified or improved accordingly.

The primary responsibility of the internal audit function is to perform independent review to the Group's system of internal controls and report on its adequacy, effectiveness and efficiency to the Committee. The internal audit function adopts a risk-based audit approach in auditing objectively to provide assurance that risks are mitigated to acceptable levels.

Summary of the Internal Audit activities for the FY 2020 were:

1. Developing the annual internal audit plan for financial year 2021 and proposing this plan to the Committee.

2. Conducting scheduled internal audit engagements, using the risk-based audit approach and focusing primarily on the assessment of the effectiveness of internal controls.

   Some of the internal audit scope or function reviewed during the financial year are as follow:-

   (i) Payment system and progress claim processing of Vertice Berhad, Vertice Construction Sdn Bhd and Buildmarque Construction Sdn Bhd.

   (ii) Project management of Sekolah Menengah Vokasional Kulim, Kedah which was awarded to Vertice Construction Sdn Bhd.

   The internal auditors' findings are highlighted under the following three (3) categories:-

   a) Findings of significant importance;
   b) Non-compliance; and
   c) Areas for improvement.

   Management response thereto were obtained and included in the internal audit report.

3. Conducting follow-up reviews to assess whether appropriate action has been taken to address issues highlighted in previous internal audit reports on the following scope or function:-

   (i) Human resource management and payroll system of Vertice Berhad, Vertice Construction Sdn Bhd and Buildmarque Construction Sdn Bhd.

4. Presenting audit findings to the Committee for consideration.

The total cost incurred for the Group's internal audit function during the financial year was approximately RM30,000.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

Introduction

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (the “Board”) of Vertice Berhad (the “Company”) is pleased to provide the statement which outlines the nature and scope of the Risk Management and Internal Controls (“RMIC”) of the Company and its subsidiaries (the “Group”) during the financial year under review.

This Statement of RMIC is prepared in accordance with the Malaysian Code on Corporate Governance issued by the Securities Commission in April 2017 and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Task Force on Internal Control and endorsed by Bursa Securities in Dec 2012.

Responsibility

The Board, assisted by the Audit Committee, is responsible and accountable for maintaining a reliable and effective RMIC practices to safeguard and enhance the Group’s assets and shareholders’ investments.

The Board recognizes that a sound system of RMIC is an integral part of good corporate governance. The system of RMIC covers not only financial controls but operational, risk and compliance controls as well. The management assists the Board in the implementation of the Group’s policies and procedures on risk and control by identifying and assessing the risks encountered and designing suitable internal controls to mitigate and manage these risks. The Board continually reviews and ensure that the RMIC is adequate and sound. Such reviews also ensure that the Group’s risk appetite is aligned to its business objectives.

However, in view of the limitations inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group’s policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material errors, irregularities or losses.

For the construction segment, though the risk profile and framework is still in progress, the Board is being briefed by the Management on the relevant risks unique to the construction industry on each contract secured. Sufficient internal controls are put in place to ensure progress billings are being monitored and revisions to budgeted costs are being performed so that the budgeted profit margins are achieved with minimal variations.

Key Activities for RMIC

The Group’s key activities that have been established for continuous reviewing and evaluating the effectiveness and adequacy of the RMIC system include:

- The Executive Board conduct regular meetings with all business unit heads from time to time to ensure all Group’s operations are in accordance with the corporate objectives, business direction, policies and strategies approved by the Board;
- The Audit Committee members are Independent Non-Executive Directors. The Committee has full access to the key management staffs, internal and external auditors;
- Clear defined delegation of responsibilities and Business Code of Conduct have been provided to the Executive Board members and key management staffs to ensure that they are guided by appropriate risk management, control policies and procedures;
- Operational structure with defined lines of reporting, responsibility, delegation of authority and accountability are in place;
- A Risk Management working group was formed to conduct regular reviews on the risk management framework and update of the respective risk profiles;
- The Executive Board receives periodic performance reports from the respective business units. These reports include financial and operational information to monitor the achievement progress of corporate objectives set as well as compliance of the required standards and guidelines set by the respective regulatory bodies;
- Periodic internal audit has been conducted adequately by an independent internal audit function to monitor compliance with the Group’s standard operating policies and procedures as well as good corporate governance practices;

Key Activities for RMIC (Cont'd)

The Group's key activities that have been established for continuous reviewing and evaluating the effectiveness and adequacy of the RMIC system include: (Cont'd)

- Executive Directors active involvement in daily operations enable the control of operational procedures are being observed and adhered to;
- Regular Board meetings highlight and discuss important issues. Such meetings allow the Board of Directors to supervise and implement appropriate controls and regularly review the adequacy of such controls on key areas from time to time.

RISK MANAGEMENT

The Board and Management practices consistent risks identification on significant matters on an on-going basis, particularly when there are any major changes in the nature of activities and or operating environment, or venture into new operating environment. The Group also engaged a consulting firm, Vaersa Advisory Sdn Bhd to assist the Board and Management in identifying major risks and mitigating controls in the form of a risk register relating to the Group's major operating entities. Updates to the risk register was formally tabled to the Board on an annual basis, and Management was informed of the identified risks and mitigating controls, and endeavors to continuously monitor the effectiveness of controls and any resulting residual risks.

In order to ensure the objectivity of the review of the risk management and systems of internal control in the Group, the risk management processes are embedded and carried out as part of the Group's operating and business management processes.

Internal Audit Function

TThe Board of Directors had outsourced the internal audit function of the Group to an independent external party ("IEP") to assist the Audit Committee to provide assurance to management and the Board that all internal controls are in place, adequate, and functioning effectively within the acceptable level of expectations.

Activities of IEP based on the Annual Internal Audit Strategy Planning Memorandum is reviewed and approved by the Audit Committee on a yearly basis. The risk-based audit plan is developed to cover operational and functional controls as well as financial management that are significant to the overall performance of the Group.
The responsibilities of the IEP include:

- Reviewing compliance to the Group's standard operating policies and procedures, guidelines, and applicable laws and regulations;
- Assessing and reporting on the operational efficiency of various business units and departments within the group and identifying areas for improvement;
- Assessing and reporting on the reliability of data, information and system of financial reporting;
- Conducting follow-up reviews to assess whether appropriate action has been taken to address issues highlighted in previous internal audit reports;

The results of internal audits are reported on a bi-annual basis to the Audit Committee and the report of the Audit Committee is a permanent agenda in the meeting of the Board. The Management Team's responses on each internal audit recommendation and action plans therein, are regularly reviewed and monitored by the Audit Committee.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function, and necessary actions have been taken by the Management Team to remedy significant failing or weaknesses identified for the FY 2020.

Statement on Risk Management and Internal Control (cont'd)

Review of the Statement by External Auditors

This Statement on RMIC has been reviewed by the external auditors as required by Paragraph 15.23 of the MMLR of Bursa Securities for inclusion in the Annual Report for the financial year ended 31 March 2020. Their review was performed in accordance with Audit and Assurance Practice Guides 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement of RMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the RMIC system of the Group including the assessment and opinion by the Board and management thereon.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the effectiveness, adequacy and integrity of the risk management and internal controls of the Group.

Conclusion

The Board has received assurance from the Managing Director, Executive Directors and Group Financial Controller during the Audit Committee meeting held on 29 June 2020, that the Group's RMIC system in place is operating adequately and effectively in all material aspects.

DIRECTORS' RESPONSIBILITIES STATEMENTS **FOR THE ANNUAL AUDITED FINANCIAL STATEMENTS**

a) The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and Malaysian Financial Reporting Standards and International Financial Reporting Standards.

b) The Directors are responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company, and of the results of the operations and cash flows of the Group and of the Company for the financial period.

c) In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis.

d) The Directors are responsible to ensure that the Group and the Company maintain accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Act.

e) The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to detect and prevent fraud and other irregulariti

financial statements

DIRECTORS' **REPORT**

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Notes 13 and 18 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	**24,766,827**	**3,518,961**
Attributable to:		
Owners of the Company	**24,490,708**	**3,518,961**
Non-controlling interests	**276,119**	**–**
	24,766,827	**3,518,961**

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares and debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report (cont'd)

WARRANTS 2014/2024

The Company had in March 2014 issued 60,000,000 warrants in conjunction with its bonus issue exercise. The warrants are constituted by a deed poll dated 11 March 2014 ("Deed Poll").

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 1 April 2014 and the expiry date is on 31 March 2024. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.50 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of unexercised warrants are subject to adjustment in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions in the Deed Poll;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movements in the Company's warrants during the financial year are as follows:

		Entitlement for ordinary shares		
	Balance at 1.4.2019	Exercised	Expired	Balance at 31.3.2020
Number of unexercised warrants	60,000,000	–	–	**60,000,000**

DIRECTORS

The directors of the Company in office since the end of the previous financial period to the date of this report are:

Tun Ariffin Bin Zakaria	
Seow Khim Soon	
Ham Hon Kit	
Ibrahim Bin Sahari	
Wong Kwai Wah	
Shaari Bin Haron	Retired on 28.8.2019
Dato' Mah Siew Kwok	
Mohd Hatim Bin Abdullah	
Yee Yit Yang	
Dato' Dr. Azirul Salihin Bin Anuar	

DIRECTORS' INTERESTS IN SHARES

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of Ordinary Shares			
	Balance as at 1.4.2019	Bought	Sold	Balance as at 31.3.2020
Direct Interest				
Ham Hon Kit	800,000	–	–	**800,000**
Ibrahim Bin Sahari	9,391,588	1,903,000	(3,500,000)	**7,794,588**
Wong Kwai Wah	8,490,000	3,269,100	(2,112,000)	**9,647,100**
Yee Yit Yang	50,000	524,200	(182,600)	**391,600**
Seow Khim Soon	–	100,000	–	**100,000**

	Number of warrants over ordinary share			
	As at 1.4.2019	Bought	Sold	As at 31.3.2020
Warrants registered in the name of director				
Ham Hon Kit	400,000	–	–	**400,000**
Ibrahim Bin Sahari	5,400,000	3,450,000	–	**8,850,000**
Wong Kwai Wah	5,100,000	2,085,000	–	**7,185,000**

Other than as stated, none of the other directors in office at the end of the financial year had an interest in the shares of the Company and its related companies during the financial year, according to the register required to be kept under Section 59 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

The details of directors' remuneration are disclosed in Note 6 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Company.

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

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, which would render any amount stated in the financial statements misleading.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Notes 32 and 33 to the financial statements.

