ASIA BRANDS

ASIA BRANDS BERHAD (22414-V)

annual report

2019

CONTENTS

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of the Company will be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 23 August 2019 at 9:00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1)***

2. To approve the payment of Directors' fees and benefits for the period from 24 August 2019 to the next Annual General Meeting of the Company in year 2020. ***(Ordinary Resolution 1)***

3. To re-elect Mr. Lim Kim Meng, who retires pursuant to Article 102 of the Company's Articles of Association. ***(Ordinary Resolution 2)***

4. To appoint Messrs. Reanda LLKG International as Auditors of the Company in place of the retiring Auditors, Messrs. UHY and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 3)***

   To consider and if thought fit, with or without any modification, to pass the following ordinary resolution:-

   That Messrs. Reanda LLKG International, having consented to act, be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. UHY to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors.

As Special Business

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

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

   "**THAT** subject to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are 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 commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Ordinary Resolution 4)***

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")**

   "**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("**Asia Brands Group**") to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as specified in Part A, Section 2.3 of the Circular/Statement to Shareholders dated 25 July 2019, which are necessary for the day-to-day operations of Asia Brands Group to be entered into by Asia Brands Group provided that such transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such authority shall commence upon the passing of this resolution and continue to be in force until:

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

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

(iii) it is revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company and/or any of them be and are hereby authorised to complete and to do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this resolution." ***(Ordinary Resolution 5)***

7. **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

"**THAT** subject to the compliance with Section 127 of the Companies Act 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company including the shares previously purchased and retained as treasury shares (if any); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/ or

(iii) retain part thereof as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be authorised to give effect to the Proposed Renewal of Authority for Share Buy-Back with full power to assent to any modifications and/or amendments as may be required by the relevant authorities." ***(Ordinary Resolution 6)***

8. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

"**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety with immediate effect and in place thereof, the new Constitution as set out in Part C of the Circular/Statement to Shareholders dated 25 July 2019, be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any modifications, variations and/or amendments as may be required by the relevant authorities to give full effect of the foregoing ." ***(Special Resolution)***

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

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Company Secretary

Kuala Lumpur
25 July 2019

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 August 2019 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at this Meeting.*

2. *A member entitled to attend and vote at this Meeting is entitled to appoint any person as his proxy to attend and vote instead of him. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*

3. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of attorney or authority, shall be deposited at the registered office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.*

Explanatory Notes: -

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1

   Pursuant to Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. Pursuant thereto, shareholders' approval will be sought for the fees and benefits payable to the Directors for the period from 24 August 2019 to the next AGM of the Company in year 2020.

   The amount of directors fee for the financial year ended 31 March 2019 amounted to RM132,000 and the estimated amount of Directors' fees from 1 April 2019 up to the next annual general meeting of the Company in 2020 remains the same.

3. Ordinary Resolution 4

   The proposed Ordinary Resolution 4 is for the purpose of seeking renewal for the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, from the date of the Forty-Fourth Annual General Meeting ("**44th AGM**") of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

   The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Forty-Third AGM of the Company held on 27 September 2018, which will lapse at the conclusion of the 44th AGM of the Company. Hence, no proceeds were raised therefrom.

4. Ordinary Resolution 5

   This proposed Ordinary Resolution 5, if passed, will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading in nature with Related Parties in the ordinary course of business and necessary for the day-to-day operations of Asia Brands Group, based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detriment to the minority shareholders of the Company.

   Please refer to Part A of the Circular/Statement to Shareholders dated 25 July 2019 circulated together with this Annual Report for further information.

5. Ordinary Resolution 6

   The proposed Ordinary Resolution 6, if passed, will provide a renewed mandate to the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company. This authority shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company in a general meeting.

   Please refer to Part B of the Circular/Statement to Shareholders dated 25 July 2019 circulated together with this Annual Report for further information.

6. Special Resolution

   The proposed Special Resolution, if passed, will primarily bring the Company's Constitution in line with the Companies Act 2016 and the changes made to the Main Market Listing Requirements of Bursa Securities, as well as to provide clarity to certain provision thereof and to render consistency throughout to enhance administrative efficiency.

   In view of the substantial amendments to be made on the existing Memorandum and Articles of Association, the Board proposed that the existing Memorandum and Articles of Association be revoked in its entirety with immediate effect and by the replacement thereof with a new Constitution of the Company.

   Please refer to the Part C of the Circular/Statement to Shareholders dated 25 July 2019 despatched together with this Annual Report for further information.

ASIA BRANDS

Asia Brands Berhad (22414-V)

BABY

Anakku Sdn Bhd (251823-V) (100%)

- **Baby Palace Sdn Bhd** (945470-T) (100%)
  - **Astra Brands Sdn Bhd** (1083344-H) (100%)

Generasi Prestasi Sdn Bhd (285352-X) (100%)

INNERWEAR

Audrey Sdn Bhd (127557-H) (100%)

- **Generasi Dinasti Sdn Bhd** (378890-X) (100%)

SHARED SERVICE

Asia Brands HR Services Sdn Bhd (252394-M) (100%)

DORMANT

Asia Brands Global Sdn Bhd *(28583-U)* ***(100%)***

Diesel Marketing Sdn Bhd *(163031-U)* ***(100%)***

Ubay Marketing Sdn Bhd *(600899-A)* ***(100%)***

Antioni Sdn Bhd *(272511-U)* ***(100%)***

Bumcity Sdn Bhd *(514321-H)* ***(100%)***

Asia Brands Assets Management Sdn Bhd *(41441-H)* ***(100%)***

Mickey Junior Sdn Bhd *(266617-P)* ***(100%)***

Dato' Sri Tan Thian Poh *(Non-Independent Non-Executive Chairman)*

Male, aged 63, Malaysian, is the Non-Independent Non-Executive Chairman of the Company and a member of the Audit and Risk Management Committee and the Nomination and Renumeration Committee. Dato' Sri Tan Thian Poh was appointed to the Board on 11 April 2018. Dato' Sri Tan graduated from Chartered Association of Certified Accountants and holds a Master Degree in Business Administration. Dato' Sri Tan is the founder and Managing Director of Siang Poh Group of companies, a vertically integrated textile group involved in the manufacturing and distribution of textile and apparels for more than 30 years.

Dato' Sri Tan is a substantial shareholder of the Company by virtue of his direct interest in Trackland Sdn. Bhd., a substantial shareholder of the company, via section 8 of the Companies Act 2016. He is the father of David Tan Chin Wee, his Alternate Director and a Non-Independent Non-Executive Director. Dato' Sri Tan does not hold directorships in other public companies and listed companies. He currently holds directorships in the subsidiary companies of Asia Brands Berhad. Dato' Sri Tan does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Dato' Sri Tan attended all four (4) Board meetings for the financial year ended 31 March 2019.

Ng Chin Huat *(Group Managing Director)*

Male, aged 48, Malaysian, is the Group Managing Director of the Company. Mr. Ng was appointed to the Board on 1 March 2011. He holds a Bachelor of Commerce (Actuarial) degree from the University of Melbourne, Australia. Upon graduation in 1991, he worked as an Actuarial trainee in Prudential Singapore for two (2) years. Thereafter, he moved into the stock-broking industry in 1993, gaining employment with HLG Securities, Malaysia Mr. Ng joined Audrey International (M) Berhad in 1999 as an Executive Director and was subsequently promoted to Group Managing Director in 2002. In 2010, Mr. Ng assumed the role of the Group Chairman of the same company.

Apart from the above, Mr. Ng does not hold directorships in other public companies and listed companies but holds directorships in several other private limited companies. Mr. Ng is a substantial shareholder of the Company by virtue of his and his spouse, Madam Yap Su P'ing's direct interest in Everest Hectare Sdn. Bhd., a substantial shareholder of the Company, via Section 8 of the Companies Act 2016. Mr. Ng is also related to Ng Tiong Seng Corporation Sdn. Bhd. ("NTSC"), a substantial shareholder of the Company, by virtue of NTSC being a family-owned company. Mr. Ng has no conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Mr. Ng attended all four (4) Board meetings held during the financial year ended 31 March 2019.

Kong Sau Kian *(Senior Independent Non-Executive Director)*

Male, aged 54, Malaysian, is a Senior Independent Non-Executive Director of the Company. Mr. Kong is the Chairman of the Audit and Risk Management Committee, and a member of the Nomination and Remuneration Committee. Mr. Kong was appointed to the Board on 1 March 2011. He is a member of the Malaysian Institute of Accountants, graduated with a Bachelor of Accounting (Honours) degree from the University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm, until 1992 where his exposure include audit of a wide range of industries, corporate restructuring, acquisition audit and other special assignments.

Mr. Kong also sits on the board of LBI Capital Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Executive Director. He also holds directorships in several other private limited companies. Mr. Kong does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company and does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Mr. Kong attended all four (4) Board meetings held during the financial year ended 31 March 2019.

Lim Kim Meng *(Independent Non-Executive Director)*

Male, aged 48, Malaysian, is an Independent Non-Executive Director of the Company. Mr. Lim is the Chairman of the Nomination and Remuneration Committee, and a member of the Audit and Risk Management Committee. Mr. Lim was appointed to the Board on 1 March 2011. He graduated with a Second Class Honours Bachelor of Laws Degree from the University of London and completed his Certificate of Legal Practice in 1994. He is the Managing Partner of Kamil Hashim Raj & Lim, Advocates & Solicitors. His professional experience includes being a member of the Malaysia Financial Markets Association, holding the position of licensed foreign exchange and money market dealer at Southern Bank Berhad (1994-1997) and Institutional Sales Dealer and Licensed KLSE Equities Dealer with HLG Securities (1997-1998).

Mr. Lim does not hold directorships in other public companies and listed companies. Mr. Lim does not have any family relationship with any Director and/or major shareholder nor any conflict of interest with the Company. He does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Mr. Lim attended all four (4) Board meetings held during the financial year ended 31 March 2019.

David Tan Chin Wee *(Alternate Director to Dato' Tan Sri Tan Thian Poh) (Non-Independent Non-Executive Director)*

Male, aged 26, Malaysian, is a Non-Independent Non-Executive Director of the Company. Mr. Tan is a Alternate Director to his father, Dato' Sri Tan Thian Poh who is the Non-Independent Non-Executive Chairman of the Company and a substantial shareholder of the Company.

Mr. Tan was appointed on 30 April 2018. He graduated from the City University, London, United Kingdom, with a Bachelor degree in Acturial Science and a Master degree in Finance from the Cass Business School, United Kingdom.

Mr. Tan does not hold directorships in other public companies. Mr. Tan has no conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Cheah Yong Hock *(Group Chief Executive Officer)*

Male, aged 57, Malaysian, is the Group Chief Executive Officer of the Company. He was appointed on 31 July 2011. Mr. Cheah was previously appointed as an Executive Director of the Company on 15 August 2011 and resigned on 12 July 2018 but remained as the Group Chief Executive Officer of the Company. Prior to joining the Group, Mr. Cheah joined Asia Brands Corporation Berhad in 2003 as General Manager, and was subsequently promoted to Chief Executive Officer in 2010. Mr. Cheah graduated in marketing and is a member of the Chartered Institute of Marketing United Kingdom. He is also a member of VISTAGE, the world's leading Chief Executive organisation.

Mr. Cheah has more than 24 years of extensive experience in the marketing business ranging from retailing for supermarket chains to sales and marketing of mass customer products. Mr. Cheah has held key positions in multi-national companies such as Kiwi Brands (M) Sdn. Bhd. and Guinness Anchor Marketing Sdn. Bhd. He was also the National Sales Manager of Socma Trading (M) Sdn. Bhd. (*a subsidiary of PSC Ltd in Singapore*) in charge of selling and distribution of Mentos in Malaysia.

Mr. Cheah does not hold directorships in other public companies and listed companies. He currently holds directorships in the subsidiary companies of Asia Brands Berhad. Mr. Cheah does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He is a shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Lee Yean Fung *(Group Chief Operating Officer)*

Female, aged 47, Malaysian, joined the Group in October 1997 as Marketing Executive and was promoted to various leadership roles throughout the years. She was appointed as the Chief Executive Officer of B.U.M. Marketing (Malaysia) Sdn Bhd in 2013, before assuming her current role in November 2014.

Ms. Lee graduated with a Bachelor of Business Administration from the University of Central Oklahoma, USA. Ms. Lee has been involved in the lingerie industry for the past 15 years covering various roles including sales operations, trade marketing, retail and procurement. Prior to joining the Group, Ms. Lee was attached to General Label & Labelling Malaysia, a company involved in printing and labelling industry.

Ms. Lee does not hold directorships in other public companies and listed companies. She currently holds directorships in the subsidiary companies of Asia Brands Berhad. Ms. Lee does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. She has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Daniel Kok Tai Meng *(Chief Financial Officer)*

Male, aged 52, Malaysian, joined the Group in February 2009 as Senior Finance Manager and was promoted to his current position in 2011.

Mr. Kok is a fellow-member of the Association of Chartered Certified Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants. He is responsible for the Group's overall financial health and position as well as providing key analysis to drive value added decision making to the group's corporate strategies. Mr. Kok started his career as an auditor with Lim, Cheh and Chang Public Accountants. He later joined L'Oreal Malaysia Sdn Bhd where he gained exposure in finance, business operations and controlling. Subsequently, he joined F&N Coca Cola Sdn Bhd overlooking commercial controls for Modern Trade Divison.

Mr. Kok does not hold directorships in other public companies and listed companies. He currently holds directorships in the subsidiary companies of Asia Brands Berhad. Mr. Kok does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies.

Corporate Information

BOARD OF DIRECTORS

Dato' Sri Tan Thian Poh
(Chairman/ Non-Independent Non-Executive Director)

Ng Chin Huat
(Group Managing Director)

Kong Sau Kian
(Senior Independent Non-Executive Director)

Lim Kim Meng
(Independent Non-Executive Director)

David Tan Chin Wee
(Non-Independent Non-Executive Director)
(Alternate Director to Dato' Sri Tan Thian Poh)

Cheah Yong Hock
(Group Chief Executive Officer)
(Resigned on 12 July 2018)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman:
Kong Sau Kian

Members:
Lim Kim Meng
Dato' Sri Tan Thian Poh

NOMINATION AND REMUNERATION COMMITTEE

Chairman:
Lim Kim Meng

Members:
Kong Sau Kian
Dato' Sri Tan Thian Poh

SECRETARIES

Chua Siew Chuan (MAICSA 0777689)

SOLICITORS

K. H. Tai & Co.
Kadir Andri & Partners

REGISTERED AND BUSINESS OFFICE

Lot 10449, Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang, Selangor Darul Ehsan.
Tel: 03-5161 8822
Fax: 03-5161 2728
Email: info@asiabrands.com.my
Website: www.asiabrands.com.my

BANKERS

Malayan Banking Berhad
RHB Bank Berhad
Al Rajhi Banking & Investment Corporation (M) Berhad
Kenanga Investment Bank Berhad

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Company No. 36869-T)
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2084 9000
Fax: 03-2094 9940

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad

STOCK CODE AND STOCK NAME

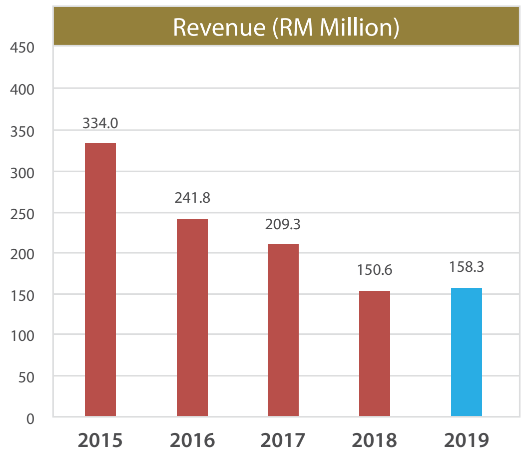
Stock Code : 7722
Stock Nam : ASIABRN
Sector : Consumer Products & Services
Sub-sector: Personal Goods

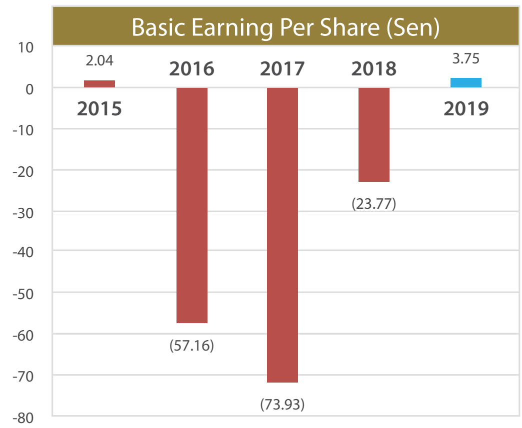
AUDITORS

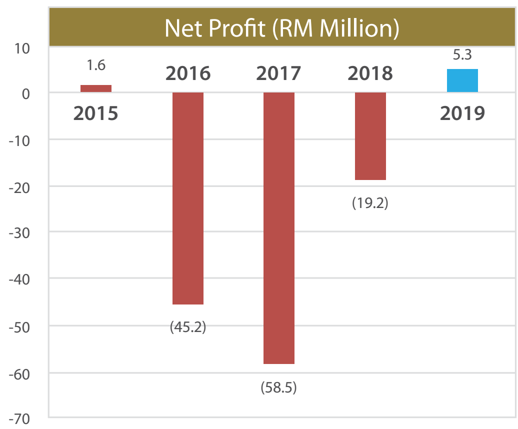
UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2279 3088
Fax: 03-2279 3099

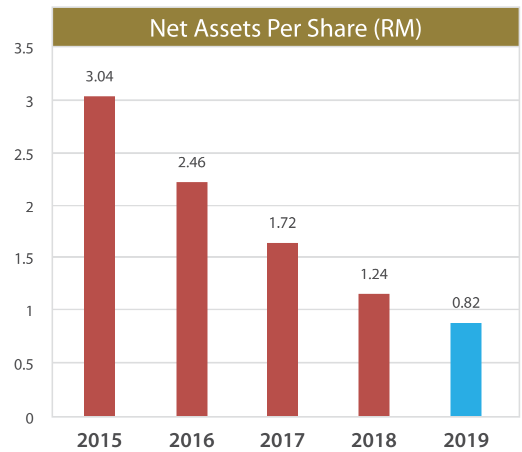
RM'000	2015	2016	2017	2018*	2019**
Revenue	334,006	241,821	209,263	150,588	**158,299**
Net Profit/(Loss)	1,614	(45,222)	(58,494)	(19,196)	**5,336**
Paid-up Share Capital	79,117	79,117	79,117	116,323	**232,646**
Shareholders' Funds	240,276	194,658	136,163	144,538	**189,492**

Per share	2015	2016	2017	2018*	2019**
Basic Earnings/(Loss) (sen)	2.04	(57.16)	(73.93)	(23.77)	**3.75**
Gross Dividend (sen)	0.5	–	–	–	**–**
Net Assets (RM)	3.04	2.46	1.72	1.24	**0.82**









* During the financial year, the Company issued of 37,206,586 units of ordinary shares on 14/3/2018.
** During the financial year, the Company issued of 116,323,800 units of ordinary shares on 09/01/2019.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of **Asia Brands Berhad** for the financial year ended (FYE) 31 March 2019.

Corporate Development

In the financial year ended 31 March 2019, Asia Brands Berhad had completed a Rights Issue exercise whereby 116,323,800 shares were allotted on 9 January 2019 at RM0.35 per share on the basis of one rights issue for every one existing share held.

The amount raised was subsequently used to redeem the IMTN (Islamic Medium Term Note) which was due on 18 March 2019 of RM40,000,000.

The Group achieved a full year operating profit in FY19, the first time it had managed to do so in three years. For FY19, the group recorded a profit before tax of RM7.2 million, against a loss before tax of RM 18.0 million in FY18.

Industry Outlook

The change of Goods and Services Tax to Sales and Services Tax following the GE14 had resulted in a short term set back for the Group. However, we have recuperated positively in the last two quarters of FY 19 with significant growth compared to the same quarters of FY18. Overall, we are positive on the industry outlook as the GDP growth in Malaysia is expected to remain strong and retail sales are likely to grow by about 5-6% in 2019.

We strongly believe that the worst is over for the Group as we have successfully turned around all the group operations into profitability. We expect that this positive momentum will continue to strengthen and propel the Group to higher profitability in the coming year.

We shall remain committed to continue our turnaround plan and improve the business model to achieve higher liquidity and profitability for the group.

Dividend

The Board had deliberated and decided not to propose any dividend at the forthcoming Forty-Fourth Annual General Meeting.

Board Commitment

The Board continues to uphold and implement high standards of corporate governance and corporate social responsibility across the Group. Details of the corporate governance disclosure and activities of corporate social responsibility are disclosed in the relevant sections of the annual report.

We value the diverse mix of skills, experience, knowledge and competencies of the Board and will continue to drive better performances for the Group.

Acknowledgment and Appreciation

I would like to take this opportunity to thank everyone involved for their contributions toward the profitability of the Group during the past year and hope that we wiil strive harder to achieve higher goals in the coming year. My appreciation extends to my fellow Directors, customers, collaboration partners and suppliers, bankers, advisors and shareholders for their continuous support.

Dato' Sri Tan Thian Poh
Chairman

Anakku animation world FIRSTCARE™ Disney baby

Audrey LILIAN cottonshop bras for less

Business Overview

Despite the weak economic environment from both internally and externally, retail market in Malaysia generated more turnover than market expectation for the year. Higher public expenditure and sustainable private consumption contributed to the latest economic growth. Malaysia national economy recorded a moderate GDP rate of 4.5%, as compared to 3.8% for retail sales.

The Group had executed successfully the three key corrective strategies set out last financial year:-

- provide variety in product offerings.
- reduce cost of goods
- streamline operation to be more cost effective

For the financial year under review, the Group finally returned to profitability after three years of consecutive losses.

Financial Review

The Group recorded a revenue of RM158.5 million, representing an increase of 5.1% over RM151.8 million in the previous year. This is due to organic growth, opening of large format outlets, enhanced product range and successful sales campaigns.

With the above, we successfully returned to black by recording a profit before tax of RM7.2 million as compared to a loss before tax of RM18.0 million for the corresponding period last year. We have also recorded an improvement in net profit of RM5.3 million compared to a net loss of RM19.2 million last financial year.

Earnings per share was at 3.75 sen for the current financial year 2019 as compared to loss per share of 23.71 sen in the previous year 2018. Total shareholders fund stands at RM189.5 million for the year 2019 compared to RM144.5 million last financial year 2018.

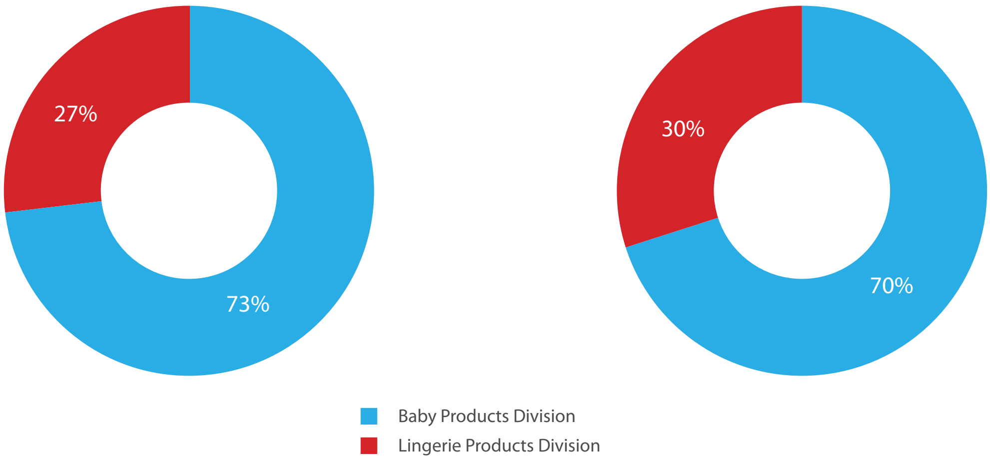
The borrowings via Islamic Medium Term Note (IMTN) have reduced to RM50.0 million as compared to RM90.0 million in the last financial year 2018. There was a 1-for-1 rights issue of 116,323,800 new ordinary shares at RM0.35 per share and the proceeds of RM40.0 million was used to reduce the IMTN. The debt to equity ratio now stands at 0.32 times as compared to 0.65 times previously.

Finance cost recorded at RM6.3 million as compared to RM8.0 million for the corresponding period last financial year 2018.

Segmental Review

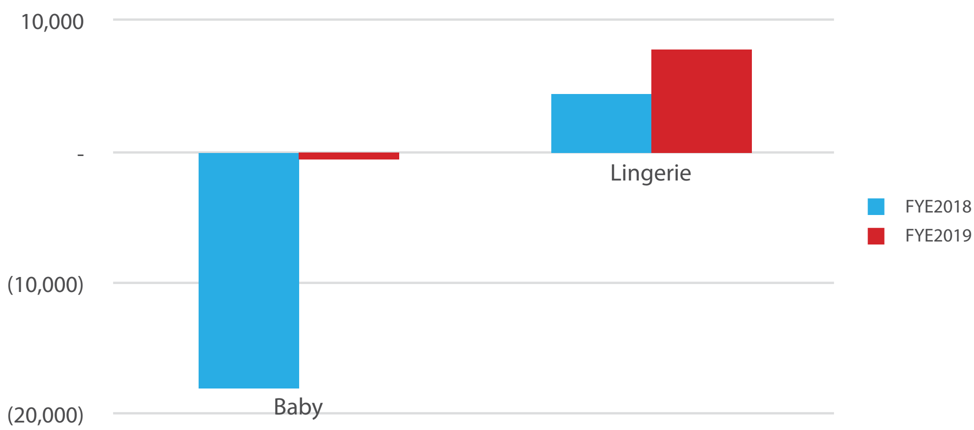
The Group is principally engaged in the operation of retailing and distribution of baby apparels with related products, lingerie with related products.

Revenue review by segment



	FYE2019 (RM'000)	%	FYE2018 (RM'000)	%
Baby Products Division	115,998	73%	105,952	70%
Lingerie Products Division	42,481	27%	45,906	30%
Total	158,479	100%	151,858	100%

Profit or Loss Before Tax ("PBT" or "LBT") review by segment



	FYE2019 (RM'000)	FYE2018 (RM'000)
Baby Products Division	(519)	(18,217)
Lingerie Products Division	7,684	4,362
Total	7,165	(13,765)

Baby Products Division

The baby products division remained as the Group's biggest revenue contributor. For FYE2019, revenue increased 9.5% to RM116.0 million from RM105.9 million last year. The division registered a smaller loss before tax (LBT) of RM0.5 million compared to a LBT of RM18.1 million for the same period last financial year.

We managed to streamline the business and reduce financial losses. We had closed down all the underperforming outlets, maintaining 82 stand-alone outlets and 193 departmental store consignment counters as at 31 March 2019. At the same time, we had also opened 3 large-format outlets during the financial year under review. We aim to position Anakku as a one-stop shop for all baby and children needs with these large-format outlets and expect more new openings to come in the new financial year. The Group shall continue discussions with strategic malls and property owners in partnership for this.