AUDITORS

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The auditors' remuneration for the Group and the Company is disclosed in Note 6 to the financial statements.

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

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WONG KWAI WAH	**IBRAHIM BIN SAHARI**

Kuala Lumpur, Malaysia

Dated: 5 August 2020

STATEMENT BY **DIRECTORS**

The directors of **VERTICE BERHAD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2020, and of their financial performance and their cash flows for the year ended on that date.

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

WONG KWAI WAH

IBRAHIM BIN SAHARI

Kuala Lumpur, Malaysia

Dated: 5 August 2020

STATUTORY **DECLARATION**

I, ERIC BOON CHUAN KIT (MIA NO: 14094), being the officer primarily responsible for the financial management of VERTICE BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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.

Subscribed and solemnly declared by)
the above-named ERIC BOON)
CHUAN KIT at Kuala Lumpur in)
Wilayah Persekutuan on 5 August 2020)

ERIC BOON CHUAN KIT

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' **REPORT**

to the Members of Vertice Berhad
(Incorporated in Malaysia)

1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1.1 Opinion

We have audited the accompanying financial statements which comprise the statement of financial position of the Group and the Company as at 31 March 2020, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

We are independent of the Group and the Company in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA 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 MIA By-Laws and the IESBA Code.

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

1.3 Key audit matters

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

1.3.1 Carrying amount of disposal group held for sale

As disclosed in Note 18 to the financial statements, the carrying amount of disposal group held for sale of the Group, which comprises a group of subsidiaries not audited by us, was RM55,169,671. The carrying amount of the disposal group held for sale represents 40% of the total assets of the Group as at 31 March 2020 and this group of subsidiaries contributed RM21,586,809 in losses which represents 87% of the net loss after tax of the Group for the financial year ended 31 March 2020.

As the Group auditor, we are ultimately responsible for rendering of audit opinion for the Group financial statements and also we are responsible for directing, supervising and performing the Group audit.

Independent Auditors' Report (cont'd)

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

1.3 Key audit matters (Cont'd)

1.3.1 Carrying amount of disposal group held for sale (Cont'd)

How the matter was addressed in the audit

Our audit procedures included, amongst others:

- evaluated the competency of the component auditors to carry out the full scope audit.
- issued detailed instructions to the component auditors covering the significant areas that include the relevant risks of material misstatement due to fraud or error and to also set out the information required to be reported to us.
- reviewed the audit working papers of the component auditors and discussed in detail the audit approach, findings and observations reported to us.
- discussed with management of the disposal group held of sale of their business activities and reviewed the account balances and classes of transactions that are likely to have a significant risk of material misstatements.

We are satisfied with the results of our procedures performed.

1.3.2 Revenue recognition for construction contracts

The Group recognised revenue from construction contracts over time by measuring the Group's progress towards complete satisfaction of each performance obligation. The progress towards complete satisfaction of the performance obligation is measured using an input method, by reference to the construction costs incurred to date as a percentage of the estimated total costs of the contract.

The Group recognised revenue from construction contracts of RM62,126,632 representing 100% of the total revenue of the Group for financial year ended 31 March 2020.

Revenue recognition of construction contracts is a key audit matter as it is inherently complex which involves significant estimation in determining the progress based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example scope of work and costs to completion.

How the matter was addressed in the audit

Our audit procedures included, amongst others:

- read selected contracts entered with customers and sub-contractors to obtain an understanding on the terms of contracts. For subsequent variation in contract works and claims for cost not included in the initial contracts, we agreed the amounts to approved variation order forms and/or correspondences with the customers and sub-contractors.
- assessed the reasonableness of the estimated total construction costs by agreeing to supporting documentation, i.e. approved budgets, quotations, correspondences, letters of award and contracts with sub-contractors.
- examined a sample of actual costs incurred by agreeing to progress claims certificate from sub-contractors and invoices from suppliers.
- discussed with management and key project team members to understand the overall progress of the construction contracts and corroborate with the stage of completion computed based on extent of costs incurred.

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

1.3 Key audit matters (Cont'd)

1.3.2 Revenue recognition for construction contracts (Cont'd)

- recomputed the revenue recognised during the reporting period using the input method by reference to the percentage of the costs incurred over estimated total costs of selected contracts.

- reviewed management's assessment on the exposure to liquidated and ascertained damages and/or foreseeable losses to ascertain that these are appropriately assessed and accounted for adequately.

We are satisfied with the results of our procedures performed.

1.3.3 Recoverability of receivables

As disclosed in Note 15 to the financial statements, the net carrying amount of trade receivables of the Group was RM43,208,610 as at 31 March 2020 and management has recognised an allowance of expected credit losses of RM862,528 during the reporting period.

The Group has significant receivable balances that are overdue, leading to the risk that the Group's allowance of expected credit losses for trade receivables being insufficient if these amounts are not recoverable. The recoverability of trade receivables is a key audit matter as its assessments involve significant judgements.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- reviewed and verified the collections received during the reporting period and subsequent to the reporting period to bank records.

- assessed the adequacy of impairment assessment performed by management on overdue receivables. For a balance where no allowance for impairment was made, we obtained evidence in the form of subsequent receipts, historical payment trends, customer's financial position and customer's correspondences.

- tested the adequacy of the allowance of expected credit losses made by management through challenging the relevant assumptions and data applied in making the estimates.

We are satisfied with the results of our procedures performed.

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independent Auditors' Report (cont'd)

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

1.5 Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 and/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 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 and/or the Company to cease to continue as a going concern.

Independent Auditors' Report (cont'd)

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

1.6 Auditors' responsibilities for the audit of the financial statements

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Act, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

3. OTHER MATTER

The financial statements for the period 1 January 2018 to 31 March 2019 were audited by another firm of auditors whose report dated 18 July 2019 expressed an unmodified audit opinion.

4. ENGAGEMENT PARTNER

The engagement partner on the audit resulting in this independent auditors' report is Gavin Foo Tun Xiang.

RUSSELL BEDFORD LC & COMPANY
AF 1237
Chartered Accountants

GAVIN FOO TUN XIANG
03405/12/2020 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Dated: 5 August 2020

STATEMENTS OF **COMPREHENSIVE INCOME**

For the Year Ended 31 March 2020

	Note	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM	Company 1.4.2019 to 31.3.2020 RM	Company 1.1.2018 to 31.3.2019 RM
Revenue	4	**62,126,632**	125,715,510	**–**	–
Cost of sales		**(58,866,243)**	(118,723,941)	**–**	–
Gross profit		**3,260,389**	6,991,569	**–**	–
Administrative expenses		**(5,725,580)**	(7,291,028)	**(3,574,544)**	(5,416,458)
Net allowance for expected credit losses		**(862,528)**	(1,225,359)	**–**	–
Loss from operations	6	**(3,327,719)**	(1,524,818)	**(3,574,544)**	(5,416,458)
Finance income	7	**80,963**	284,610	**73,135**	283,697
Finance costs	8	**(88,316)**	(4,326)	**–**	–
Net finance (costs)/income		**(7,353)**	280,284	**73,135**	283,697
Loss before tax		**(3,335,072)**	(1,244,534)	**(3,501,409)**	(5,132,761)
Income tax expense	9	**155,054**	(1,380,048)	**(17,552)**	(68,088)
Loss from continuing operations		**(3,180,018)**	(2,624,582)	**(3,518,961)**	(5,200,849)
Discontinued operation					
Loss from discontinued operation, net of tax	18	**(21,586,809)**	(4,273,644)	**–**	–
Net loss/Total comprehensive loss for the year/period		**(24,766,827)**	(6,898,226)	**(3,518,961)**	(5,200,849)
Net loss/Total comprehensive loss attributable to:					
Owners of the Company		**(24,490,708)**	(6,964,332)	**(3,518,961)**	(5,200,849)
Non-controlling interests		**(276,119)**	66,106	**–**	–
		(24,766,827)	(6,898,226)	**(3,518,961)**	(5,200,849)
Basic loss per share (sen)	10				
- from continuing operations		**(1.91)**	(1.57)		
- from discontinued operation		**(11.07)**	(2.60)		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **FINANCIAL POSITION**

As at 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non current assets					
Property, plant and equipment	11	**1,324,873**	2,078,122	**–**	–
Right of use assets	12	**5,170,951**	–	**–**	–
Investment in subsidiaries	13	**–**	–	**15,855,140**	15,855,140
Other investments	14	**9,860,000**	9,860,000	**9,860,000**	9,860,000
Trade receivables	15	**9,956,005**	2,515,737	**–**	–
Other receivables	16	**–**	–	**41,164,876**	18,366,422
		26,311,829	14,453,859	**66,880,016**	44,081,562
Current assets					
Contract assets	17	**4,339,257**	233,773	**–**	–
Trade receivables	15	**33,252,605**	67,530,440	**–**	–
Other receivables, deposits and prepayments	16	**11,636,912**	4,054,247	**26,015,391**	25,996,611
Tax recoverable		**5,893,075**	787,176	**13,299**	–
Cash and bank balances		**2,959,725**	18,096,465	**1,851,099**	16,327,694
		58,081,574	90,702,101	**27,879,789**	42,324,305
Disposal group held for sale	18	**55,169,671**	76,756,480	**22,282,560**	22,282,560
		113,251,245	167,458,581	**50,162,349**	64,606,865
Total assets		**139,563,074**	181,912,440	**117,042,365**	108,688,427
Equity					
Share capital	19	**114,097,098**	114,097,098	**114,097,098**	114,097,098
(Accumulated losses)/ Retained profits		**(12,843,813)**	11,646,895	**(9,514,056)**	(5,995,095)
Equity attributable to owners of the Company		**101,253,285**	125,743,993	**104,583,042**	108,102,003
Non-controlling interests		**3,267,818**	293,937	**–**	–
Total equity		**104,521,103**	126,037,930	**104,583,042**	108,102,003

Statements of Financial Position (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non current liabilities					
Lease liabilities	20	**3,956,206**	526,646	**–**	–
Deferred tax liability	21	**14,000**	–	**–**	–
Trade payables	22	**3,224,107**	2,138,438	**–**	–
		7,194,313	2,665,084	**–**	–
Current liabilities					
Contract liabilities	17	**319,787**	286,343	**–**	–
Trade payables	22	**13,867,287**	51,883,476	**–**	–
Other payables and accruals	23	**12,568,147**	829,703	**12,459,323**	518,336
Lease liabilities	20	**1,092,437**	141,816	**–**	–
Tax payable		**–**	68,088	**–**	68,088
		27,847,658	53,209,426	**12,459,323**	586,424
Total liabilities		**35,041,971**	55,874,510	**12,459,323**	586,424
Total equity and liabilities		**139,563,074**	181,912,440	**117,042,365**	108,688,427

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital RM	Retained profits/ (Accumulated losses) RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total RM
Group					
At 1 January 2018	74,021,898	18,611,227	92,633,125	(272,169)	92,360,956
Issuance of shares	40,075,200	–	40,075,200	–	40,075,200
Issuance of shares by a subsidiary upon incorporation	–	–	–	500,000	500,000
Net (loss)/income / Total comprehensive (loss)/ income for the period					
- as previously reported	–	(5,325,248)	(5,325,248)	66,106	(5,259,142)
- prior year adjustments (Note 30)	–	(1,639,084)	(1,639,084)	–	(1,639,084)
- as restated	–	(6,964,332)	(6,964,332)	66,106	(6,898,226)
At 31 March 2019	114,097,098	11,646,895	125,743,993	293,937	126,037,930
At 1 April 2019					
- as previously reported	**114,097,098**	**13,285,979**	**127,383,077**	**293,937**	**127,677,014**
- prior year adjustments (Note 30)	**–**	**(1,639,084)**	**(1,639,084)**	**–**	**(1,639,084)**
- as restated	**114,097,098**	**11,646,895**	**125,743,993**	**293,937**	**126,037,930**
Subscription of additional shares in a subsidiary	**–**	**–**	**–**	**3,250,000**	**3,250,000**
Net loss/Total comprehensive loss for the year	**–**	**(24,490,708)**	**(24,490,708)**	**(276,119)**	**(24,766,827)**
At 31 March 2020	**114,097,098**	**(12,843,813)**	**101,253,285**	**3,267,818**	**104,521,103**

	Share capital RM	Accumulated losses RM	Total RM
Company			
At 1 January 2018	74,021,898	(794,246)	73,227,652
Issuance of shares	40,075,200	–	40,075,200
Net loss/Total comprehensive loss for the period	–	(5,200,849)	(5,200,849)
At 31 March 2019	114,097,098	(5,995,095)	108,102,003
Net loss/Total comprehensive loss for the year	–	(3,518,961)	(3,518,961)
At 31 March 2020	114,097,098	(9,514,056)	104,583,042

The accompanying notes form an integral part of the financial statements

STATEMENTS OF **CASH FLOWS**

For the Year Ended 31 March 2020

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 toNote 31.3.2019 RM
Cash flows from/(used in) operating activities				
Loss before tax	**(3,335,072)**	(1,244,534)	**(3,501,409)**	(5,132,761)
Adjustments for:				
Allowance for expected credit losses	**862,528**	1,225,359	**–**	–
Depreciation	**1,038,460**	47,283	**–**	–
Interest income	**(80,963)**	(284,610)	**(73,135)**	(283,697)
Interest expense	**88,316**	4,326	**–**	–
Operating loss before working capital changes	**(1,426,731)**	(252,176)	**(3,574,544)**	(5,416,458)
Changes in contract assets/liabilities - net	**(4,072,040)**	1,166,853	**–**	–
Decrease/(Increase) in trade and other receivables	**18,392,374**	(72,069,899)	**70,820**	1,284,671
(Decrease)/Increase in trade and other payables	**(37,192,076)**	50,889,958	**(59,013)**	330,855
Cash used in operations	**(24,298,473)**	(20,265,264)	**(3,562,737)**	(3,800,932)
Income tax paid	**(5,124,123)**	(2,126,636)	**(98,939)**	–
Income tax refunded	**119,190**	–	**–**	–
Net cash used in operating activities	**(29,303,406)**	(22,391,900)	**(3,661,676)**	(3,800,932)
Cash flows used in investing activities				
Acquisition of plant and equipment	**(305,354)**	(1,324,779)	**–**	–
Acquisition of right of use assets	**(124,819)**	–	**–**	–
Advances to subsidiaries	**–**	–	**(22,888,054)**	(20,319,356)
Non-controlling interests' subscription of shares of a subsidiary	**3,250,000**	500,000	**–**	–
Deposits received for disposal of a subsidiary	**12,000,000**	–	**12,000,000**	–
Interest received	**80,963**	284,610	**73,135**	283,697
Net cash from/(used in) investing activities	**14,900,790**	(540,169)	**(10,814,919)**	(20,035,659)
Cash flows from/(used in) financing activities				
Interest paid	**(88,316)**	(4,326)	**–**	**–**
Proceeds from issuance of share capital	**–**	40,075,200	**–**	40,075,200
Repayments of lease liabilities	**(645,808)**	(132,164)	**–**	–
Net cash (used in)/from financing activities	**(734,124)**	39,938,710	**–**	40,075,200
Net (decrease)/increase in cash and cash equivalents	**(15,136,740)**	17,006,641	**(14,476,595)**	16,238,609
Cash and cash equivalents at beginning of year/period	**18,096,465**	1,089,824	**16,327,694**	89,085

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows (cont'd)

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 toNote 31.3.2019 RM
Cash and cash equivalents at end of year/period	**2,959,725**	18,096,465	**1,851,099**	16,327,694
Cash and cash equivalents comprise:				
Cash and bank balances	**2,959,725**	18,096,465	**1,851,099**	16,327,694

Reconciliation of liabilities arising from financing activities

	Group			
	1.4.2019 RM	Cash flows RM	Non cash changes RM	31.3.2020 RM
Lease liabilities				
- hire purchase	**668,462**	**(224,383)**	**1,483,000**	**1,927,079**
- others	**–**	**(421,425)**	**3,542,989**	**3,121,564**
	668,462	**(645,808)**	**5,025,989**	**5,048,643**

	1.1.2018 RM	Cash flows RM	Non cash changes RM	31.3.2020 RM
Lease liabilities - hire purchase	229,364	(132,164)	571,262	668,462

The accompanying notes form an integral part of the financial statements

NOTES TO **THE FINANCIAL STATEMENTS**
31 March 2020

1. GENERAL INFORMATION

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Notes 13 and 18.

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 is located at B-3-9, 3rd Floor, Block B, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place of business of the Company is located at Unit 1505-1506, Level 15, Tower 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.

The financial statements were approved and authorised for issue by the board of directors on 5 August 2020.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards ("MFRS").

The financial statements of the Group and of the Company also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

The Group has adopted the new and revised Malaysian Financial Reporting Standards and their related interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC interpretations does not result in significant changes in accounting policies of the Group other than as follows:

i. MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.1 Basis of accounting (Cont'd)

i. MFRS 16 Leases (Cont'd)

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases which is operating and finance leases.

The effects of adopting MFRS 16 is disclosed in Note 29.

The Group has not adopted the new standards, amendments to published standards and IC interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial applications.

2.2.2 Significant accounting policies

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 the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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.

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the reporting periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to The Financial Statements (cont'd)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Basis of consolidation (Cont'd)

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the 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.

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

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 subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is loss. Subsequently, it is accounted for as equity accounted investee or as an equity investment at fair value depending on the level of influence retained.

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or service taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised only when it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services sold.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Revenue from contracts with customers (Cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non accumulating compensated absences such as sick leave are recognised as expense when the absences occur.

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer and software	33%
Motor vehicles	20%
Office equipment and furniture and fittings	10% - 33%
Plant and machinery	20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the rights, or is exposed, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of construction contract, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment losses, if any.

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. In the case of construction contract, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligations under the contracts.

Non-current assets or disposal group classified as held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets or disposal group are measured in accordance with the adopted accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of its carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of cumulative impairment loss.

Leases

As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Dwelling and office premises	2 - 5 years
Motor vehicles	5 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

Notes to The Financial Statements (cont'd)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Leases (Cont'd)

As a lessee (Cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the reporting period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Segment information

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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

Notes to The Financial Statements (cont'd)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVOCI")

Equity investments at FVOCI

Upon intial recognition, the Group can elect to classify irrevocably its equity investment that is not held for trading, to be designated at fair value through other comprehensive income. The election is made on an investment by investment basis.

Subsequent to initial recognition, equity investments at FVOCI are measured at fair value. Dividends are recognised as other income in profit or loss when the right of payment has been established. Other net gains and losses are recognised in other comprehensive income and are never recycled to profit or loss. Equity investments at FVOCI are not subject to impairment assessment.

(iii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

a) contingent consideration of an acquirer in a business combination;
b) financial guarantee contracts;
c) loan commitments;
d) designated at fair value through profit or loss; or
e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

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

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on the following items:

a) financial assets at amortised cost; and
b) contract assets.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

a) the financial instrument has a low risk of default;
b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers 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 historical experience and informed credit assessment and including forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Notes to The Financial Statements (cont'd)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Expected credit losses (Cont'd)

Definition of default

The Group considers a debt instrument to be in default when:

a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
b) The financial asset is more than 90 days past due.

Credit impaired financial assets

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 includes the following observable events:

a) Significant financial difficulties of the debtor;
b) A breach of contract, such as a default or past due event;
c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
b) Held primarily for the purpose of trading;
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in the normal operating cycle;
b) It is held primarily for the purpose of trading;
c) It is due to be settled within twelve months after the reporting period; or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Statement of cash flows

Statement of cash flows is prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements other than as follows:

i. Determination of control over a subsidiary

As at 31 March 2020, the Group's percentage shareholding in Buildmarque Construction Sdn Bhd ("BMSB") was 50% (2019: 50%).

BMSB's financial results are consolidated with those of the Company as its subsidiary notwithstanding the Group's shareholding of 50% in BMSB is not the majority stake as the other 50% shareholding is owned by another entity. The Company has majority representatives in the Board of Directors as stipulated in the shareholders' agreement and has consistently and regularly held a majority of the voting rights exercised at BMSB's board of directors meeting on decisions that affect the returns on its investment in BMSB.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

i. Recognition of construction revenue

Construction revenue is recognised over time by selecting an appropriate method for measuring the Group's progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured using an input method, by reference to the construction costs incurred to date as a percentage of the estimated total costs of the contract.

Significant estimation is required in determining the progress based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example scope of work and costs to completion. In making the estimation, the Group evaluates based on past experience.