With improved operational cash flow, the Group was able to provide new product offerings and enhanced product range to cater for the growing business. As a result, inventory build up was necessary and we recorded a closing stock balance of RM43.0 million as compared to RM32.8 million last financial year

BABY PRODUCTS DIVISION	Number of Stores
consignment counters	193
stand-alone outlets	82
large format stores	6

The number of stores is as at 31 March 2019

Lingerie Division

For FYE2019, revenue dropped 7.4% at RM42.5 million compared to last financial year of RM45.9 million. However, the division registered an improved PBT of RM7.7 million compared to a PBT of RM4.4 million for the same period last financial year.

PBT margin vastly improved to 18.1% from 9.6% for the corresponding period last year. The improvement is principally due to the reduction of cost of goods as a result of better procurement and supply chain management.

We have remaining 42 stand-alone outlets and 164 departmental store consignment counters as at 31 March 2019. Total inventory stands at RM17.0 million as compared to RM13.3 million last year.

LINGERIE DIVISION	Number of Stores
consignment counters	164
stand-alone outlets	42

The number of stores is as at 31 March 2019

Risk Exposure and Mitigations

The Group's major business operations are sales, distribution and retailing of consumer goods that are subjected to the following risks. Changes in these conditions below may have material impact on the Group's operations, performance, financial condition and liquidity.

a) General economic condition;
b) Changes in law, by-laws and/or government policy which affect trade, retail and distribution industry;
c) Changes by Bank Negara and commercial banks on their credit policy and fluctuation of bank interest rates; and
d) Shortage of skilled business operators and movement in cost of goods leading to increase in cost.

The Management will constantly monitor changes in the above conditions and the subsequent impact to consumer market of our products. We will plan our product launches and promotions in accordance to such changes in the market and consumer sentiment.

The Management through analysis of performance of each outlet on a regular basis, identifies the saleable products of each outlet where emphasis is given to the importance of speed and the critical lead times in order to meet market demand and remain competitive. Communication in all areas of the business is key so as immediate remedy is introduced for any issue identified.

The Management recognises that poor supply chain management (which includes 3PL partners) is a big risk to the survival of the Group. Besides maintaining a strong professional relationship with our existing suppliers, sourcing new suppliers that are capable of meeting our requirements such as quality workmanship and material used, production capacity and especially costing is important. This is a continuous effort and supplier performance is reviewed on a regular basis.

Opportunities and Challenges

As we move into the new financial year, we will continue to expand whenever good opportunities present itself. Despite the rising cost of living and poor consumer sentiment, we believe our pricing, merchandising and promotional strategies will continue to remain relevant to our customers.

In the coming year ahead, we expect essential goods and services such as foods and non-alcoholic beverages as well as housing, water, electricity, gas and other fuels to remain as consumption drivers. Despite the implementation of SST and its impact to our cost of goods, we will continue to be vigilant in monitoring our purchases and expenses .

Key success factors in the year under review was our product enhancement and improved cost of goods. This strategy allows the Group to provide value-for-money products to cater to the price-sensitive customer segment. We foresee the market to remain receptive to more value-for-money product offerings in the coming financial year.

The Group will continue to explore export and e-commerce opportunities for future business expansion especially within the Southeast Asia region.

We are cautiously optimistic that the Group shall continue its upward trajectory in its financial performance for the coming financial year.

COMMITMENT

The Board of Directors of **Asia Brands** are fully aware and committed to integrate our social responsibilities into our business strategies for the sustainable growth of the Group. As the Group work to increase stakeholders value through our core business, it will not neglect our responsibilities and will strive for the betterment of our employees and the commmunity.

MATERIALITY

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may have an affect on our ability to meet present and future needs. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as such if they:

1. Reflect an organisation's significant economic, environment, and social impacts; or
2. Substantively influence the assessments and decisions of stakeholders.

The materiality assessment will be used in the following ways:

1. To identify the sustainability issues for the Group in terms of business value, risks and opportunities.
2. To understand how sustainability and key business issues intersect
3. To plan future sustainability commitments and resource allocation
4. To support the Group's engagement with external stakeholders

The key stakeholder groups that have been identified includes our employees, shareholders, business partners, external interest groups and customers.

Our goal is to understand and address the different needs of each group in order to build a sustainable and successful business.

Stakeholder Group	Key Areas of Concerns	Addressing these Concerns
Employees	• Career Development • Compensation, welfare and benefits • Work-life balance • Value diversity and equal opportunity • Working enviroment quality and safety	• Virtual Office / Flexi Hours • Staff Welfare Meetings • Talent Pool System • Staff Events and Functions • Provide skills development and training opportunities
Community and Public	• Quality products and services • Social Responsibility • Community development and enrichment • Enviroment Awareness	• Donations and sponsorship • Employee volunteerism • Local employment creation where we operate 'pop-up' sales • Education on Product Usage
Customers	• Product Quality • Product Pricing • Service Satisfaction	• Responsible clothing design • Marketing Campaigns • Customer Focus Group • Customer Royalty Programme
Suppliers	• Procument Process • Strategic Partnership • Suppliers' development • Payment Terms	• Group procurement policy and system • Yearly supplier evalution • Inspection to Supplier Factories • Supply chain management
Investors and Shareholders	• Business direction and prospects • Corporate governance • Company performance • Return on Investment • Business Risks	• Announcements on Bursa Malaysia • Annual general meeting • Annual reports • Corporate website • Community programmes
Government and Regulators	• Regulatory compliance • Transparency and Disclosure • Annual reporting • Sustainability reporting	• Attended dialogue / seminar organised by professional associations (MRA, MIA, ACCA) • Support and Participation

EMPLOYEE

The Group recognises that employees are important asset. The Group shall continue to care for the welfare of all its employees and shall constantly upgrade employee skills to meet changing requirements. Constant education and guidance are given to all employees to ensure high level of job satisfaction at all levels. The investment in employee professional development is crucial to enhance overall performances.

The Group strives to maintain a safe and healthy working environment for all the employees. Preventive procedures and programs such as fire evacuation exercises and safety trainings were conducted from time to time to create a high level of safety awareness among the employees. Medical and hospitalisation insurance are subscribed annually to cover employees' health screening and medical needs.

To ensure a balance between working hours and family time, the Group have introduced flexi working hours for employees to enjoy a healthier lifestyle.

Workplace diversity as at 31 March 2019:

Category	Executive 33%	Non-Executive 67%		
Gender	Male 11%	Female 89%		
Age Group	20 to<30 39%	30 to <40 29%	40 to <50 22%	50 and > 10%
Diversity	Malay 42%	Chinese 53%	India 5%	

In appreciation to employees contribution to the Groups's performances, employees were sent to attend international trade fairs such as the Hong Kong Trade Development Council (HKTDC) Baby Products Fair and CBME (Children, Baby and Maternity Expo) in Shanghai, China and CBME (Children, Baby and Maternity Expo) in Jakarta, Indonesia for products and know how exposure.

COMMUNITY

The Group encourages and supports employee participation in community activities. Support given is in the form of mainly cash donation and products sponsorship by the Group to deserving welfare and charity organisations, children foundations and education support for first time bra users at schools during the financial year. Such organisations were Malaysia Association for the Welfare of Mentally Challenged Children, Rumah Kasih Sayang, Rawang, in collaboration with the alumni of Maktab Rendah Sains MARA (MRSM) Seremban from an invitation from Onemyr Awareness Management and introductory education on bra usage to about 100 standard four students of S.J.K (C) Khe Beng, Klang.

The Group have been putting a lot of efforts by holding positions and contributing donation to these welfare and charity organisation as part of the efforts of giving back to the society where the Group operates.

CUSTOMER

The Group's approach to meet customer needs and satisfaction is driven by serving and responding to the customer well as well as meeting our customers' needs. This becomes the Group's feedback to keeps us relevant to their requirements and market trends.

Our operators and promoters are trained to educate our customers about our products by providing product knowledge and sharing of information and concerns related to those products. Over the years, the Group has initiated several marketing promotions, campaigns, activities and loyalty programmes to increase our customer base and sustains the number of customers in our outlets and retail boutiques.

SUPPLIER

We always value and respect our business partners; our suppliers, vendors, logistic providers and retail operators who help us to achieve our financial objective, and with an emphasis on offering safety, assurance and high quality products and services. We work closely with our business partners, and aspire for success and mutual prosperity.

One such initiative is on developing the economy of our retail business operators whom are local small and medium enterprises (SMEs) through creating a platform for their business exposure and development. The Group worked closely with ministries and government agencies, such as the SME Corporation Malaysia and Malaysia Industrial Development Finance Berhad, to support SMEs in acquiring marketing experience and exposure through promotion of the local products in marketplace.

The Group had also initiated a Vendor Managment Program which consolidates all of our suppliers across major regions in the country as manufacturing and warehousing hubs to assure speed of delivery and response time to our customers within those regions.

ENVIRONMENT

We target to work towards a more environmental friendly production processes and to achieve minimal discharge of hazardous substances, through continuous improvement of the supply chain. This means working closely with our vendor partners from design to finished products to reduce consumption and environmental impact as our effort to save both the environment and costs at the same time.

With most outlet or boutiques waste coming from product packaging, reusing or recycling pose challenges given that our outlets or boutiques are located in shopping malls and shop lots. To address this, we have implemented "no plastic bag" campaign for in-store purchases in line with the mandatory initiative from the government.

For our office building, we encourage our employees to turn off their computers, laptops and monitors if they are going to be away from their desk for a break or a long period of time. Majority of the office lightings that are not in used will also be switched off during lunch hours and past business hours. Aside from that, regular maintenance and upkeep are also conducted on all office equipment to keep them running efficiently.

REGULATORY COMPLIANCE

The Group stands for lawful and ethical business practices and zero tolerance for unethical or illegal conduct. To ensure our behaviour and communications are aligned, we encourage employees, suppliers and stakeholders to report any illegal or unacceptable behaviour or non-compliance with the Groups Code of Ehtics.

Whistleblowing practice is encouraged and is open to any employee, supplier or third-party, with assurance that any report will be properly investigated and treated with confidentiality.

In financial year 2019, Asia Brands was not subject to any occurrence of non compliance with Listing Requirements, Capital Markets and Services Act, Companies Act 2016, Malaysia Anti-Corruption Commission Act 2009, Employment Act 1955, Personal Data Protection Act 2010, and Occupational Safety and Health Act 1994.

Director's Responsibility Statement In Relation To The Financial Statements

The financial statements of the Company and Group have been drawn up in accordance with the provisions of the Companies Act 2016, applicable financial reporting standards and approved accounting standards in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2019 and of the results and the cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have ensured that:-

- the Group and the Company have adopted the appropriate accounting policies and applied them consistently;
- all statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards been followed, subject to any material departure and explained in the financial statements; and
- the financial statements are prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have overall responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

INTRODUCTION

The Board of Directors ("**Board**") of Asia Brands Berhad ("**ABB**" or "**Company**") is committed to uphold the high standards of corporate governance in conducting the affairs of the Company and its subsidiaries ("**Group**") in discharging its responsibilities with integrity, transparency and professionalism as a fundamental part to protect and enhance long-term shareholders value.

The Board is committed to ensure that the applicable principles and recommendations as prescribed in the Malaysian Code on Corporate Governance ("**MCCG**") are applied throughout the Group so as to protect and enhance long-term shareholders' value and all stakeholders' interest.

This Corporate Governance Overview Statement discloses and affirms the manner and the extent in which the Group has applied the principles and complied with the recommendations set out in the MCCG throughout the financial year ended 31 March 2019. The detailed explanation on the application of the corporate governance practices are reported under Corporate Governance Report which is published on the website of Bursa Malaysia Securities Berhad ("**Bursa Securities**") at http://www.bursamalaysia.com/market and the Company's website at www.asiabrands.com.my.

This Statement also serves as compliance with Paragraph 15.25 of the Main Market Listing Requirements ("Main LR") of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD RESPONSIBILITIES

1. Board 's Responsibilities in Meeting Objectives and Goals

1.1 The Board

The Board is responsible for the stewardship of business and affairs of the Company in order to enhance long-term shareholders' value. The Board is fully aware and understand their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' value.

The Executive Directors are directly responsible for the day-to-day management of the business and operations, for procuring new business and for the commercial and corporate performance of the Company within the parameters of good governance. Non-Executive Directors play a vital check and balance role by challenging and scrutinising Management recommendations and proposals in an objective manner and bringing independent judgement to the decision making process at the Board and Board Committee levels.

Reserved matters for Board's decision making includes strategic issues and planning, significant acquisition and disposal, dividend policy, risk management, significant property transactions, review of the financial statements, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The Board is also responsible for establishing the Group's goals and strategic directions, setting goals and targets for Management and monitoring the achievement of goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

Any member of the Board may request for independent professional advice in the discharge of his/her fiduciary duties by forwarding a request to the executive director of the Company who will then direct the same to an external service provider. The expenses incurred in this connection shall be borne by the Company.

All the Directors of the Company had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company. During the financial year ended 31 March 2019, the Directors attended the following training, briefing and workshop programmes:-

Directors	Seminars/Briefing/Workshop attended
Dato' Sri Tan Thian Poh	• MRA 1-Day Retail Conference
Ng Chin Huat	• MATRADE E-Commerce Seminar For Export
Kong Sau Kian	• HRDF Leadership Talk
Lim Kim Meng	• Essential Tax Law Principles for Malaysian Lawyers • MCCG and Bursa's Listing Requirements: Towards Meaningful Disclosure.