Notes to The Financial Statements (cont'd)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

ii. Fair value measurement of unquoted equity instruments

The fair value of financial assets recorded in the statement of financial position is measured using valuation technique, the discounted cash flows model. The key assumptions applied in the input to the model are disclosed in Note 14 to the financial statements.

iii. Measurement of ECL allowance

The ECL for trade receivables and contract assets are estimated based on assumptions about risk of default and expected loss of the probability of non-payment. The assumptions used in estimating future cash flows are determined using historical data and forward-looking information. The Group uses judgement in making these assumptions.

4. REVENUE

This comprises revenue from the various construction contracts for construction and renovation of buildings and other engineering projects.

4.1 Performance obligations

Revenue is recognised over time by reference to the progress towards the complete satisfaction of the performance obligation. Payment is generally due within 30 days from the billing.

4.2 Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of reporting period:

	2020 RM	2019 RM
Within one year	**114,838,928**	11,460,872
More than one year	**822,120,881**	135,209,962
	936,959,809	146,670,834

4.3 Financing components

The Company does not have any contract where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year other than as follows:

I. retention sums due from contract customers that do not have a significant financing component.

II. a contract with customer where the payment of RM250 million of the contract sum is expected to be settled more than one year from the billing date.

Other than the contract mentioned in (ii), the Company does not adjust any of the transaction prices for the time value of money.

5. STAFF COSTS

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Defined contribution plan	**433,189**	238,935	**284,491**	134,637
Salaries, bonus and allowances	**3,103,312**	1,629,790	**2,072,209**	976,044
Other employee related expenses	**33,834**	48,071	**15,790**	6,277
	3,570,335	1,916,796	**2,372,490**	1,116,958
Staff costs recognised in contract costs	**(605,023)**	–	**–**	–
	2,965,312	1,916,796	**2,372,490**	1,116,958

6. LOSS FROM OPERATIONS

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Loss from operations is arrived at after charging:				
Auditors' remuneration				
- current	**94,000**	85,000	**39,000**	39,000
- overprovision in prior years	**(29,000)**	–	**(29,000)**	–
Directors' remuneration				
- fees				
- company	**445,000**	1,802,847	**445,000**	1,442,847
- subsidiaries	**72,000**	90,000	**–**	–
- other than fees				
- company	**1,713,901**	42,000	**1,713,901**	42,000
Expenses relating to				
- short term leases	**199,432**	–	**–**	–
- low value assets	**19,190**	–	**–**	–
Operating lease expense:				
- motor vehicles	**–**	143,000	**–**	–
- office	**–**	160,704	**–**	–
- office equipment	**–**	3,840	**–**	–
- parking	**–**	3,642	**–**	–

Notes to The Financial Statements (cont'd)

7. FINANCE INCOME

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Interest income from current account	**80,963**	284,610	**73,135**	283,697

8. FINANCE COSTS

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Interest expense on				
- hire purchase liabilities	**52,346**	4,326	**–**	–
- other lease liabilities	**49,549**	–	**–**	–
	101,895	4,326	**–**	–
Finance costs recognised in contract costs	**(13,579)**	–	**–**	–
	88,316	4,326	–	–

9. INCOME TAX EXPENSE

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Expected income tax payable				
- current	**(320,552)**	(1,320,482)	**(17,552)**	(68,088)
- over/(under) provision in prior years	**489,606**	(59,566)	**–**	–
Deferred tax (Note 21)	**(14,000)**	–	**–**	–
	155,054	(1,380,048)	**(17,552)**	(68,088)

9. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Loss before tax	**(3,335,072)**	(1,244,534)	**(3,501,409)**	(5,132,761)
Taxation at statutory tax rate of 24% (2019: 24%)	**801,000**	298,689	**840,000**	1,231,863
Expenses not deductible for tax purposes	**(909,552)**	(1,615,071)	**(857,552)**	(1,299,951)
Deferred tax assets not recognised	**(226,000)**	(4,100)	**–**	–
Over/(Under) provision of current tax in prior years	**489,606**	(59,566)	**–**	–
Income tax expense for the year/period	**155,054**	(1,380,048)	**(17,552)**	(68,088)

10. LOSS PER SHARE

Basic

Basic loss per ordinary share is calculated based on the net loss attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Net loss attributable to owners of the Company		
- from continuing operations	(3,602,599)	(2,619,001)
- from discontinued operation	(20,888,109)	(4,345,331)
	(24,490,708)	(6,964,332)
Weighted average number of ordinary shares in issue	188,760,000	166,980,000
Basic loss per ordinary share (sen)		
- from continuing operations	(1.91)	(1.57)
- from discontinued operation	(11.07)	(2.60)
	(12.98)	(4.17)

Diluted

For the reporting periods ended 31 March 2020 and 2019, diluted loss per share is not presented in the financial statements as there is an anti dilutive effect on loss per share.

Notes to The Financial Statements (cont'd)

11. PLANT AND EQUIPMENT

	Land and buildings RM	Computer and software RM	Motor vehicle RM	Office equipment and furniture and fittings RM	Plant and machinery RM	Renovation and improvement RM	Total RM
Group							
Cost							
At 1 January 2018	1,903,061	–	1,166,266	7,084,726	–	317,338	10,471,391
Transfer to assets classified as held for sale	(1,903,061)	–	(1,166,266)	(7,084,726)	–	(317,338)	(10,471,391)
Additions	–	18,559	800,626	6,220	1,300,000	–	2,125,405
At 31 March 2019	**–**	**18,559**	**800,626**	**6,220**	**1,300,000**	**–**	**2,125,405**
Reclassification to right of use assets	**–**	**–**	**(800,626)**	**–**	**–**	**–**	**(800,626)**
Additions	**–**	**200,465**	**18,060**	**86,829**	**–**	**–**	**305,354**
At 31 March 2020	**–**	**219,024**	**18,060**	**93,049**	**1,300,000**	**–**	**1,630,133**
Accumulated depreciation							
At 1 January 2018	340,974	–	637,101	3,044,878	–	108,711	4,131,664
Transfer to assets classified as held for sale	(340,974)	–	(637,101)	(3,044,878)	–	(108,711)	(4,131,664)
Charge for the period	–	886	45,879	518	–	–	47,283
At 31 March 2019	**–**	**886**	**45,879**	**518**	**–**	**–**	**47,283**
Reclassification to right of use assets	**–**	**–**	**(45,879)**	**–**	**–**	**–**	**(45,879)**
Charge for the year	**–**	**21,336**	**602**	**21,918**	**260,000**	**–**	**303,856**
At 31 March 2020	**–**	**22,222**	**602**	**22,436**	**260,000**	**–**	**305,260**
Carrying amount							
At 31 March 2020	**–**	**196,802**	**17,458**	**70,613**	**1,040,000**	**–**	**1,324,873**
At 31 March 2019	–	17,673	754,747	5,702	1,300,000	–	2,078,122

11. PLANT AND EQUIPMENT (CONT'D)

Cash payments made to purchase plant and equipment are as follows:

	Group	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**
Total additions	**305,354**	2,125,405
Additions through hire purchase liabilities	**–**	(800,626)
	305,354	1,324,779

12. RIGHT OF USE ASSETS

	Dwelling and office premises RM	Motor vehicles RM	Total RM
Group			
Cost			
At 1 April 2019	–	–	–
Effects arising from adoption of MFRS 16	1,746,443	–	1,746,443
Reclassification from plant and equipment	–	800,626	800,626
Additions	1,796,546	1,607,819	3,404,365
At 31 March 2020	**3,542,989**	**2,408,445**	**5,951,434**
Accumulated depreciation			
At 1 April 2019	–	–	–
Reclassification from plant and equipment	–	45,879	45,879
Charge for the year	446,350	288,254	734,604
At 31 March 2020	**446,350**	**334,133**	**780,483**
Carrying amount			
At 31 March 2020	**3,096,639**	**2,074,312**	**5,170,951**
At 31 March 2019	–	–	–

Notes to The Financial Statements (cont'd)

12. RIGHT OF USE ASSETS (CONT'D)

Cash payments made to purchase right of use assets are as follows:

	Group	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**
Total additions	**3,404,365**	–
Additions through		
- hire purchase liabilities	**(1,483,000)**	–
- other lease liabilities	**(1,796,546)**	–
	124,819	–

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM	**2019 RM**
Unquoted shares, at cost		
At beginning/end of year/period	15,855,140	15,855,140

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective and voting interest 2020 %	Group's effective and voting interest 2019 %	Principal activities
Vertice Construction Sdn Bhd	Malaysia	**100**	100	Construction and renovation of buildings
Vertice Supplies Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiaries of Vertice Construction Sdn Bhd				
Vertice Infrastructure Sdn Bhd	Malaysia	**100**	100	Dormant
Buildmarque Construction Sdn Bhd	Malaysia	**50**	50	Construction of buildings and other engineering projects

During the reporting period, a subsidiary of the Company, Vertice Construction Sdn Bhd ("VCSB") subscribed for a further 3,250,000 shares in Buildmarque Construction Sdn Bhd ("BMSB") for a cash consideration of RM3,250,000.

In the previous reporting period, VCSB subscribed for 500,000 shares in BMSB for a cash consideration of RM500,000.

14. OTHER INVESTMENT

	Group and Company 2020 RM	2019 RM
Fair value through other comprehensive income		
Unquoted equity instruments, at fair value	**9,860,000**	9,860,000

The Group and the Company designated the investment in equity instruments at fair value through other comprehensive income because the investment is intended to be held for long-term strategic purposes.

The fair value of unquoted equity instruments is determined by discounting the future cash flows expected to be generated and the following are the key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 4-year business plan which is consistent with the project completion cycle .
- The key industry market data used for the calculation of discount rate of 8.08% is debt to equity ratio of 49.57% and market interest rate of 3.95%.

15. TRADE RECEIVABLES

	Group 2020 RM	2019 RM
Retention sum for contract works	**4,724,230**	3,862,464
Trade receivables	**40,572,267**	67,409,072
Less: Allowance for lifetime expected credit losses	**(2,087,887)**	(1,225,359)
	38,484,380	66,183,713
	43,208,610	70,046,177
Less: Portion due within one year	**(33,252,605)**	(67,530,440)
Non current portion	**9,956,005**	2,515,737

	Group 2020 RM	2019 RM
The non current portion of the trade receivables is receivable as follows:		
Later than 1 year and not later than 5 years	**9,956,005**	2,515,737

Trade receivables are not secured by any collateral or credit enhancements.

Notes to The Financial Statements (cont'd)

15. TRADE RECEIVABLES (CONT'D)

The following table details the credit risk exposure on the Group's trade receivables.

	Group	
	2020 RM	2019 RM
Not past due	**18,339,404**	23,059,345
1 - 30 days past due	**44,563**	15,112,631
31 - 60 days past due	**68,700**	10,440,450
61- 90 days past due	**50,150**	5,230,357
More than 90 days past due	**26,793,680**	17,428,753
	45,296,497	71,271,536
Less: Allowance for lifetime expected credit losses	**(2,087,887)**	(1,225,359)
	43,208,610	70,046,177

The movements in the allowance for lifetime expected credit losses of trade receivables during the reporting period are as follows:

	Group	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
At beginning of year/period	**1,225,359**	–
Allowance for lifetime expected credit losses	**862,528**	1,225,359
At end of year/period	**2,087,887**	1,225,359

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current portion:				
Amount due from				
- a corporate shareholder of a subsidiary	**6,466**	–	**–**	–
- a sub-contractor	**2,502,510**	688,068	**–**	–
- a subsidiary	**–**	–	**25,451,366**	25,361,766
Deposits	**840,774**	2,557,613	**1,000**	1,000
Advance payments for construction costs	**7,000,000**	–	**–**	–
Goods and service tax receivable	**–**	171,720	**–**	–
Other receivables	**639,845**	636,846	**544,245**	633,845
Prepayments	**647,317**	–	**18,780**	–
	11,636,912	4,054,247	**26,015,391**	25,996,611
Non current portion				
Amount due from subsidiaries	**–**	–	**41,164,876**	18,366,422
	11,636,912	4,054,247	**67,180,267**	44,363,033

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

In conformance with the Financial Reporting Standards Implementation Committee ("FRSIC"), FRSIC Consensus 31 – Classification of the Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by the Malaysian Institute of Accountants, the amount due from subsidiaries of RM41,164,876 (2019: RM18,366,422) has been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date.

17. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM	2019 RM
Contract assets	**4,339,357**	233,773
Contract liabilities	**(319,787)**	(286,343)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically the amount will be billed within 30 days.

The contract liabilities primarily relate to the advance consideration received for construction contracts, which revenue is recognised over time. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

The changes to the net contract assets/(liabilities) are as follows:

	Group	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
At beginning of year/period	**(52,570)**	1,114,283
Revenue recognised during the year/period	**62,126,632**	125,715,510
Progress billings for the year/period	**(58,054,592)**	(126,882,363)
At end of year/period	**4,019,470**	(52,570)

18. DISPOSAL GROUP HELD FOR SALE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At carrying amount	**55,169,671**	76,756,480	**22,282,560**	22,282,560

On 13 December 2018, the Company entered into a Sale and Purchase Agreement with Mr. Seow Khim Soon for the Company to dispose of its 1,839,000 ordinary shares held in Kumpulan Voir Sdn Bhd ("KVSB") (representing 60% equity interest) for a total consideration of RM32,615,000, subject to a price adjustment based on the subsequent consolidated net assets of KVSB and its subsidiaries at completion date.

Notes to The Financial Statements (cont'd)

18. DISPOSAL GROUP HELD FOR SALE (CONT'D)

As disclosed in Note 33, the agreement has become unconditional on 30 June 2020. as a consequence to the intended disposal, the consolidated net assets of KVSB and its subsidiaries has been classified as a disposal group held for sale under current assets. The details of the disposal group are as follows:

	Country of incorporation	Group's effective and voting interest 2020 %	2019 %	Principal activities
Kumpulan Voir Sdn Bhd#	Malaysia	**100**	100	Property, investment holding, designing, branding, and retailing of fashionable ladies' apparels, footwear and accessories
Subsidiaries of Kumpulan Voir Sdn Bhd				
Green Point Sdn Bhd#	Malaysia	**100**	100	Dormant
Triple A Sports Sdn Bhd#	Malaysia	**50.1**	50.1	Wholeselling of casual wear, sportwear, footwear, and accessories

\# The financial statements of the subsidiaries are not audited by Russell Bedford LC & Company.

The summaried consolidated financial information of KVSB and its subsidiaries are as follows:

(i) Statement of financial position

	2020 RM	2019 RM
Assets		
Property, plant and equipment	**7,170,780**	8,306,870
Right of use assets	**6,019,226**	–
Investment properties	**1,523,400**	1,567,656
Other investments	**15,000**	15,020
Intangible assets	**133,602**	183,963
Deferred tax assets	**1,109,000**	999,000
Inventories	**26,394,873**	35,775,691
Trade receivables	**15,383,506**	21,225,740
Other receivables, deposits and prepayments	**11,801,088**	10,816,300
Tax recoverable	**270,830**	678,956
Cash and bank balances	**133,950**	6,289,753
Fixed deposits	**7,455,922**	9,000,000
Total assets	**77,411,177**	94,858,949

18. DISPOSAL GROUP HELD FOR SALE (CONT'D)

(i) Statement of financial position (Cont'd)

	2020 RM	2019 RM
Liabilities		
Trade payables	**2,380,475**	4,128,905
Other payables and accruals	**4,483,324**	5,828,106
Borrowings	**15,377,707**	8,145,458
Total liabilities	**22,241,506**	18,102,469
Net assets held for sale	**55,169,671**	76,756,480

(ii) Statement of comprehensive income

	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Revenue	**103,615,082**	194,909,641
Cost of sales	**(78,690,305)**	(131,359,486)
Gross profit	**24,924,777**	63,550,155
Other operating income	**460,592**	2,865,863
Selling and distribution costs	**(35,912,610)**	(59,118,728)
Administration expenses	**(10,546,051)**	(11,894,712)
Finance costs	**(685,104)**	(732,281)
Loss before tax	**(21,758,396)**	(5,329,703)
Income tax expense	**171,587**	1,056,059
Net loss/Total comprehensive loss for the year/period from discontinued operations	**(21,586,809)**	(4,273,644)

(iii) Other summarised information

	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Net cash (used in)/from operating activities	**(2,814,184)**	6,823,394
Net cash (used in)/from investing activities	**(2,257,477)**	14,244,334
Net cash used in financing activities	**(2,841,858)**	(4,381,935)
Net (decrease)/increase in cash and cash equivalents	**(7,913,519)**	16,685,793

Notes to The Financial Statements (cont'd)

19. SHARE CAPITAL

	Group and Company			
	2020 No. of ordinary shares	2019 No. of ordinary shares	2020 RM	2019 RM
Issued and fully paid:				
At beginning of year/period	**188,760,000**	145,200,000	**114,097,098**	74,021,898
Issuance of shares	**–**	43,560,000	**–**	40,075,200
At end of year/period	**188,760,000**	188,760,000	**114,097,098**	114,097,098

In the previous reporting period, the Company increased its issued and paid up share capital from RM74,021,898 to RM114,097,098 by way of issuance of 43,560,000 new ordinary shares at an issue price of RM0.92 per share for cash. The shares were issued for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Warrants 2014/2024

The Company had in March 2014 issued 60,000,000 warrants in conjunction with its bonus issue exercise. The warrants are constituted by a deed poll dated 11 March 2014 ("Deed Poll").

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 1 April 2014 and the expiry date is on 31 March 2024. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.50 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movements in the Company's warrants during the reporting period are as follows:

		Entitlement for ordinary shares		
	Balance at 1.4.2019	Exercised	Expired	Balance at 31.3.2020
Number of unexercised warrants	60,000,000	–	–	**60,000,000**

		Entitlement for ordinary shares		
	Balance at 1.1.2018	Exercised	Expired	Balance at 31.3.2019
Number of unexercised warrants	60,000,000	–	–	**60,000,000**

20. LEASE LIABILITIES

	Group 2020 RM	Group 2019 RM
Hire purchase liabilities	**1,927,079**	668,462
Other lease liabilities	**3,121,564**	–
Principal portion	**5,048,643**	668,462
Less: Portion due within one year	**(1,092,437)**	(141,816)
Non current portion	**3,956,206**	526,646
The non current portion of lease liabilities is payable as follows:		
Later than 1 year and not later than 2 years	**1,113,405**	137,639
Later than 2 years and not later than 5 years	**2,842,801**	389,007
	3,956,206	526,646

The weighted average effective interest rates are as follows:

	Group 2020 %	Group 2019 %
Hire purchase liabilities	**4.25**	4.02
Other lease liabilities	**2.70**	–

The Group had total cash outflows for leases of RM966,325 (2019: RM447,676).

21. DEFERRED TAX ASSETS/(LIABILITY)

	Group 2020 RM	Group 2019 RM
At beginning of year/period	**–**	–
Recognised in profit or loss (Note 9)	**(14,000)**	–
At end of year/period	**(14,000)**	–

	Group 2020 RM	Group 2019 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	**133,000**	–
Deferred tax liability	**(147,000)**	–
	(14,000)	–

Notes to The Financial Statements (cont'd)

21. DEFERRED TAX ASSETS/(LIABILITY) (CONT'D)

Deferred tax assets of the Group are in respect of the following:

	Group			
	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Differences between accounting depreciation and finance lease payments	**25,000**	–	**6,000**	–
Other deductible temporary differences	**915,000**	–	**219,000**	–
	940,000	–	**225,000**	–
Less: Deferred tax assets recognised	**(557,000)**	–	**(133,000)**	–
Deferred tax assets not recognised	**383,000**	–	**92,000**	–

Portion of the deferred tax assets has not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these temporary differences.

Deferred tax liability of the Group is in respect of the following:

	Group	
	2020 RM	2019 RM
Tax effects of differences between tax capital allowances and accounting depreciation	**147,000**	–

22. TRADE PAYABLES

	Group	
	2020 RM	2019 RM
Retention sum for contract works	**3,224,107**	3,049,425
Trade payables	**13,867,287**	50,972,489
	17,091,394	54,021,914
Less: Portion due within one year	**(13,867,287)**	(51,883,476)
Non current portion	**3,224,107**	2,138,438

	Group	
	2020 RM	2019 RM
The non current portion of the trade payables are payable as follows:		
Later than 1 year and not later than 2 years	**498,150**	–
Later than 2 years and not later than 5 years	**2,725,957**	2,138,438
	3,224,107	2,138,438

The normal trade credit terms granted to the Group range from 30 days to 60 days (2019: 30 days to 60 days).