In addition, the Company Secretary and external auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such requirements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(I) BOARD RESPONSIBILITIES (cont'd)

1. Board 's Responsibilities in Meeting Objectives and Goals (cont'd)

1.2 Chairman of the Board

The Chairman is responsible for:-

- Leadership of the Board;
- Overseeing the effective discharge of the Board's supervisory role;
- Facilitating the effective contribution of all Directors;
- Conducting Board meetings;
- Briefing all the Directors in relation to issues arising at meetings;
- Scheduling regular and effective evaluations of the Board's performance;
- Promoting constructive and respectful relations between Board members and between the Board and the Management;
- Representing the Board to shareholders;
- Ensuring the integrity and effectiveness of the governance process of the Board; and
- Maintaining regular dialogue with the Board over all operational matters and consulting with the Board promptly over any matter that gives him or her cause for concern.

1.3 Roles of the Chairman and the Group Managing Director

The position of the Chairman and the Group Managing Director are held by two (2) different individuals. There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure that the Board remains balanced at all times.

The Chairman acts as the leader of the board and is responsible for overseeing the effective discharge of the Board's supervisory role and facilitating the effective contribution of all Directors while the Group Managing Director focuses on the business and day-to-day management of the Company with all powers and discretion vested in him, from time to time, by the Board.

1.4 Company Secretary

The Board is supported by the suitable qualified and competent Company Secretary and the Company Secretary is qualified Chartered Secretary under Section 235(2)(a) of the Companies Act 2016 and is Fellow member of Malaysian Institute of Chartered Secretaries and Administrators.

Every Director has ready and unrestricted access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Directors were regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and its implications to the Company and the Directors in relation to their duties and responsibilities.

During financial year ended 31 March 2019, the Company Secretary had discharged her duties and responsibilities accordingly, and had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretary in discharging her functions and duties.

1.5 Meetings of Board/ Board Committee

Relevant Board papers were disseminated to all the Directors at least five (5) business days in advance of the meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary. As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of these committees. Board meetings are conducted in accordance to a structured agenda.

Senior Management were invited to attend Board meetings to provide their views and explanation on certain items on the agenda being tabled to the Board and to furnish clarification on issues that may be raised by the Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(I) BOARD RESPONSIBILITIES (cont'd)

1. Board 's Responsibilities in Meeting Objectives and Goals (cont'd)

1.5 Meetings of Board/ Board Committee (cont'd)

Minutes of the meetings are properly recorded and accurately reflect the deliberations and decisions of the board, including whether any director abstained from voting or deliberating on a particular matter.

To facilitate the Directors' time planning, an annual meeting calendar which provides the schedule dates for meetings of the Board and Board Committees as well as the Annual General Meeting is prepared and circulated to them before the beginning of every financial year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. This is to ensure that the Directors are allocated sufficient time to discharge their duties effectively.

The Board meets at least four (4) times a year at quarterly intervals with additional Board meetings convened when necessary. Sufficient notice periods were given to the Board prior to each meeting. During the financial year under review, the Board convened four (4) meetings and the attendance of the Directors are as follows:-

Directors	No. of Meetings attended
Dato' Sri Tan Thian Poh	4/4
Ng Chin Huat	4/4
Kong Sau Kian	4/4
Lim Kim Meng	4/4

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 March 2019 as stipulated under Paragraph 15.05 of the Main LR of Bursa Securities.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board has a Board Charter, which includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations. With this, the respective functions, roles and responsibilities of the Directors and Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board Charter entails the followings:-

- Roles and Responsibilities of the Board;
- Delegation to Committees;
- Process and Procedure for Board Meetings;
- Board and Member Assessment;
- Communication between Board and Shareholders;
- Management of Risk; and
- Structure.

The Board Charter is subject to periodic review and can be accessed via the Company's website at www.asiabrands.com.my.

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct and Ethics

The Directors observe the Company Directors' Code of Ethics promulgated by the Companies Commission of Malaysia, which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility to be followed by the Directors in their business dealings.

The Board will periodically review and reassess the adequacy of the Code, and make such amendments to the Code as the Board may deem appropriate. The Code is available on the Company's website at www.asiabrands.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(I) BOARD RESPONSIBILITIES (cont'd)

3. Good Business Conduct and Healthy Corporate Culture (cont'd)

3.2 Whistleblowing

The Board had established and adopted a Whistleblowing Policy that provides employees with proper reporting channels and guidance to disclose any wrongdoing or improper conduct relating to malpractices, unlawful conducts, any violation of established written policies.

The Whistleblowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made. A disclosure of improper conduct can be made in verbal or in writing.

The implementation of the policy enables better transparency and accessibility to our stakeholders to report any misconduct that may occur within the Group.

(II) BOARD COMPOSITION

4. Objectivity of the Board's Decisions

4.1 Board Composition

The current Board comprises four (4) Directors, out of which, one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director.

The profiles of the Directors are set out in this Annual Report.

Although less than half of the Board comprises independent directors as recommended by Practice 4.1 of the MCCG, however, the Company fulfills the requirement of at least one-third (1/3) of the Board comprises independent directors as stipulated under Paragraph 15.02(1) of the Main LR. The Board believes that its current structure is able to discharge the Board's priorities objectively with the balance of power and authority on the Board.

The Board is chaired by a Non-Independent Non-Executive Director. The Non-Executive Directors are independent of management and have no relationships that could materially interfere with the exercise of their independent judgment. Together, the Directors have wide range of experience in business, corporate, banking and financial experience.

The Board is of the opinion that the composition of the current Board has the required mix of skills and experience required to discharge the Board's duties and responsibilities. Collectively, the Directors combine their diverse commercial, regulatory, industry and financial experience to add value to the Board as a whole.

The Board is free to discuss all matters regarding the affairs of the Group, without any restrictions or limitations being imposed on any Director. Where matters discussed involve the interest of the Chairman, he shall state his interest and shall refrain from discussions and decision-making.

No individual or a company of individuals dominates the Board's decision making.

All the Directors have an equal responsibility for the Group's operations and corporate accountability. The Independent Non-Executive Directors play a vital supporting role by contributing their knowledge and experience towards the development of the Group's objectives. They also provide a broader and independent view in the decision-making process.

To assist the Board in carrying out its duties and responsibilities, the Board has established the following Committees of the Board, each with clearly defined Terms of Reference in order to enhance corporate efficiency and effectiveness:-

(i) Audit and Risk Management Committee; and
(ii) Nomination and Remuneration Committee ("NRC").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(II) BOARD COMPOSITION (cont'd)

4. Objectivity of the Board's Decisions (cont'd)

4.2 Tenure of Independent Directors

The NRC assesses the independence of the Independent Directors and monitors their tenure annually.

Based on the current composition of the Board, the tenure of each Independent Director had not exceeded a cumulative term of nine (9) years.

The Board observes the Practice 4.1 of the MCCG, that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director or Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval.

4.3 Appointment of Board and Senior Management

The NRC is responsible for the nomination and election process of new Directors and to evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the NRC shall:-

(i) consider candidates from a wide range of backgrounds;
(ii) consider candidates on merit, against objective criteria with due regard for the benefits of diversity on the Board, including gender; and
(iii) ensure that once appointed, appointees have enough time available to devote to the position of director.

For the appointment of a Chairman, the NRC shall consider the expected time commitment. A proposed Chairman's other significant commitments should also be disclosed to the Board before the appointment, and any changes thereto should be reported to the Board.

Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest in relation to the Company, and shall be required to report any future business interests which may develop post-appointment, that could result in a conflict of interest.

During financial year ended 31 March 2019, the Board, has taken into account of the assessment by the NRC, is satisfied with the mix of skills and board composition level, therefore, no new Director is sourced and appointed to the Board.

In the event that candidate is required for the appointment of Director, the NRC would use variety of approaches and sources to endure that it identified that most suitable candidates and will not limit themselves by solely on the recommendations from existing Board members, management or major shareholders.

4.4 Board Diversity

The Board acknowledges the recommendation of the MCCG in relation to the establishment of Boardroom gender diversity policy. However, in the process of selection of Board members, the Company practices non-discrimination in any form, whether based on gender, age, ethnicity or religion as all candidates shall be given fair and square opportunity.

When the need arises, the Board would give more weightage on the appointment of female Directors and senior management.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(II) BOARD COMPOSITION (cont'd)

4. Objectivity of the Board's Decisions (cont'd)

4.5 Nomination and Remuneration Committee ("NRC")

The NRC comprises three (3) Directors, the majority of whom are Independent Non-Executive Directors of the Company. The members of the NRC are as follows:

Name	Directorship	Designation
Lim Kim Meng	Independent Non-Executive Director	Chairman
Kong Sau Kian	Senior Independent Non-Executive Director	Member
Dato' Sri Tan Thian Poh	Non-Independent Non-Executive Director	Member

The principal objectives of the NRC are:-

(i) to assist the Board to nominate new nominees to the Board;
(ii) to assist the Board to oversee the selection and assess the performance of the Directors of the Company on an on-going basis; and
(iii) to assist the Board to assess the remuneration packages of the Group Chief Executive Officer.

The NRC also oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, independence assessment of Independent Directors, reviews succession plans and boardroom diversity; oversees training courses for directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

Summary of Activities of the NRC

During the financial year ended 31 March 2019, the main activities carried out by the NRC included the following:-

- Recommended the re-election of retiring Directors at the forthcoming Annual General Meeting.
- Evaluated the effectiveness of the Board as a whole and of the Committees of the Board and the contribution and performance of each individual Directors and key officers.
- Developed the following criteria amongst others to assess the independence of the Independent Directors:-

  ➢ the Independent Directors fulfill the definition of an independent director as set out under Paragraph 1.01 of Bursa Securities Main LR.

  ➢ the Independent Directors are able to exercise independent judgement and act in the best interest of the Company.

  ➢ there must be no potential conflict of interest that the Independent Directors could have with the Company as they have not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Main LR.

  ➢ the Independent Directors have not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Non-Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with their duties expected of them to carry out their duties as an Independent Director.

  ➢ the Independent Directors do not derive any remuneration and benefits apart from Directors' fees and meeting allowances.

- Reviewed the terms of office of ARMC and NRC.
- Reviewed the overall composition of the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(II) BOARD COMPOSITION (cont'd)

5. Overall Effectiveness of the Board

5.1 Annual Evaluation of the Board

The NRC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Directors in respect of the financial year ended 31 March 2019 using customised questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole were tabled to the NRC and the Board for review.

The criteria for Director's evaluation covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. For Board and Board Committee assessment, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance.

The Board studied the results of evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors.

The Board has also assessed the independence of the Independent Non-Executive Directors, taking into account the individual Director's ability to exercise independent judgment at all times and their contribution to the effective functioning of the Board, and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Based on the assessment carried out during the financial year ended 31 March 2019, the Board is satisfied with the level on independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help to develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives and monitor the risk profile of the Company's business and the reporting of quarterly business performance.

(III) REMUNERATION

6. Remuneration of Directors and Senior Management

6.1 Remuneration Policy

The Board has a formal procedure to determine the remuneration of each Director which is reviewed from time to time against market practices. The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration has been structured to link rewards to corporate and individual performance for Group Chief Executive Officer whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

6.2 NRC

The NRC also recommends to the Board, the policy framework and remuneration and benefits extended to the Group Managing Director. Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole, with the Directors concerned abstaining from deliberation and voting in respect of their remuneration.

The Terms of Reference of the NRC is available on the Company's website at www.asiabrands.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(III) REMUNERATION (cont'd)

7. Remuneration of Directors and Senior Management

7.1 Remuneration of Directors

The details of the remuneration package for Executive Directors and Directors' fees for the Non-Executive Directors during the financial year ended 31 March 2019 are as follows:

Received from the Company

	Director's fees/ Meeting Allowance (RM)	Salary and Bonus (RM)	Other emoluments (RM)	Total (RM)
Executive Director				
Ng Chin Huat	48,000.00	–	–	48,000.00
Non-Executive Directors				
Dato' Sri Tan Thian Poh	–	–	–	–
Kong Sau Kian	48,000.00	–	–	48,000.00
Lim Kim Meng	36,000.00	–	–	36,000.00
Total	**132,000.00**	**–**	**–**	**132,000.00**

Received from the Group

	Director's fees/ Meeting Allowance (RM)	Salary and Bonus (RM)	Other emoluments (RM)	Total (RM)
Executive Director				
Ng Chin Huat	48,000.00	–	–	48,000.00
Non-Executive Directors				
Dato' Sri Tan Thian Poh	–	–	–	–
Kong Sau Kian	48,000.00	–	–	48,000.00
Lim Kim Meng	36,000.00	–	–	36,000.00
Total	**132,000.00**	**–**	**–**	**132,000.00**

7.2 Remuneration of Senior Management

Apart from the remuneration of the Executive Director above, the remuneration for the remaining three (3) senior management are as follows:-

Range of Remuneration (RM)	Number of Senior Management
120,000 to 180,000	1
180,001 to 360,000	2
Above 360,000	–
Total	**3**

The Board opined that such disclosure of the key senior management's remuneration on a named basis would have adverse effect on the Company's talent retention in the competitive industry. All senior management's remuneration package are based on their scope of duty and responsibilities.

The NRC is of the view that the level of remuneration package of the senior management in respect of financial year ended 31 March 2019 is fair and reasonable to retain and reward the talents.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) AUDIT AND RISK MANAGEMENT COMMITTEE

8. Effective and Independent Audit and Risk Management Committee ("ARMC")

8.1 ARMC and the Board are chaired by different individuals

The ARMC is chaired by Mr. Kong Sau Kian while the Chairman of the Board is Dato' Sri Tan Thian Poh.