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Accruals	**115,946**	213,661	**46,700**	139,600
Other payables	**55,201**	211,773	**28,490**	22,526
Refundable deposits for disposal of a subsidiary	**12,326,150**	326,150	**12,326,150**	326,150
Statutory liabilities	**70,850**	78,119	**57,983**	30,060
	12,568,147	829,703	**12,459,323**	518,336

24. SIGNIFICANT RELATED PARTY DISCLOSURES

24.1 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

	Type of transactions	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Financial assets					
With subsidiaries					
Kumpulan Voir Sdn Bhd	Advances	**–**	–	**25,451,366**	25,361,766
Vertice Construction Sdn Bhd	Advances	**–**	–	**41,143,083**	18,349,629
Vertice Supplies Sdn Bhd	Advances	**–**	–	**21,793**	16,793
With a corporate shareholder of a subsidiary					
Vizione Construction Sdn Bhd	Advances	**6,466**	–	**–**	–

The advances are unsecured, interest free and receivable/repayable on demand.

Notes to The Financial Statements (cont'd)

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

24.2 Related party transactions

Significant transactions with related parties are as follows:

	Type of Transactions	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM	Company 1.4.2019 to 31.3.2020 RM	Company 1.1.2018 to 31.3.2019 RM
With a company in which certain directors have interests					
Ivory Ascent Sdn Bhd	Acquisition of plant and equipment and maintenance of counters	**2,055,782**	3,094,412	**–**	–
	Purchases	**–**	133,488	**–**	–
	Lease payments	**1,780,000**	2,277,000	**–**	–

24.3 Compensation of key management personnel

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The remuneration of key management personnel is as follows:

	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM	Company 1.4.2019 to 31.3.2020 RM	Company 1.1.2018 to 31.3.2019 RM
Executive directors:				
Fees	**12,000**	935,000	**–**	920,000
Salaries, allowances and bonus	**2,392,233**	1,761,364	**1,440,000**	–
Defined contribution plan	**328,722**	257,096	**216,000**	53,666
	2,732,955	2,953,460	**1,656,000**	973,666
Non executive directors:				
Remuneration other than fees	**57,901**	41,500	**57,901**	41,500
Fees	**445,000**	602,857	**445,000**	602,857
	502,901	644,357	**502,901**	644,357

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

24.3 Compensation of key management personnel (Cont'd)

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The remuneration of key management personnel is as follows: (Cont'd)

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Other key management personnel:				
Salaries, allowances and bonus	**842,730**	746,895	**469,748**	–
Defined contribution plan	**128,771**	136,216	**72,806**	–
	971,501	883,111	**542,554**	–
	4,207,357	4,480,928	**2,701,455**	1,618,023

25. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

(i) Reporting segment

No reporting segment is presented as the Group is predominantly in the construction industry.

(ii) Geographical information

The Group's activities are predominantly in Malaysia.

(iii) Major customers

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue is summarised below:

	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Customer A	**–**	15,241,717
Customer B	**–**	44,864,823
Customer C	**–**	29,990,074
Customer D	**7,924,685**	15,265,356
Customer E	**20,000,000**	–
Customer F	**10,145,850**	–
Customer G	**7,961,786**	–

Notes to The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
Fair value through other comprehensive income:				
- other investment	**9,860,000**	9,860,000	**9,860,000**	9,860,000
Amortised cost:				
- trade and other receivables	**47,198,205**	73,928,704	**67,161,487**	44,363,033
- cash and bank balances	**2,959,725**	18,096,465	**1,851,099**	16,327,694
	60,017,930	101,885,169	**78,872,586**	70,550,727
Financial liabilities				
Amortised cost:				
- lease liabilities	**5,048,643**	668,462	**–**	–
- trade and other payables	**29,588,691**	54,773,498	**12,401,340**	488,276
	34,637,334	55,441,960	**12,401,340**	488,276

26.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than the following:

	2020 RM	2019 RM	2020 RM	2019 RM
Amount due from one contract customer (2019: one)	**14,339,562**	29,990,074	**–**	–
Amount due from two subsidiaries (2019: two)	**–**	–	**66,594,449**	43,771,395
Bank deposits with financial institution (2019: one)	**–**	17,961,194	**–**	16,314,388

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 Financial risk management objectives and policies (Cont'd)

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follow

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

i) Trade receivables and contract assets

For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. In determining the ECL of individual trade receivables and contract assets, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 Financial risk management objectives and policies (Cont'd)

Credit risk management (Cont'd)

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to disposal group held for sale. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the disposal group held for sale. The Company monitors on an ongoing basis the results of and repayments made by the disposal group held for sale. The maximum exposure to credit risk amounts to RM9,062,000 representing the outstanding credit facilities of the disposal group held for sale as at reporting date. The fair value of the financial guarantees provided for its disposal group held for sale is not expected to be material as the total borrowings of the disposal group held for sale are collateralised against its assets. Further, the probability of the disposal group held for sale defaulting on the credit facilities is remote. Accordingly, the financial guarantee has not been recognised.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Contractual cash flows (including interest payments)

	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM
Group					
2020					
Non interest bearing debts	**29,588,691**	**29,588,691**	**26,364,584**	**498,150**	**2,725,957**
Interest bearing debts	**5,048,643**	**5,401,574**	**1,231,123**	**1,217,913**	**2,952,538**
	34,637,334	**34,990,265**	**27,595,707**	**1,716,063**	**5,678,495**
2019					
Non interest bearing debts	54,773,498	54,773,498	52,635,060	–	2,138,438
Interest bearing debts	668,462	738,758	156,732	156,732	425,294
	55,441,960	55,512,256	52,791,792	156,732	2,563,732
Company					
2020					
Non interest bearing debts	**12,401,340**	**12,401,340**	**12,401,340**	**–**	**–**
2019					
Non interest bearing debts	488,276	488,276	488,276	–	–

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 Financial risk management objectives and policies (Cont'd)

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate risks exposure by maintaining only fixed rate borrowings.

27. FAIR VALUE MEASUREMENTS

27.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, receivables and payables (current portion), and other liabilities approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

The fair value of the lease liabilities and non current portion of trade receivables approximate its carrying amount, as these instruments were entered with interest rates which are reasonable approximation of the market interest rates on or near reporting date. The non current portion of trade payables are carried at transaction price as they do not contain any significant financing component.

27.2 Financial instruments carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

The following table provides an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group and Company Fair value measurement at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Recurring fair value measurement				
Unquoted equity instruments, at fair value	**–**	**–**	**9,860,000**	**9,860,000**
2019				
Recurring fair value measurement				
Unquoted equity instruments, at fair value	–	–	9,860,000	9,860,000

Notes to The Financial Statements (cont'd)

28. CAPITAL STRUCTURE AND CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Group monitors capital using debt-to-equity ratio, where the ratio is arrived at net debt (total borrowings less cash and bank balances) divided by total equity. The Group's strategy is to maintain the debt-to-equity ratio at a healthy level. The debt and equity ratio is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total debts	**5,048,643**	668,462	–	–
Less: Cash and bank balances	**(2,959,725)**	(18,096,465)	(1,851,099)	(16,327,694)
Net debts/(cash)	**2,088,918**	(17,428,003)	(1,851,099)	(16,327,694)
Total equity	**104,521,103**	126,037,930	104,583,042	108,102,003
Gearing ratio	**0.02**	N/A	N/A	N/A

29. CHANGE IN ACCOUNTING POLICY

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 April 2019. Under this approach, the right of use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate. The comparative information are not restated and continues to be reported under MFRS 117.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the leased assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 April 2019. Hire purchase liabilities were also reclassified to lease liabilities on 1 April 2019.

Leases previously classified as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

30. PRIOR YEAR ADJUSTMENTS

The prior year adjustments are in respect of the following:

(i) unrecorded construction costs incurred which also gave rise to the error in recognising revenue over time by reference to the progress of work completed; and
(ii) unrecorded progress billings issued to contract customers.

These fundamental errors have now been recognised by way of retrospective adjustments. The effects of the fundamental errors on the Group's financial statements are as follows:

	As previously reported RM	Prior year adjustments RM	As restated RM
Group			
Statement of comprehensive income for the period 1 January 2018 to 31 March 2019			
Revenue	124,772,159	943,351	125,715,510
Cost of sales	115,623,900	3,100,041	118,723,941
Income tax expense	1,897,654	(517,606)	1,380,048
Statement of financial position as at 31 March 2019			
Non current assets			
Trade receivables	(Note 31)	(Note 31)	(Note 31)
Current assets			
Trade receivables	(Note 31)	(Note 31)	(Note 31)
Other receivables, deposits and prepayments	4,554,234	(499,987)	4,054,247
Contract assets	393	233,380	233,773
Tax recoverable	(Note 31)	(Note 31)	(Note 31)
Non current liabilities			
Trade payables	(Note 31)	(Note 31)	(Note 31)
Current liabilities			
Trade payables	(Note 31)	(Note 31)	(Note 31)
Other payables and accruals	976,688	(146,985)	829,703
Contract liabilities	–	286,343	286,343
Statement of changes in equity for the period 1 January 2018 to 31 March 2019			
Retained profits as at 31 March 2019	13,285,979	(1,639,084)	11,646,895

Notes to The Financial Statements (cont'd)

31. COMPARATIVE FIGURES

The comparative figures relate to the period 1 January 2018 to 31 March 2019 or a period of 15 months and hence are not comparable to those of the current financial year. Certain comparative figures have also been reclassified to conform with the presentation as at 31 March 2020 respectively.

	As previously reported RM	Prior year adjustments (Note 30) RM	Reclassification RM	As restated RM
Group				
Statement of comprehensive income for the period 1 January 2018 to 31 March 2019				
Other operating income	284,610	–	(284,610)	–
Administrative expenses	7,243,746	–	47,282	7,291,028
Other operating expenses	1,272,641	–	(1,272,641)	–
Net allowance for expected credit losses	–	–	1,225,359	1,225,359
Finance income	–	–	284,610	284,610
Statement of financial position as at 31 March 2019				
Non current assets				
Trade receivables	–	118,575	2,397,162	2,515,737
Current assets				
Trade receivables	69,049,863	877,739	(2,397,162)	67,530,440
Tax recoverable	201,482	517,606	68,088	787,176
Non current liabilities				
Trade payables	–	122,353	2,016,085	2,138,438
Current liabilities				
Trade payables	51,274,875	2,624,686	(2,016,085)	51,883,476
Tax payable	–	–	68,088	68,088

31. COMPARATIVE FIGURES (CONT'D)

	As previously reported RM	Reclassification RM	As restated RM
Company			
Statement of comprehensive income for the period 1 January 2018 to 31 March 2019			
Other operating income	283,697	(283,697)	–
Finance income	–	283,697	283,697
Statement of financial position as at 31 March 2019			
Non current assets			
Other receivables	–	18,366,422	18,366,422
Current assets			
Other receivables, deposits and prepayments	545,277	25,451,334	25,996,611
Amount due from subsidiaries	43,817,756	(43,817,756)	–

Consequently, certain comparative figures in the related notes and statement of cash flows of the Group have also been reclassified for consistency in presentation.

32. SIGNIFICANT EVENTS

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. The Malaysian Government imposed Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia and this had resulted in significant restriction in the business activities of the Group.

At reporting date, the Group had considered the current impact of the economic uncertainties in the assumptions applied in the assessment of expected credit losses for receivables and measurements of the carrying amount of assets and liabilities. There is no material adverse effect to the financial statements of the Group for the financial year ended 31 March 2020 other than the effect on the financial performance arising from the restrictions of business activities imposed during the MCO.

As at the date of the financial statements, the current COVID-19 pandemic is still evolving and unpredictable. Management is actively monitoring and managing the Group's operations to minimise any potential impact that may arise from COVID-19.

33. SUBSEQUENT EVENT

The Sale and Purchase Agreement for the disposal group held for sale (as disclosed in Note 18) has become unconditional on 30 June 2020 as all the conditions precedent have been fulfilled.

LIST OF **PROPERTIES**

As at 31 March 2020

Location	Description/ Existing Use	Tenure / Approximate Age of Building (years)	Land / Built-Up Area (sq. ft.)	Date of Acquisition	Net Book Value (RM)
KUMPULAN VOIR SDN. BHD.					
Lot F1.51, 1st Floor, Plaza Bukit Mertajam, 566, Jalan Arumugam Pillai, Bukit Mertajam, 14000 Penang	Shop Lot / Rented out	Freehold / 22	N/A / 833	16/08/1995	285,209
Lot A32 Ground Floor, One Stop Midlands Park Centre, 488B, Jalan Burmah, 10350 Penang.	Shop Lot / Rented out	Leasehold - expiring on 30 Apr 2093 / 24	N/A / 628	03/04/1995	523,268
Lot A33 Ground Floor, One Stop Midlands Park Centre, 488B, Jalan Burmah, 10350 Penang.	Shop Lot / Rented out	Leasehold - expiring on 30 Apr 2093 / 24	N/A / 651	03/04/1995	541,379
Lot 1-111, 1st Floor, Prangin Mall Komtar, No. 33, Jalan Dr. Lim Chwee Leong, 10100 Pulau Pinang.	Shop Lot / Own Outlet	Leasehold - expiring on 09 Jun 2096 / 18	N/A / 1,247	01/06/2005	974,347
Lot 27, Concourse Floor, Galaxy Ampang	Shop Lot / Vacant	Leasehold - expiring on 20 Oct 2084 / 21	N/A / 272	29/05/1995	173,545
18-C 18th Floor, Block D Mawar Apartment, Taman Gohtong Jaya, Genting Highlands, Pahang	Apartment / Hostel	Freehold / 18	N/A / 1,485	16/11/2010	507,299

ADDITIONAL INFORMATION
For The Financial Year Ended 31 March 2020

UTILIZATION OF PROCEEDS RAISED FROM ANY CORPORATE EXERCISE
There were no proceeds raised from corporate exercise during the financial year.

SHARE BUYBACKS
There were no share buybacks by the Company during the financial year.

OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES
There were no options, warrants and convertible securities being issued during the financial year.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)
During the financial year, the Company did not sponsor any ADR or GDR programme.

SANCTION AND / OR PENALTIES
There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or the Management by the relevant regulatory bodies.

NON-AUDIT FEES
During the financial year, there was no other non-audit fee paid to external auditors except for the payment of RM5,000 for the review of Statement on Risk Management and Internal Control.

VARIATION IN RESULTS
The Company did not issue any profit forecast, estimate or projection in relation to any corporate proposal. The audited results did not deviate more than 10% from the unaudited results announced to Bursa Securities in respect of the financial year ended 31 March 2020.

PROFIT GUARANTEE
During the financial year, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS
The Company had on 13 December 2018 entered into a conditional sale and purchase agreement ("SPA") with Mr. Seow Khim Soon, the Executive Deputy Chairman of the Company ("Mr. Seow" or the "Purchaser"), in relation to the proposed disposal of its equity interest in Kumpulan Voir Sdn Bhd ("KV"). On 30 June 2020, all the conditions precedent of the SPA have been fulfilled and hence, the SPA has become unconditional. The parties to the SPA have mutually agreed to an extension of time to complete the verification of net assets position of KV.

ANALYSIS OF **SHAREHOLDINGS**

As at 27 July 2020

SHARE CAPITAL

Number of Issued Shares	:	188,760,000
Paid-Up Share Capital	:	RM114,097,098.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	131	6.75	3,689	0.01
100 - 1,000	635	32.72	194,863	0.10
1,001 - 10,000	530	27.31	3,085,514	1.63
10,001 - 100,000	462	23.80	17,578,286	9.31
100,001 - less than 5% of issued shares	181	9.32	145,252,314	76.95
5% and above of issued shares	2	0.10	22,645,334	12.00
Total	**1,941**	**100.00**	**188,760,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

No.	Substantial Shareholders	Direct No. of shares	%	Indirect No. of shares	%
1	Vista Lestari Development Sdn Bhd	5,739,200	3.04	–	–
2	Hillspring Venture Sdn Bhd	13,200,000	6.99	–	–
3	Distinct Seasons Sdn Bhd	9,445,334	5.00	–	–
4	Dato' Zarul Ahmad Bin Mohd Zulkifli	4,845,000	2.57	5,739,200[a]	3.04
5	Lin Meng Yih	–	–	13,200,000[b]	6.99
6	Wong Jia Yann	1,596,000	0.85	13,200,000[b]	6.99
7	Puah Lai Huat	332	0.00*	9,445,334[c]	5.00
8	Lee Kah Lin	–	–	9,445,334[c]	5.00
9	Wong Kwai Wah	9,709,100	5.14	–	–

*negligible

Notes:

a. Indirect interested through their interest in Vista Lestari Development Sdn Bhd.
b. Indirect interested through their interest in Hillspring Venrture Sdn Bhd.
c. Indirect interested through their interest in Distinct Seasons Sdn Bhd.

Analysis of Shareholdings (cont'd)

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED COMPANIES

The Company

No.	Directors	Direct No. of shares	%	Indirect No. of shares	%
1	Ibrahim Bin Sahari	7,794,588	4.13	–	–
2	Wong Kwai Wah	9,709,100	5.14	–	–
3	Ham Hon Kit	800,000	0.42	–	–
4	Yee Yit Yang	226,300	0.12	–	–
5	Seow Khim Soon	100,000	0.05	–	–

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

No.	Registered Shareholders	No. of shares	%
1	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Hillspring Venture Sdn. Bhd.*	13,200,000	6.99
2	Distinct Seasons Sdn Bhd	9,445,334	5.00
3	Hsu, Ching-Fu	7,752,400	4.11
4	Universal Trustee (Malaysia) Berhad *Ta Dynamic Absolute Mandate*	7,100,000	3.76
5	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wong Kwai Wah*	6,268,000	3.32
6	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Vista Lestari Development Sdn.Bhd.*	5,739,200	3.04
7	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Zarul Ahmad Bin Mohd Zulkifli*	4,845,000	2.57
8	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ibrahim Bin Sahari*	3,981,588	2.11
9	Liew Kok Meng	3,971,166	2.10
10	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Chee Hoe*	3,930,400	2.08
11	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ibrahim Bin Sahari*	3,772,000	2.00
12	Cimsec Nominees (Tempatan) Sdn Bhd *Cimb Bank For Sharon A/P S I Josop*	3,750,000	1.99
13	Tasec Nominees (Tempatan) Sdn Bhd *Exempt An For Ta Investment Management Berhad*	3,551,500	1.88

Analysis of Shareholdings (cont'd)

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Registered Shareholders	No. of shares	%
14	Bimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sentosa Jaya Capital Sdn Bhd For Sulaiman Bin Abu Bakar*	3,012,300	1.59
15	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Wong Kwai Wah*	3,000,000	1.59
16	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Kear Huat*	2,921,532	1.55
17	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Pang Chee Min*	2,881,300	1.53
18	Rhb Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Kear Huat*	2,840,032	1.50
19	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Kear Huat*	2,800,000	1.48
20	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account Phang Miow Sin*	2,484,400	1.32
21	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Lee Chee Hoe*	2,320,100	1.23
22	Koh Seng Siong	2,315,700	1.23
23	Cimb Group Nominees (Tempatan) Sdn Bhd *Pembangunan Sumber Manusia Berhad*	2,248,800	1.19
24	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Abu Rizal Bakri Bin Sulaiman*	2,243,100	1.19
25	Global Asset Trustee (M) Berhad *Ronfield Limited*	2,189,800	1.16
26	Chou Ming Hai	2,086,800	1.11
27	Gas Generators (Malaysia) Sdn. Bhd.	1,945,000	1.03
28	Wong Jia Yann	1,596,000	0.85
29	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lau Chi Chiang*	1,458,200	0.77
30	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Ng Chee Kin*	1,347,200	0.71
	Total	**116,996,852**	**61.98**

ANALYSIS OF **WARRANT HOLDINGS**

As at 27 July 2020

Total Number of Warrants	:	60,000,000
Exercise Price Per Warrant	:	RM0.50
Exercise Period	:	Ten (10) years commencing from 1 April 2014 and expires on 31 March 2024
Voting Rights	:	None

DISTRIBUTION OF WARRANT HOLDINGS

Size of Shareholdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	81	7.39	2,580	0.00*
100 - 1,000	539	49.18	82,706	0.14
1,001 - 10,000	230	20.99	970,664	1.62
10,001 - 100,000	183	16.70	6,682,197	11.13
100,001 - less than 5% of issued warrants	59	5.38	26,247,987	43.75
5% and above of issued warrants	4	0.36	26,013,866	43.36
Total	**1,096**	**100.00**	**60,000,000**	**100.00**

*negligible

DIRECTORS' WARRANT HOLDINGS

No.	Directors	Direct No. of Warrants	%	Indirect No. of Warrants	%
1	Ibrahim Bin Sahari	8,850,000	14.75	–	–
2	Wong Kwai Wah	7,206,000	12.01	–	–
3	Ham Hon Kit	400,000	0.67	–	–