8.2 Cooling-off Period of at least two (2) years for former Key Audit Partner

None of the ARMC members were former key audit partners within the cooling-off period of at least (2) two years before being appointed as a member of the ARMC.

8.3 Assessment of External Auditors

The ARMC does not have a specific policies and procedures to assess the suitability, objectivity and independence of the external auditor.

However, the ARMC undertakes an annual assessment of the suitability and independence of the external auditors. The ARMC meets with the external auditors to discuss their audit plan, audit findings and the Company's financial statements.

The ARMC noted for the financial year ended 31 March 2019, Messrs. UHY, the external auditors of the Company have provide their written assurance that they are, and have been, independent through the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

Upon completion of the assessment, the ARMC was satisfied with Messrs. UHY's technical competency i.e. suitability and independence during the financial year under review.

However, the Board noted that Messrs. UHY decided not to seek re-appointment at the forthcoming Forty-Fourth Annual General Meeting of the Company. Therefore, the Board would commence the process of identifying and selecting potential new External Auditors for shareholders' approval at the forthcoming Forty-Fourth Annual General Meeting.

8.4 Financial Literacy of ARMC Members

In compliance with Practice 8.5 of the MCCG, the ARMC members possess a wide range of necessary skills and are financially literate. Their profiles are set out in the Profile of Directors Section of this Annual Report.

(II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Risk Management and Internal Control

The Board regards risk management and internal controls as an integral part of the overall management processes. The framework of the risk management encompasses the following key elements:-

- Risks identified were individually assessed and ranked as either extreme, high, medium or low based on their respective magnitude of impact and likelihood of occurrence within the Group; and
- Individual risk profiles created from the above assessment were endorsed by the Board and subsequently cascaded to Senior Management of the Group for implementation of action plans required to mitigate or maintain the risk impact of the Group at an acceptable level.

The risk management framework is regularly reviewed by the Management and relevant recommendations are made to the ARMC and Board for approval.

The internal control are tested for effectiveness and efficiency two cycles per financial year via an independent outsourced internal audit function following risk-based approaches.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

(II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

10. Effective Governance, Risk Management and Internal Control Framework

10.1 Internal Audit Function

The Directors acknowledged their responsibility in maintaining a reasonable sound system of internal controls covering financial, operational and compliance and risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out is tabled to the ARMC.

The Group's Statement on Risk Management and Internal Control is disclosed in this Annual Report.

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

(I) COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between the Company and Stakeholders

11.1 Effective, Transparent and Regular Communication

11.1.1 Dialogue between Companies and Investors

The Board recognises the importance of timely dissemination of information to shareholders and other interested parties to ensure that they are well informed of all major developments of the Group. Such information is communicated through various disclosures and announcements to the Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. This information can be assessed from the website of the Bursa Securities at "www.bursamalaysia.com.my". In addition, interviews conducted from time to time by local journalists with the management of the Group are reported in the local newspapers and information on the Group and its business activities is available on the company's website at www.asiabrands.com.my.

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including analyst reports, all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

11.1.2 Shareholder Communication Policy

The Board has put in place a Shareholder Communication Policy to facilitate the effective exercise of those rights by ensuring that the Company communicates effectively with its shareholders.

This Policy aims to promote effective communication with shareholders and encourage effective participation by shareholders at the Company's general meetings. To ensure a high quality of communication and level of clarity with all investors and other stakeholders, whilst complying with its statutory disclosure obligations, the Company endeavors to provide shareholders with ready and widespread access on a timely basis to matters that affect their investment in the Company; communicate in a clear, accurate and easy to understand manner with investors and other stakeholders.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

(I) COMMUNICATION WITH STAKEHOLDERS (cont'd)

11. Continuous Communication between the Company and Stakeholders (cont'd)

11.1 Effective, Transparent and Regular Communication (cont'd)

11.1.2 Shareholder Communication Policy (cont'd)

The communication channels for shareholders are as follows:-

(i) Corporate Website

The Company believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner. The Company's website (www.asiabrands.com.my) has a dedicated "Investor Relations" section which carries information available to the shareholders.

(ii) Shareholders' Meeting

Annual general meetings ("**AGM**") and extraordinary general meetings ("**EGM**") of the Company is the primary forum for communication with shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at meetings for and on their behalf if they are unable to attend the meetings.

(iii) Shareholders' Enquiries

Shareholders and investors may at any time request the Company's public information. The Company provides a designated email address (info@asiabrands.com.my) for shareholders to make any query.

(iv) Annual Report

Annual Report remains a major channel of communication disclosing information not only on the Group's businesses, financials and additional information such as the Company's mission and vision, operational performance, outlook and senior management team. The Board constantly improves the contents of the Annual Report to incorporate developments among others, in corporate governance and reports of Board Committees and ensure accuracy of the information as the Annual Report is a vital and convenience source of essential information for investors, shareholders and other stakeholders.

The Annual Report, which contains the notice of AGM, is sent to shareholders at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The notes to the notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

The Shareholders Communication Policy will be reviewed regularly by management to ensure that it reflects current regulatory, community and investor requirements.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

(II) CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

12.1 Annual General Meeting ("AGM")

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company.

In compliance with Practice 12.1 of the MCCG, the Company gives its shareholders at least twenty-eight (28) days' notice prior to the AGM.

In line with the Main LR of Bursa Securities, the Company had implemented poll voting for all the resolutions set out in the notice of the general meetings. The Company has appointed an independent external scrutineer to validate all the votes at the said general meetings.

The Company had conducted poll voting for all resolutions set out in the Notice of Forty-Third AGM ("**43rd AGM**") of the Company held on 27 September 2018. The Company appointed an independent scrutineer to validate the votes cast at the 43rd AGM. The poll results were announced by the Company to Bursa Securities on the same day.

12.2 Attendance of Directors at General Meetings

All the Directors attended the 43rd AGM and Extraordinary General Meeting held on 27 September 2018 and to address questions from the shareholders.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board dated 12 July 2019.

The Audit Committee was renamed as Audit and Risk Management Committee on 22 February 2019.

The Audit and Risk Management Committee assists the Board of Directors in discharging its oversight responsibilities for the financial reporting process, the management of risk and system of internal controls, the governance processes, and provides the Board with assurance of the quality and reliability of the financial information used by the Board and of the financial information issued publicly by the Company.

The Audit and Risk Management Committee has the delegated oversight responsibilities from the Board in overseeing the following functions and duties in the Company:-

- assessing the risks and control environment;
- overseeing financial reporting;
- evaluating the internal and external audit processes; and
- reviewing conflict of interest situations and related party transactions.

COMPOSITION

The Audit and Risk Management Committee comprises the following members:-

Kong Sau Kian	*Chairman/ Senior Independent Non-Executive Director*
Lim Kim Meng	*Member/ Independent Non-Executive Director*
Dato' Sri Tan Thian Poh	*Member/ Non-Independent Non-Executive Chairman*

The Chairman of the Audit and Risk Management Committee, Mr. Kong Sau Kian is the Senior Independent Non-Executive Director. The composition of the Audit and Risk Management Committee complies with Paragraph 15.10 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In compliance with Practice 8.1 of the Malaysia Code on Corporate Governance ("MCCG"), the Chairman of the Audit and Risk Management Committee is not the Chairman of the Board.

Mr. Kong Sau Kian is a member of the the Malaysian Institute of Accountants, fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Main LR of Bursa Securities.

MEETINGS

The Audit and Risk Management Committee held four (4) meetings during the financial year ended 31 March 2019. The details of attendance of the members of Audit and Risk Management Committee are as follows:-

Name of Member	Attendance
Kong Sau Kian	4/4
Lim Kim Meng	4/4
Dato' Sri Tan Thian Poh	4/4

TERMS OF REFERENCE

The Terms of Reference of the Audit and Risk Management Committee are available on the Company's website at www.asiabrands.com.my.

SUMMARY OF WORK

The main work carried out by the Audit and Risk Management Committee for the financial year ended 31 March 2019 in the discharge of its functions and duties in accordance with its Terms of Reference is summarised as follows:-

(a) Financial Reporting

- Reviewed the unaudited quarterly reports and year-end financial statements for the financial year ended 31 March 2019 before tabling to the Board for consideration and approval.
- Reviewed the quarterly financial reports and year-end financial statements, and discussed with Management and the external auditors on the financial reporting standards applied, including the judgments exercised in the application of those standards and the critical accounting estimates and assumptions used in arriving at the reported amounts of items in the quarterly financial reports and year-end financial statements.
- Reviewed the financial performance and financial highlights of the Group on quarterly basis.

(b) External Audit

- Reviewed the Audit Planning Memorandum of the external auditors in respect of the audit for the financial statements of the Company and the Group for the financial year ended 31 March 2019.
- Reviewed and discussed the external auditors' audit report and areas of concern highlighted in the management letter, including Management's response to the concerns raised by the external auditors.
- Evaluated the performance of the external auditors and made recommendations to the Board on their reappointment and remuneration.
- Reviewed the audited financial statements of the Company and of the Group prior to tabling to the Board for approval.

(c) Internal Audit

- Reviewed the internal audit plan, programme of resource requirement for the year and assessed the performance of the internal auditors, reviewed the internal audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed action to be taken by the Management to rectify and improve the system of internal control.
- Monitored the implementation of recommendations made by the internal auditors arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.

(d) Matters relating to related party transaction

- Questioned Management as to whether they are any recurrent related party transactions or related party transaction within the Group on a quarterly basis.
- Reviewed the related party transactions of the Group prior to tabling to the Board.
- Reviewed the circular to shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board.

(e) Other Matters

- Reviewed the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Control, prior to submission to the Board for approval and inclusion in the Annual Report.
- Reviewed the statement to shareholders in relation to the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company, prior to the submission to the Board for approval.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee is aware of the fact that an adequately resourced internal audit function is essential to provide independent and objective advice on the effectiveness of the Group's internal controls to the Audit and Risk Management Committee and thereafter to the Management.

The Company has an in-house Internal Audit Department which reports directly to the Audit and Risk Management Committee, and assist the Audit and Risk Management Committee in monitoring and evaluating the adequacy, efficiency and effectiveness of the risk management, Company's internal control and governance processes in anticipating key business process exposure to risk.

A summary of work of the internal audit function for the financial year ended 31 March 2019 are as follows:-

- Assessed and evaluated the adequacy of the risk management practices, operational controls, compliance with regulatory requirements, Management efficiency to ensure that the internal control system is sound and satisfactory.

- Carried out audits in accordance with the internal audit plan approved by the Audit and Risk Management Committee and other significant areas recommended by the Management to the Audit and Risk Management Committee.

- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and correction actions on reported weaknesses were taken appropriately within the timeframe by the Management.

- Presented of audit findings and corrective action to be taken by Management in the Audit and Risk Management Committee Meetings.

The costs incurred for the internal audit function in respect of the financial year ended 31 March 2019 including staff payroll costs and overheads amounted to RM10,000/- The cost incurred in the previous financial year was RM10,000/-.

This report is made in accordance with a resolution of the Board dated 12 July 2019.

The Board of Directors ("**Board**") of Asia Brands Berhad is pleased to present its Statement on Risk Management and Internal Control ("**Statement**") for the financial year ended 31 March 2019. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers.

Board's Responsibilities

In accordance with the MCCG, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively. In addition, the Board must also ensure that the system of internal control manages risks and forms part of its corporate culture.

The Board is committed to maintain an effective system of internal controls to safeguard the shareholders' investment and the Group's assets.

The Board is responsible for the Group's system of internal control and risk management, which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of maintaining a sound system of risk management and internal control. The control structure and process which has been established throughout the Group include governance, risk management, financial, organisational, operational and compliance control.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year and is subject to regular review by the Board. However, in view of the limitations inherent in any system of risk management and internal control, the system is designed to provide reasonable but not absolute assurance against material misstatement or loss, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The process it has applied to deal with material internal control aspects of any significant problems will be disclosed in the annual report and financial statements, if any.

Senior Management will assist the Board in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information, designing, operating suitable internal controls to manage and control risks and monitoring effectiveness of risk management and control activities.

Risk Management Framework

The Board's primary objective and direction in managing the Group's principal business risks are to enhance the Group's ability to achieve its business objective. The risk management framework encompasses the following key elements:-

- Risks identified were individually assessed and ranked as either extreme, high, medium or low based on their respective magnitude of impact and likelihood of occurrence within the Group; and

- Individual risk profiles created from the above assessment were endorsed by the Board and subsequently cascaded to Senior Management of the Group for implementation of action plans required to mitigate or maintain the risk impact of the Group at an acceptable level.

Statement of Internal Control

The following elements of the system of internal controls are present in the Group:

- **Strategic Business Direction**

  The Group's business objectives are communicated throughout the organisation through its Business Plan, management meetings and interaction between the Group Chief Executive Officer, management and employees.

- **Risk Identification**

  The Board is fully aware of the principal risks faced by the Company and Group and has put in place the appropriate controls to identify, evaluate and manage these risks through the involvement of the Group Chief Executive Officer in the day-to-day operations of the Group. The performance of the Company and Group is monitored through strategic, management and operational level meetings. Significant matters identified during these meetings are highlighted to the Board on a timely basis.

- **Audit and Risk Management Committee**

  The Audit and Risk Management Committee is tasked with responsibilities on accounting and reporting practices, review of internal and external audit reports, and ensuring the adequacy of administrative, operating and accounting controls. The Board reviews the minutes of meetings of the Audit and Risk Management Committee. The Terms of Reference of the Audit and Risk Management Committee are set-out in the Company's website at www.asiabrands.com.my.

Statement of Internal Control (cont'd)

- **Internal Audit Function**

  The Company has an Internal Audit Department that reports to the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews the annual internal audit plan, which was co-developed by the Internal Audit Department and management. Applying a risk-based approach, periodic internal audit visits have been carried out to review the adequacy and integrity of key internal controls of the Group's business to provide an independent assurance on the systems of internal control.

- **Policies and Procedures**

  Continuing from the last financial period's Group-wide restructuring efforts and review of the cash management process, the internal audit function carried out a business process review for inventories movement and control procedure during the financial ended 31 March 2019.

- **Organisation Structure**

  The current organisational structure enables a clear reporting line from lower management level up to the Board. Job functions and areas of responsibilities of certain employees are outlined in job descriptions and authority chart. The Group practices an "open-door" policy that allows matters to be identified and resolved in a timely and efficiently manner.

  Additional key features of the Company's system of internal controls include the following:

  ➢ Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
  ➢ Audit and Risk Management Committee holds regular meetings with management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management.
  ➢ Preparation of quarterly and yearly financial results; and key business indicators, as announced or otherwise published to shareholders.
  ➢ Meetings involving the Group Chief Executive Officer, senior management and heads of department are regularly held and any significant matters are escalated to the Board.

  The Board together with the management will continuously assess the suitability, adequacy and effectiveness of the Group's system of internal controls and will take corrective measures to enhance the system, as and when necessary.

Assurance Provided by the Group Managing Director

In line with the Guidelines, the Group Managing Director have provided assurance to the Board that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

Review of this Statement

The External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 March 2019, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Conclusion

The Board is of the view that the Group's risk management and internal control systems are in place for the year under review, and up to the date of approval of this Statement, is sound and adequate to safeguard the shareholders' investment, the interests of customers, regulators, employees and other stakeholders, and the Group's assets. Notwithstanding this, on-going reviews are continuously carried out to ensure the effectiveness of the system. The Board is committed towards operating a sound system of internal controls and effective risk management throughout the Group. The Board is also cognisant of the fact that the system of internal controls and risk management practices must continuously evolve to support the type of business and size of operations. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal controls.

This Statement is made in respect of the financial year ended 31 March 2019 and in accordance with a resolution of the Board passed on 12 July 2019.

1) Status of utilisation of proceeds raised from any corporate proposal

At the Extraordinary General Meeting held on 27 September 2018, the shareholders of ABB had approved the following proposals:-

(a) Proposed renounceable rights issue of up to 116,323,800 new ordinary shares of ABB ("Rights Shares") at an issue price of RM0.35 per Rights Shares on the basis of one (1) Rights Shares for every one (1) existing ABB Share held by the entitled shareholders of ABB ("Proposed Rights Issue"); and

(b) Proposed private placement of up to 46,529,520 new ABB shares representing up to 22.98% enlarged issued ABB shares upon completion and assuming minimum subscription of the Proposed Rights Issue.

The Proposed Rights Issue was completed on 14 January 2019. As at the date of this Annual Report, the status of utilisation of the Proposed Rights Issue proceeds is as follows:

	Gross Proceeds RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	Variance RM'000	Expected timeframe for utilisation of proceeds
Repayment of Islamic Medium-term Notes	40,000	40,000	0		By 18 March 2019
Estimated expenses for the Proposals	400	441	0	(41)	Within 6 months
Working capital	313	0	272	41	Within 6 months
Total	**40,713**	**40,441**	**272**	**0**	

The Board has re-allocated an amount of RM41,021 from the total of RM313,000 earmarked for working capital purpose, to the expenses relating to the Proposed Rights Issue.

The Proposed Private Placement was proposed to be implemented to facilitate ABB to comply with the public shareholding spread requirement under Paragraph 8.02(1) of the Main LR of Bursa Securities in the event ABB's public shareholding spread falls below 25% following the implementation of the Rights Issue. As the public shareholding spread of ABB after the implementation of the Rights Issue remains above 25%, ABB has decided not to proceed with the implementation of the Private Placement.

2) Audit and Non-audit fees paid to external auditors for the financial year

The amount of audit fees and non-audit fees paid or payable to the external auditors, UHY and its affiliated companies for the services rendered to ABB and the Group for the financial year ended 31 March 2019 are as follows:-

	Group (RM)	Company (RM)
Audit services	165,000	55,000
Non-Audit services	5,000	5,000
Grand Total	170,000	60,000

3) Material contracts entered into by the Company and subsidiary companies with Directors and/or major shareholders

There were no material contracts involving the interests of Directors or major shareholders that are still subsisting.

4) Contracts relating to loan with Directors and/or major shareholders

There were no contracts relating to a loan by the Company and/or its subsidiary companies involving Directors and/or major shareholders during the financial year under review.

5) Recurrent Related Party Transactions

At the Forty-Third Annual General Meeting ("43rd AGM") of the Company held on 27 September 2018, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading in nature with related parties.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main LR of Bursa Securities, the details of RRPTs conducted during the financial year ended 31 March 2019 pursuant to the shareholders' mandate are set out below:-

Transacting party within ABB Group	Transacting Related Party	Nature of Transactions	Aggregate value of Transactions from 27 September 2018 *(being the date of 43rd AGM)* to 31 March 2019
Asia Brands HR Services Sdn. Bhd.	Ng Tiong Seng Corporation Sdn. Bhd.	Rental of Office at Block A, Lot 10449, Jalan Nenas, Batu 4½, Off Jalan Sungai Jati, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.	RM64,950.00
Anakku Sdn. Bhd.	Ng Tiong Seng Corporation Sdn. Bhd.	Rental of Warehouses at Block A, Lot 10449, Jalan Nenas, Batu 4½, Off Jalan Sungai Jati, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.	RM217,728.00
ABB Group	Trackland Group	Sales and supply of baby and children garments and apparel by Trackland Group to ABB Group	RM2,136,412.03

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

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

Financial Results

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to owners of the Company	5,336,092	(249,174)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued 116,323,800 new ordinary shares through Rights Issue at an issue price of RM0.35 per ordinary share for a total cash consideration of RM40,713,330 for repayment of Islamic Medium Term Note due on 18 March 2019.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are:

Ng Chin Huat*	
Kong Sau Kian*	
Lim Kim Meng	
Dato' Sri Tan Thian Poh	(Appointed on 11.4.2018)
David Tan Chin Wee *(Alternate Director to Dato' Sri Tan Thian Poh)*	(Appointed on 30.4.2018)
Cheah Yong Hock*	(Resigned on 12.7.2018)

Directors (Cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Cheah Yong Hock
Kok Tai Meng
Lee Yean Fung
Chua Hooi Yee
Kong Sau Kian (Resigned on 11.4.2018)

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and make a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2018/ date of appointment	**Rights issue/ Bought**	**Sold**	**At 31.3.2019**
Interests in the Company				
Direct interests :				
Dato' Sri Tan Thian Poh	1,000	58,000	–	59,000
Indirect interests :				
Ng Chin Huat [(a)]	38,557,477	38,557,477	–	77,114,954
Dato' Sri Tan Thian Poh [(b)]	37,206,586	37,206,586	–	74,413,172
Interests in the holding company				
Direct interests :				
Ng Chin Huat	1	–	–	1
Indirect interests :				
Ng Chin Huat [(c)]	1	–	–	1

Notes:

(a) *Deemed interest by virtue of his interests held in Everest Hectare Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

(b) *Deemed interest by virtue of his interests held in Trackland Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

(c) *Deemed interest by virtue of his interests held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.*

By virtue of their interests in the shares of the Company, Ng Chin Huat and Dato' Sri Tan Thian Poh are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Directors who have significant financial interests in companies in which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 26 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM3,000,000 and RM9,020 respectively. There were no indemnity and insurance costs effected for auditors of the Group and of the Company during the financial year.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
- (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Holding Company

The holding company is Everest Hectare Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Significant Events

The details of significant events are disclosed in Note 33 to the financial statements.

Auditors

The Auditors, Messrs. UHY, retire and are not seeking re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 July 2019.

NG CHIN HUAT

KONG SAU KIAN

KUALA LUMPUR

Statement By Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 July 2019.

NG CHIN HUAT

KONG SAU KIAN

KUALA LUMPUR

Statutory Declaration

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

I, Kok Tai Meng (MIA Membership No. CA30027), being the Officer primarily responsible for the financial management of Asia Brands Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 103 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 abovenamed at Kuala Lumpur in the)
Federal Territory on 12 July 2019)

KOK TAI MENG

Before me,
MOHAN A.S. MANIAM
W710
Commissioner for Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Asia Brands Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on goodwill and intangible assets with indefinite life Please refer to Note 2(d) Significant Accounting Judgements, Estimates and Assumptions, Note 3(d) Significant Accounting Policies and Note 6 Intangible Assets. The carrying values of goodwill and intangible assets of the Group as at 31 March 2019 are RM26.7 million and RM131 million respectively. Goodwill and intangible assets with indefinite life are subject to annual impairment testing. We focused on these areas as the determination of recoverable amounts of cash-generating-unit based on value-in-use calculations by management involved a significant degree of judgement and assumptions.	Our procedures performed in relation to management's impairment assessment and testing included the following: • Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; • Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data; • Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; • Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.
Inventories valuation and provision The carrying amount of inventories of the Group as at 31 March 2019 is RM60 million. As described in the Accounting Policies in Note 3(i) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of inventories is an area of significant judgement as there is a risk in estimating the net realisable value of the inventories, as well as assessing which items may be slow-moving or obsolete. Due to the significance of inventories and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter. Please refer to Note 2(d) Significant Accounting Judgements, Estimates and Assumptions and the disclosures of inventories in Note 8 to the financial statements.	Our audit procedures included, amongst others: • Reviewing the historical ageing of inventories; • Checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at financial year end in selected locations; • Identifying and assessing a sample of aged and obsolete inventories; • Analysing the level of slow-moving inventories and the associated provision; • Testing the expected volume and price of future sales of inventories by reviewing the price of a sample of inventories sold after the reporting date; • Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR

12 July 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-Current Assets					
Plant and equipment	4	8,666,853	7,350,759	–	–
Investments in subsidiary companies	5	–	–	289,510,400	249,521,600
Intangible assets	6	157,704,868	157,704,868	–	–
Deferred tax assets	7	11,915,000	11,915,000	–	–
		178,286,721	176,970,627	289,510,400	249,521,600
Current Assets					
Inventories	8	60,024,391	46,072,441	–	–
Trade receivables	9	21,767,135	23,569,807	–	–
Other receivables	10	5,954,148	5,873,580	28,756	14,364
Amounts due from subsidiary companies	11	–	–	660,000	568,718
Tax recoverable		3,254,238	7,252,506	1,016	3,600
Fixed deposits with licensed banks	12	1,865,000	5,628	–	5,628
Cash and bank balances	13	3,060,495	8,615,482	7,532	85,169
		95,925,407	91,389,444	697,304	677,479
Total Assets		274,212,128	268,360,071	290,207,704	250,199,079
EQUITY					
Share capital	14	198,278,656	158,000,681	198,278,656	158,000,681
(Accumulated losses)/Retained earnings		(8,786,491)	(13,463,372)	84,441,295	84,690,469
Total equity attributable to owners of the Company		189,492,165	144,537,309	282,719,951	242,691,150
LIABILITIES					
Non–Current Liabilities					
Finance lease payable	15	206,612	243,298	–	–
Deferred tax liabilities	7	449	7,400	–	–
		207,061	250,698	–	–
Current Liabilities					
Trade payables	16	13,174,081	13,798,423	–	–
Other payables	17	5,659,584	6,075,134	210,821	208,417
Amounts due to subsidiary companies	11	–	–	7,276,932	7,299,512
Amount due to holding company	18	–	1,200,000	–	–
Finance lease payable	15	36,686	34,877	–	–
Islamic medium term notes	19	50,000,000	90,000,000	–	–
Bank borrowings	20	14,917,000	12,452,000	–	–
Tax payable		725,551	11,630	–	–
		84,512,902	123,572,064	7,487,753	7,507,929
Total Liabilities		84,719,963	123,822,762	7,487,753	7,507,929
Total Equity and Liabilities		274,212,128	268,360,071	290,207,704	250,199,079

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

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	21	158,299,330	150,588,294	–	–
Cost of sales		(79,855,567)	(81,435,081)	–	–
Gross profit		78,443,763	69,153,213	–	–
Other income		1,169,869	15,487,174	255,851	7,952,215
Selling and distribution expenses		(62,627,465)	(81,365,132)	–	–
Administrative expenses		(2,949,434)	(13,042,008)	(501,025)	(6,659,627)
Net loss on impairment of financial instruments		(530,630)	(272,397)	(4,000)	(3,428,500)
Profit/(Loss) from operations		13,506,103	(10,039,150)	(249,174)	(2,135,912)
Finance costs		(6,315,052)	(7,959,818)	–	(20)
Profit/(Loss) before tax		7,191,051	(17,998,968)	(249,174)	(2,135,932)
Taxation	22	(1,854,959)	(1,197,864)	–	–
Profit/(Loss) for the financial year		5,336,092	(19,196,832)	(249,174)	(2,135,932)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company	23	5,336,092	(19,196,832)	(249,174)	(2,135,932)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		5,336,092	(19,196,832)	(249,174)	(2,135,932)
Earnings/(Loss) per share	24				
Basic and diluted loss per ordinary share (sen):		3.75	(23.71)		