THIRTY (30) LARGEST REGISTERED WARRANT HOLDERS

No.	Registered Shareholders	No. of Warrants	%
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wong Kwai Wah*	7,000,000	11.67
2	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Vista Lestari Development Sdn.Bhd.*	6,691,199	11.15
3	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ibrahim Bin Sahari*	6,350,000	10.58
4	Distinct Seasons Sdn Bhd	5,972,667	9.95
5	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ibrahim Bin Sahari*	2,500,000	4.17
6	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account Phang Miow Sin*	2,439,500	4.07

Analysis of Warrant Holdings (cont'd)

THIRTY (30) LARGEST REGISTERED WARRANT HOLDERS (CONT'D)

No.	Registered Warrant Holders	No. of Warrants	%
7	Hsu, Ching-Fu	2,160,000	3.60
8	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Koh Wan Yi*	1,857,300	3.10
9	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Aik Tat*	1,247,500	2.08
10	Cheong Pak Siew	964,000	1.61
11	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kesvaran A/L T P Murugasu*	817,000	1.36
12	Chan Ah Har @ Chen Ah Siah	732,200	1.22
13	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Kear Huat*	706,799	1.18
14	Rhb Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wong Mei Wan*	657,300	1.10
15	Lim Tee Siong	642,100	1.07
16	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kesvaran S/O Tp Murugasu*	602,000	1.00
17	Chan Aik Tat	570,000	0.95
18	Koh Beng Teck	518,000	0.86
19	Koh Wan Yi	500,000	0.83
20	Unggul Utama Sdn Bhd	470,922	0.78
21	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Lee Ying*	451,700	0.75
22	Shirley Gan Shiau Lin	445,000	0.74
23	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Pang Chee Min*	427,000	0.71
24	Hong Chuan Chang	414,800	0.69
25	Koh Choon Seng	410,100	0.68
26	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Ham Hon Kit*	400,000	0.67
27	Lee Swee Miang	334,983	0.56
28	Jf Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kee Seok Koon*	268,783	0.45
29	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Chee Kin*	266,100	0.44
30	Wong Weng Sin	220,300	0.37
Total		**47,037,253**	**78.39**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a fully virtual general meeting to be held at the Broadcast Venue at 1505-1506, Level 15, Tower 2, Faber Tower, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Tuesday, 29 September 2020 at 11.00 a.m. to transact the following businesses:-

AGENDA

<u>Ordinary Business</u>

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 and the Reports of Directors and Auditors thereon. ***(Explanatory (Note 1)***

2. To re-elect the following Directors who retire in accordance with Clause 96 of the Company's Constitution:-

   (i) Tun Arifin Bin Zakaria ***(Resolution 1)***
   (ii) Mohd Hatim Bin Abdullah ***(Resolution 2)***
   (iii) Yee Yit Yang ***(Resolution 3)***

3. To approve the payment of Directors' fees and benefits up to RM600,000.00 payable to the Directors from 29 September 2020 until the next Annual General Meeting of the Company. ***(Resolution 4)***

4. To re-appoint Messrs Russell Bedford LC & Company as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

<u>Special Business</u>

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

5. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

   "THAT, subject always to the Companies Act, 2016 ("the Act"), the Company's Constitution and approvals from the relevant governmental and/or regulatory bodies where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the share capital of the Company from time to time upon such terms and conditions and for such purposes as may be determined by the Directors of the Company to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in forced until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but an approval may be revoked or varied at any time by a resolution of the Company in general meeting." ***(Resolution 6)***

Notice of Annual General Meeting (cont'd)

6. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT approval be and is hereby given for the renewal of existing shareholders' mandate and for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to Shareholders dated 28 August 2020 ("Circular"), subject further to the following: ***(Resolution 7)***

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

(a) necessary for the day-to-day operations;
(b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
(c) undertaken on arm's length basis; and
(d) not to the detriment of the minority shareholders of the Company;

(ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.3 of the Circular."

7. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(Resolution 8)

"THAT subject always to the Companies Act, 2016 ("Act"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("Shares") through Bursa Securities, subject to the following:-

(a) The maximum aggregate number of Shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time;

(b) The Proposed Share Buy-Back may be funded through internally generated funds and/or external borrowings as long as the purchase is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

    (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

    (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

    (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting; whichever occurs first.

(d) In accordance with Section 127(4) of the Act, where the Company has purchased Vertice Shares, the Directors may deal with the Purchased Shares, at their discretion, in the following manner:-

    (i) cancel the Shares so purchased; or

    (ii) retain the Shares so purchased as treasury shares which is referred to as "Treasury Shares"; or

    (iii) retain part of the Shares so purchased as Treasury Shares and/or cancel the remainder of the Shares/Treasury Shares; or

Notice of Annual General Meeting (cont'd)

Based on Section 127(7) of the Act, where such Shares are held as treasury shares, the Directors may, at their discretion:-

(i) distribute the Treasury Shares as dividends to shareholders; or

(ii) resell the Treasury Shares or any of the Treasury Shares in accordance with the relevant rules of Bursa Securities; or

(iii) transfer the Treasury Shares or any of the Treasury Shares for the purposes of or under an employees' share scheme; or

(iv) transfer the Treasury Shares or any of the Treasury Shares as purchase consideration; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to enter into all agreements, arrangements and guarantees with any party or parties as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to effect the purchase of its own shares.

8. To transact any other business for which due notice shall have been given.

By Order of the Board

CHIN LI THING (MAICSA 7044467)
(SSM PC NO. 201908000022)
Company Secretary

Kuala Lumpur, 28 August 2020

<u>Notes:</u>

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company.

3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend and vote in his stead provided that the member specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempted authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be deposited as follows not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof:-

   (a) Deposit Hardcopy of Proxy Form
   Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan

   (b) Deposit of Proxy Form Electronically
   Share Registrar, ShareWorks Sdn Bhd at sharereg@shareworks.com.my

7. Please be informed the Thirteenth Annual General Meeting ("13th AGM") will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administration Guide on the registration and voting process for the said meeting.

8. Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman will be present at the Broadcasting Venue being the main venue of the 13th AGM. Thus, no shareholders / proxies / corporate representatives from the public are allowed be physically present nor admitted at the Broadcast Venue on the day of the 13th AGM.

Explanatory Notes

i Agenda Item No. 1

This item of the Agenda is meant for discussion only as it does not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this Agenda item is not put forward for voting.

ii. Resolution 6
Authority to issue shares pursuant to sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 6, if passed, will give authority to the Directors of the Company to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors of the Company in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by a resolution of the Company in general meeting.

Bursa Malaysia Securities Berhad had vide its letter dated 16 April 2020 allows a listed corporation to seek a higher general mandate under Paragraph 6.03 of Main Market Listing Requirement of not more than twenty percent (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities ("20% General Mandate").

The 20% General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders.

Notice of Annual General Meeting (cont'd)

iii. Resolution 7
Proposed renewal of shareholders' mandate for recurrent related party transactions

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details on the proposal are set out in the Circular to Shareholders dated 28 August 2020 which is circulated together with the 2020 Annual Report.

iv. Resolution 8
Proposed Renewal of Share Buy-Back Authority

The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company.

Details on the proposal are set out in the Circular to Shareholders dated 28 August 2020 which is circulated together with the 2020 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

Further details of Directors who are standing for re-election as Directors:

1. The profiles of the Directors who are standing for re-election at the 13th Annual General Meeting are set out in the Profile of Directors of this Annual Report. Their shareholdings in the Company and its subsidiaries are set out in the Analysis of Shareholdings of this Annual Report.

2. **Renewal of general mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements**

   No proceeds was raised from the previous mandate as the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Twelfth Annual General Meeting of the Company held on 28 August 2019.

   The purpose for the general mandate being sought to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 is to provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s), which the Directors of the Company consider to be in the best interest of the Company.

   As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

VERTICE BERHAD
Registration No.: (200701007217 / 765218-V)
(Incorporated In Malaysia)

FORM OF PROXY

CDS Account Number________________________

We (*Full Name in Block Letters*) ....

*NRIC No./Passport No./Company No. ....

of ....

....

being a member of **VERTICE BERHAD** hereby appoint:

Full Name (IN BLOCK LETTERS):	NRIC / Passport No.:
Full Address :	Contact No.:
	Email Address:

and/or failing him/her

Full Name (IN BLOCK LETTERS):	NRIC / Passport No.:
Full Address :	Contact No.:
	Email Address:

or failing *him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company will be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a fully virtual general meeting to be held at the Broadcast Venue at 1505-1506, Level 15, Tower 2, Faber Tower, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Tuesday, 29 September 2020 at 11.00 a.m. or at any adjournment thereof, in the manner indicated below:

RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	To re-elect as Director, Tun Arifin Bin Zakaria		
Resolution 2	To re-elect as Director, Mohd Hatim Bin Abdullah		
Resolution 3	To re-elect as Director, Yee Yit Yang		
Resolution 4	To approve the payment of Directors' fees and benefits		
Resolution 5	To re-appoint Auditors		
Resolution 6	To authorise Directors to issue shares		
Resolution 7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.

Dated this …….…..day of ……….…………... 2020

____
Number of shares held

For appointment of two proxies, the shareholdings to be represented by the proxies:		
Proxies	***No. of shares***	***Percentage***
Proxy 1		
Proxy 2		
Total		**100%**

....
Signature/Common Seal of Member

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company.

3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend and vote in his stead provided that the member specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempted authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be deposited as follows not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.

   (a) <u>Deposit Hardcopy of Proxy Form</u>
   Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan

   (b) <u>Deposit of Proxy Form Electronically</u>
   Share Registrar, ShareWorks Sdn Bhd at sharereg@shareworks.com.my

7. Please be informed the Thirteenth Annual General Meeting ("13th AGM") will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administration Guide on the registration and voting process for the said meeting.

8. Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman will be present at the Broadcasting Venue being the main venue of the 13th AGM. Thus, no shareholders / proxies / corporate representatives from the public are allowed be physically present nor admitted at the Broadcast Venue on the day of the 13th AGM.

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AFFIX
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The Share Registrar

VERTICE BERHAD Registration No.: [200701007217 (765218-V)]

c/o ShareWorks Sdn Bhd Registration No.: [199101019611 (229948-U)]

No.2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

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Fold This Flap For Sealing

VERTICE BERHAD
REGISTRATION NO.: (200701007217 / 765218-V)

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50450 Kuala Lumpur

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