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

Group	Note	Attributable to Owners of the Parent <Non-Distributable> Share Capital RM	<Distributable> (Accumulated Losses)/ Retained Earnings RM	Total Equity RM
At 1 April 2018, as previously reported		158,000,681	(13,463,372)	144,537,309
Effect of adopting MFRS 9		–	(659,211)	(659,211)
At 1 April 2018, as restated		158,000,681	(14,122,583)	143,878,098
Profit for the financial year, representing total comprehensive income for the financial year		–	5,336,092	5,336,092
Transaction with owners:				
Issuance of shares		40,713,330	–	40,713,330
Share issuance expenses		(435,355)	–	(435,355)
Total transaction with owners	14	40,277,975	–	40,277,975
At 31 March 2019		198,278,656	(8,786,491)	189,492,165
At 1 April 2017		130,430,601	5,733,460	136,164,061
Loss for the financial year, representing total comprehensive loss for the financial year		–	(19,196,832)	(19,196,832)
Transaction with owners:				
Issuance of shares	14	27,570,080	–	27,570,080
At 31 March 2018		158,000,681	(13,463,372)	144,537,309

Company	Note	Attributable to Owners of the Parent <Non-Distributable> Share Capital RM	<Distributable> Retained Earnings RM	Total Equity RM
At 1 April 2018		158,000,681	84,690,469	242,691,150
Loss for the financial year, representing total comprehensive loss for the financial year		–	(249,174)	(249,174)
Transaction with owners:				
Issuance of shares		40,713,330	–	40,713,330
Share issuance expenses		(435,355)	–	(435,355)
Total transaction with owners	14	40,277,975	–	40,277,975
At 31 March 2019		198,278,656	84,441,295	282,719,951
At 1 April 2017		130,430,601	86,826,401	217,257,002
Loss for the financial year, representing total comprehensive loss for the financial year		–	(2,135,932)	(2,135,932)
Transaction with owners:				
Issuance of shares	14	27,570,080	–	27,570,080
At 31 March 2018		158,000,681	84,690,469	242,691,150

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	7,191,051	(17,998,968)	(249,174)	(2,135,932)
Adjustments for:				
Bad debts written off on:				
- Trade receivables	88,936	971,746	–	–
- Other receivables	–	5,858,340	–	5,858,340
Bad debts recovered	(72,463)	(77,853)	–	–
Depreciation of plant and equipment	1,389,783	4,345,268	–	5,749
Impairment losses on:				
- Goodwill	–	4,200,000	–	–
- Investments in subsidiary companies	–	–	11,200	14,200
- Trade receivables	530,630	272,397	–	–
- Amounts due from subsidiary companies	–	–	4,000	3,428,500
Interest expense	6,315,053	7,959,818	–	20
Inventories written down	133,347	1,121,917	–	–
Inventories written off	501,915	9,812,937	–	–
Reversal of inventories written down	(332,727)	(3,004,395)	–	–
Plant and equipment written off	9,607	–	–	–
Gain on disposal of plant and equipment	–	(72,074)	–	(84,905)
Interest income	(254,379)	(284,114)	(14,638)	(143)
Reversal of impairment loss on:				
- Trade receivables	(541,687)	(2,773,751)	–	–
- Other receivables	–	(7,791,131)	–	(6,226,229)
- Amount due from subsidiary companies	–	–	(117,000)	(1,489,000)
Operating profit/(loss) before working capital changes	14,959,066	2,540,137	(365,612)	(629,400)
Changes in working capital				
Inventories	(14,254,485)	8,698,919	–	–
Receivables	1,057,477	22,712,718	(14,392)	362,893
Payables	(1,039,892)	(3,922,292)	2,404	14,336
	(14,236,900)	27,489,344	(11,988)	377,229
Cash generated from/(used in) operations	722,166	30,029,481	(377,600)	(252,171)
Interest paid	(6,315,053)	(7,959,818)	–	(20)
Tax refund/(paid)	2,850,279	(1,276,654)	2,584	9,063
	(3,464,774)	(9,236,472)	2,584	9,043
Net cash (used in)/from operating activities	(2,742,608)	20,793,009	(375,016)	(243,128)
Cash Flows From Investing Activities				
Advances to subsidary companies	–	–	21,718	(2,508,218)
Interest received	254,379	284,114	14,638	143
Purchase of plant and equipment (Note 4(b))	(2,715,484)	(1,887,118)	–	–
Proceeds from disposal of plant and equipment	–	164,906	–	84,906
Additional investment in a subsidiary company	–	–	(40,000,000)	(6,000,000)
Net cash used in investing activities	(2,461,105)	(1,438,098)	(39,963,644)	(8,423,169)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Financing Activities				
Decrease in bank balances pledged	2,113,782	529,012	–	–
Repayment to holding company	(1,200,000)	(18,903,658)	–	(3,365,000)
Repayment to subsidiary companies	–	–	(22,580)	(15,474,533)
Proceeds from issuance of shares	40,713,330	27,570,080	40,713,330	27,570,080
Share issuance expenses	(435,355)	–	(435,355)	–
Repayment of Islamic medium term notes	(40,000,000)	(30,000,000)	–	–
Repayment of finance lease payable	(34,877)	(6,537)	–	(3,712)
Net changes in bankers' acceptance	2,465,000	(2,965,000)	–	–
Net cash from/(used in) financing activities	3,621,880	(23,776,103)	40,255,395	8,726,835
Net (decrease)/increase in cash and cash equivalents	(1,581,833)	(4,421,192)	(83,265)	60,538
Cash and cash equivalents at the beginning of the financial year	4,757,139	9,178,331	90,797	30,259
Cash and cash equivalents at the end of the financial year	3,175,306	4,757,139	7,532	90,797
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	3,060,495	8,615,482	7,532	85,169
Fixed deposits with licensed banks	1,865,000	5,628	–	5,628
	4,925,495	8,621,110	7,532	90,797
Less: Bank balances pledged to a licensed bank	(1,750,189)	(3,863,971)	–	–
	3,175,306	4,757,139	7,532	90,797

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

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business and registered office of the Company are located at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Everest Hectare Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

2. Basis of Preparation

(a) Statement of compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs	Amendments to MFRS 1
2014 – 2016 Cycle:	Amendments to MFRS 128

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 April 2018.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months of lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on reality information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

(c) Effect of changes in classification and measurement of financial assets on 1 April 2018

Group	As at 31.3.2018 RM	Re-measurement RM	Re-classification to MFRS 9 AC RM
Financial assets			
Loan and receivables			
Trade receivables	23,569,807	(659,211)	22,910,596
Other receivables	5,308,321	–	5,308,321
Fixed deposits with licensed banks	5,628	–	5,628
Cash and bank balances	8,615,482	–	8,615,482
	37,499,238	(659,211)	36,840,027
Company			
Financial assets			
Other receivables	1,500	–	1,500
Amount due from subsidiary companies	568,718	–	568,718
Fixed deposits with licensed banks	5,628	–	5,628
Cash and bank balances	85,169	–	85,169
	661,015	–	661,015

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(d) Effect on impairment allowance on 1 April 2018

	Group RM
Impairment of financial assets	
Balances under MFRS 139 as at 31 March 2018	541,687
Impairment loss on receivables	659,211
Balances under MFRS 9 as at 1 April 2018	1,200,898

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

Impact arising from the adoption of MFRS 9 on the Group's financial statements:

	As at 31.3.2018 RM	MFRS 9 adjustment RM	As at 1.4.2018 RM
Group			
Trade receivables	23,569,807	(659,211)	22,910,596
Accumulated losses	(13,463,372)	(659,211)	(14,122,583)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes noncancelable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3.

2. Basis of Preparation (Cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, and has been rounded to the nearest RM except when otherwise stated.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of plant and equipment

The Group regularly reviews the estimated useful lives of plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of plant and equipment would increase the recorded depreciation and decrease the value of plant and equipment.

The carrying amount at the reporting date for plant and equipment is disclosed in Note 4.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5.

Impairment of goodwill and trademarks

The Group tests annually whether goodwill and trademarks have suffered any impairment in accordance with the accounting policy in Note 3(k)(i) on impairment of non-financial assets. When value in use calculations are undertaken, management estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks are given in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 7.

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 9, 10 and 11 respectively.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2019, the Group has tax recoverable of RM3,254,238 (2018: RM7,252,506) and tax payable of RM725,551 (2018: RM11,630) respectively. The Company has tax recoverable of RM1,016 (2018: RM3,600).

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

(b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Plant and equipment are depreciated based on the principal annual rates as follows:

Computer equipment	30%
Display counters	10%
Office equipment	10%
Renovation	20%
Motor vehicles	20%

3. Significant Accounting Policies (Cont'd)

(b) Plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 plant and equipment.

(c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. Significant Accounting Policies (Cont'd)

(d) Intangible assets (Cont'd)

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(e) Financial assets

Policy applicable from 1 April 2018

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivable, amounts due from subsidiary companies, fixed deposit with licensed banks and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

(iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets as FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(e) Financial assets (Cont'd)

Policy applicable before 1 April 2018

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that required delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(f) Financial liabilities

Policy applicable from 1 April 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 April 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

3. Significant Accounting Policies (Cont'd)

(f) Financial liabilities (Cont'd)

Policy applicable before 1 April 2018 (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables, amounts due to holding company and subsidiary companies and loans and borrowings.

Trade and other payables, amounts due to holding company and subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- The best estimate of the expenditure required to settle the present obligation at the reporting date;
- The amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(h) Offsetting of financial instruments

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

3. Significant Accounting Policies (Cont'd)

(i) Inventories

Finished goods are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis and comprises the purchase price and incidental costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(k) Impairment of assets

(i) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

Policy applicable from 1 April 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of 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.

3. Significant Accounting Policies (Cont'd)

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable from 1 April 2018 (Cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs 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, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have 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.

Policy applicable before 1 April 2018

All financial assets, other than investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Provisions

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

3. Significant Accounting Policies (Cont'd)

(m) Provisions (Cont'd)

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(n) Employee benefits

(i) Short term employee 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 of the Group. 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. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major source:

<u>Sale of goods</u>

Revenue is recognised net of goods and service tax and discounts upon transfer of the significant risks and rewards of ownership to the buyer. In the case of consignment sales, revenue is recognised when the goods are sold by the consignee to a third party. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

3. Significant Accounting Policies (Cont'd)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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

(q) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant Accounting Policies (Cont'd)

(s) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(t) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

4. Plant and Equipment

Group	Computer Equipment RM	Display Counters RM	Office Equipment RM	Renovation RM	Motor Vehicles RM	Total RM
2019						
Cost						
At 1 April 2018	1,423,144	21,650,623	370,928	3,961,213	769,447	28,175,355
Additions	–	2,715,484	–	–	–	2,715,484
Written off	(112,848)	–	(27,488)	(12,583)	–	(152,919)
At 31 March 2019	1,310,296	24,366,107	343,440	3,948,630	769,447	30,737,920
Accumulated depreciation						
At 1 April 2018	1,381,817	15,151,399	123,708	3,736,168	431,504	20,824,596
Charge for the financial year	40,323	1,018,884	36,844	223,019	70,713	1,389,783
Written off	(112,807)	–	(17,937)	(12,568)	–	(143,312)
At 31 March 2019	1,309,333	16,170,283	142,615	3,946,619	502,217	22,071,067
Carrying amount						
At 31 March 2019	963	8,195,824	200,825	2,011	267,230	8,666,853
2018						
Cost						
At 1 April 2017	1,423,144	19,833,339	368,649	3,961,213	988,687	26,575,032
Additions	–	1,817,284	2,279	–	348,555	2,168,118
Disposals	–	–	–	–	(567,795)	(567,795)
At 31 March 2018	1,423,144	21,650,623	370,928	3,961,213	769,447	28,175,355
Accumulated depreciation						
At 1 April 2017	1,274,703	11,547,332	86,606	3,245,742	799,908	16,954,291
Charge for the financial year	107,114	3,604,067	37,102	490,426	106,559	4,345,268
Disposals	–	–	–	–	(474,963)	(474,963)
At 31 March 2018	1,381,817	15,151,399	123,708	3,736,168	431,504	20,824,596
Carrying amount						
At 31 March 2018	41,327	6,499,224	247,220	225,045	337,943	7,350,759

4. Plant and Equipment (Cont'd)

	Motor vehicles RM
Company	
2018	
Cost	
At 1 April 2017	345,000
Disposal	(345,000)
At 31 March 2018	–
Accumulated depreciation	
At 1 April 2017	339,250
Charge for the financial year	5,749
Disposal	(344,999)
At 31 March 2018	–
Carrying amount	
At 31 March 2018	–

(a) Assets held under finance lease

The net carrying amount of leased plant and equipment of the Group and of the Company are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	` 267,226	336,937	–	–

Leased assets are pledged as security for the related finance lease payable (Note 15).

(b) Purchase of plant and equipment

The aggregate cost for the plant and equipment of the Group and the Company during the financial year under finance lease and cash payments are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Aggregate costs	2,715,484	2,168,118	–	–
Less: finance lease financing	–	(281,000)	–	–
Cash payments	2,715,484	1,887,118	–	–

(c) Change in estimates

In accordance with MFRS 116 *Property, plant and equipment*, the Group reviews the residual value and remaining useful life of an item of plant and equipment at the end of each financial year. During the financial year, the Group revised the estimated useful lives of display counters from 5 years to 10 years with effect from 1 April 2018. The revision were accounted for prospectively as a change of accounting estimates, which resulted in a decrease in depreciation expenses and correspondingly an increase in the Group's profit for the financial year by RM2,520,742.

5. Investments in Subsidiary Companies

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost	317,098,098	277,098,098
Less: Accumulated impairment losses	(27,587,698)	(27,576,498)
	289,510,400	249,521,600

Movements in the allowances for impairment losses on investments in subsidiary companies are as follows:

	Company 2019 RM	Company 2018 RM
At 1 April 2018/2017	27,576,498	27,562,298
Impairment loss recognised	11,200	14,200
At 31 March 2019/2018	27,587,698	27,576,498

The Company conducted a review of the recoverable amounts of its investments in certain subsidiary companies of which its carrying amount of investments exceeded net assets of the respective subsidiary companies at the reporting date. The recoverable amounts were based on fair value less cost of disposal and value in use as described below:

Fair value less cost of disposal approach

The review gave rise to the recognition of an impairment loss on investments in subsidiary companies of RM11,200 (2018: RM14,200) based on recoverable amounts of RM743,800 (2018: RM751,300). The impairment loss was recognised in 'administrative expenses' in statements of profit or loss and other comprehensive income. The recoverable amounts are determined using the fair value less costs of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

Investments in subsidiary companies at carrying amount of RM229,300,000 (2018: RM189,300,000) were pledged as security for credit facilities granted to a subsidiary company as disclosed in Note 19.

Details of the subsidiary companies are as follows:

Place of business/ Name of company	Place of business/ Country of incorporation	Effective interest 2019 %	Effective interest 2018 %	Principal activities
Direct holding:				
Diesel Marketing Sdn. Bhd. ("Diesel Marketing")	Malaysia	100	100	Dormant.
Ubay Marketing Sdn. Bhd. ("Ubay Marketing")	Malaysia	100	100	Dormant.
Audrey Sdn. Bhd. ("AUSB")	Malaysia	100	100	Trading and retailing in lingerie and ladies wear, care and related products through Heavy Traffic Outlets ("HTO"), distributors as well as retailing boutique outlets.

5. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Place of business Name of company	Place of business/ Country of incorporation	Effective interest 2019 %	 2018 %	Principal activities
Anakku Sdn. Bhd. ("AKSB")	Malaysia	100	100	Trading and retailing in baby wear, care and related products through HTO, distributors as well as retailing boutique outlets.
Asia Brands Global Sdn. Bhd. ("ABG")	Malaysia	100	100	Dormant.
Antioni Sdn. Bhd. ("Antioni")	Malaysia	100	100	Dormant.
Asia Brands Assets Management Sdn. Bhd. ("ABAM")	Malaysia	100	100	Dormant.
Asia Brands HR Services Sdn. Bhd. ("ABHR")	Malaysia	100	100	Providing share services function including finance, human resources, IT, administrative and others.
Bumcity Sdn. Bhd. ("Bumcity")	Malaysia	100	100	Dormant.
Mickey Junior Sdn. Bhd. ("MJSB")	Malaysia	100	100	Dormant.
Generasi Prestasi Sdn. Bhd. ("GPSB")	Malaysia	100	100	Trading and retailing in baby and children wear, care and related products through HTO, distributors as well as retailing boutique outlets and providing sub-licensing.
Held through AKSB				
Baby Palace Sdn. Bhd. ("BPSB")	Malaysia	100	100	Trading and retailing in baby and children wear, care and related products through boutique outlets and providing sub-licensing.
Held through BPSB				
Astra Brands Sdn. Bhd. ("ABSB")	Malaysia	100	100	Wholesale distribution of baby and infant products.
Held through AUSB				
Generasi Dinasti Sdn. Bhd. ("GDSB")	Malaysia	100	100	Providing sub-licensing.

5. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Acquisition of subsidiary company

During the financial year

On 15 January 2019, AKSB, a wholly-owned subsidiary company of the Company, increased its issued and paid up share capital from 17,000,000 to 57,000,000 ordinary shares. The Company has subscribed the entire 40,000,000 new ordinary shares in AKSB by way of cash. The Group's effective equity interest remained unchanged.

In previous financial year

On 30 March 2018, AKSB increased its issued and paid up share capital from 11,000,000 to 17,000,000 ordinary shares. The Company has subscribed the entire 6,000,000 new ordinary shares in AKSB by way of cash. The Group's effective equity interest remained unchanged.

6. Intangible Assets

	Goodwill RM	Trademarks RM	Total RM
Group			
Cost			
At 1 April 2018/31 March 2019	36,068,397	131,000,000	167,068,397
Accumulated impairment losses			
At 1 April 2018/31 March 2019	9,363,529	–	9,363,529
Carrying amount			
At 31 March 2019	26,704,868	131,000,000	157,704,868
Group			
Cost			
At 1 April 2017/31 March 2018	36,068,397	131,000,000	167,068,397
Accumulated impairment losses			
At 1 April 2017	5,163,529	–	5,163,529
Impairment loss recognised	4,200,000	–	4,200,000
At 31 March 2018	9,363,529	–	9,363,529
Carrying amount			
At 31 March 2018	26,704,868	131,000,000	157,704,868

(a) Description of material intangible assets

Intangible assets represent the trademarks for the brands of "Anakku" and "Audrey" for the Group's specialised wear, care and related products through HTO that were acquired in business combinations. The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which brands are expected to generate net cash inflow for the Group.

6. Intangible Assets (Cont'd)

(b) Impairment testing for cash-generating units ("CGU") containing goodwill and trademarks

For the purpose of impairment testing, goodwill and trademarks are allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill and trademarks are monitored for internal management purposes.

The aggregate carrying amounts of goodwill and trademarks allocated to each CGU are as follows:

	2019		2018	
	Goodwill RM	Trademarks RM	Goodwill RM	Trademarks RM
Baby wear	13,237,911	113,000,000	13,237,911	113,000,000
Lingerie wear	13,466,957	18,000,000	13,466,957	18,000,000
	26,704,868	131,000,000	26,704,868	131,000,000

Key assumptions used in value in use calculations

The recoverable amounts of the CGUs in respect of goodwill and trademarks were determined using the value in use approach. Cash flow projections used were based on financial budgets approved by the management covering a 10-year period for baby wear CGU and a 10-year period for lingerie wear CGU. The growth rate used to extrapolate the cash flows of the CGUs for the 10-year period is 3% for lingerie wear and 5% for baby wear that are same as the long-term average growth rate for the industry. Management believes that a forecast period with 10 years was justified due to the long-term nature of the goodwill and trademarks.

The key assumptions used for the value in use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2019	2018	2019	2018	2019	2018
Baby wear	45%	50%	5 - 13%	5 - 13%	8.35%	6.98%
Lingerie wear	62 - 65%	60%	3 - 12%	3 - 4%	6.33%	7.37%

The key assumptions used by management in the determination of the impairment testing of the goodwill and trademarks are as follows:-

(i) Budgeted gross margin

The basis used to determine the budgeted gross margin is the average gross margins achieved in recent years immediately before the budgeted year and after incorporating the effects of merchandising improvement and new marketing strategies.

(ii) Growth rate

The basis used to determine the growth rate is the revenue growth achieved in recent years taking into account the increase in consumers spending as a result of merchandising improvement and new marketing strategies.

(iii) Discount rate (pre-tax)

Reflects specific risks relating to the relevant operating segments.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

Based on the impairment test, there is no impairment losses recognised on goodwill during the current financial year.

6. Intangible Assets (Cont'd)

(b) Impairment testing for cash-generating units ("CGU") containing goodwill and trademarks (Cont'd)

Sensitivity to changes in assumptions

Cost of goods sold price inflation

Management has considered the possibility of greater than budgeted cost of goods sold. The Group believes that it will be able to pass on the effect of increase in cost of goods sold to its customers through increase in selling prices which will be supported by product improvements.

The Directors believe that there is no reasonable possible change in the key assumptions applied that is likely to materially cause the respective cash-generating unit's carrying amount to exceed its recoverable amount in the current financial year.

7. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets:				
At beginning/end of the financial year	11,915,000	11,915,000	–	–
Deferred tax liabilities:				
At 1 April 2018/2017	(7,400)	(24,700)	–	–
Recognised in profit or loss (Note 22)	6,951	17,300	–	–
At 31 March 2019/2018	(449)	(7,400)	–	–

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Deferred tax assets	11,915,000	11,915,000	–	–
Deferred tax liabilities	(449)	(7,400)	–	–
	11,914,551	11,907,600	–	–

The components and movements of deferred tax assets are as follows:

	Unused tax losses RM	Unabsorbed capital allowances RM	Provisions RM	Total RM
Group				
2019				
At beginning/end of the financial year	10,280,291	774,828	859,881	11,915,000
2018				
At beginning/end of the financial year	10,280,291	774,828	859,881	11,915,000

7. Deferred Tax Assets/(Liabilities) (Cont'd)

The components and movements of deferred tax liabilities are as follows: (Cont'd)

	Accelerated Capital Allowance RM
Group	
2019	
At 1 April 2018	(7,400)
Recognised in profit or loss	6,951
At 31 March 2019	(449)
2018	
At 1 April 2017	(24,700)
Recognised in profit or loss	17,300
At 31 March 2018	(7,400)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Unused tax losses	27,981,305	29,273,730	–	–
Unabsorbed capital allowances	4,620,612	5,803,068	–	–
Deductible temporary differences	724,207	1,049,095	–	–
	33,326,124	36,125,893	–	–

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

8. Inventories

	Group	
	2019 RM	**2018 RM**
Finished goods	60,024,391	46,072,441
Recognised in profit or loss:		
Inventories recognised as cost of sales	79,855,567	81,435,081
Inventories written down	133,347	1,121,917
Reversal of inventories written down	(332,727)	(3,004,395)
Inventories written off	501,915	9,812,937

The reversal of inventories written down was made during the year when the related inventories were sold above their carrying amounts.

9. Trade Receivables

	Group 2019 RM	2018 RM
Trade receivables	22,956,976	24,111,494
Less: Allowance for impairment losses	(1,189,841)	(541,687)
	21,767,135	23,569,807

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2018: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group 2019 RM	2018 RM
At 1 April 2018/2017	541,687	3,043,041
Effect of adopting MFRS 9	659,211	–
Impairment losses recognised	530,630	272,397
Impairment losses reversed	(541,687)	(2,773,751)
At 31 March 2019/2018	1,189,841	541,687

The loss allowances account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
2019			
Neither past due nor impaired	14,070,831	(491,836)	13,578,995
Past due not impaired:			
Less than 30 days	5,528,943	(280,671)	5,248,272
31 to 60 days	1,889,077	(105,227)	1,783,850
61 to 90 days	449,871	(16,390)	433,481
More than 90 days	731,480	(8,943)	722,537
	8,599,371	(411,231)	8,188,140
Individual impaired	286,774	(286,774)	–
	22,956,976	(1,189,841)	21,767,135
2018			
Neither past due nor impaired	14,099,590	–	14,099,590
Past due not impaired:			
Less than 30 days	6,014,040	–	6,014,040
31 to 60 days	1,721,960	–	1,721,960
61 to 90 days	1,275,485	–	1,275,485
More than 90 days	727,623	(268,891)	458,732
	9,739,108	(268,891)	9,470,217
Individual impaired	272,796	(272,796)	–
	24,111,494	(541,687)	23,569,807

9. Trade Receivables (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 March 2019, trade receivables of RM8,188,139 (2018: RM9,470,217) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM286,774 (2018: RM272,796) related to customers that have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

10. Other Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	1,804	88,936	–	–
Deposits	4,639,988	5,219,385	1,500	1,500
Prepayments	329,813	184,085	27,256	–
GST claimable	982,543	381,174	–	12,864
	5,954,148	5,873,580	28,756	14,364

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 April 2018/2017	–	7,791,131	–	6,226,229
Impairment loss reversed	–	(7,791,131)	–	(6,226,229)
At 31 March 2019/2018	–	–	–	–

11. Amounts Due from/(to) Subsidiary Companies

	Company	
	2019 RM	2018 RM
Amount due from subsidiary companies		
Non-trade related		
Non-interest bearing	6,784,000	6,805,718
Less: Accumulated impairment losses	(6,124,000)	(6,237,000)
	660,000	568,718
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	(7,276,932)	(7,299,512)

11. Amounts Due from/(to) Subsidiary Companies (Cont'd)

Movements in the allowance for impairment losses on amounts due from subsidiary companies are as follows:

	Company	
	2019 RM	2018 RM
At 1 April 2018/2017	6,237,000	4,297,500
Impairment loss recognised	4,000	3,428,500
Impairment loss reversed	(117,000)	(1,489,000)
At 31 March 2019/2018	6,124,000	6,237,000

The Company conducted a review of the recoverable amounts of amount due from subsidiary companies. The recoverable amounts are determined using the fair value less cost of disposal approach, and this is derived using adjusted net assets of the subsidiary companies as at end of the reporting period. The fair values are within level 3 of the fair value hierarchy. An impairment loss of RM4,000 (2018: RM3,428,500) was recognised during the financial year.

The amounts due from/(to) subsidiary companies are unsecured and repayable on demand.

12. Fixed Deposits with Licensed Banks

The fixed deposit with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates at 2.70% (2018: 2.58%) per annum and Nil (2018: 2.58%) per annum, respectively. The fixed deposit has maturity periods at 6 days (2018: 31 days) and Nil (2018: 31 days) for the Group and the Company, respectively.

13. Cash and Bank Balances

Included in the cash and bank balances of the Group amounting to RM1,750,189 (2018: RM3,863,971) is pledged as security for credit facilities granted to a subsidiary company as disclosed in Note 19.

14. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Ordinary shares with no par value				
Issued and fully paid				
At 1 April 2018/2017	116,323,800	79,117,214	158,000,681	130,430,601
Issued during the financial year	116,323,800	37,206,586	40,277,975	27,570,080
At 31 March 2019/2018	232,647,600	116,323,800	198,278,656	158,000,681

During the financial year, the Company issued 116,323,800 new ordinary shares through Rights Issue at an issue price of RM0.35 per ordinary share for a total cash consideration of RM40,713,330 for repayment of Islamic Medium Term Note due on 18 March 2019.

In previous financial year, the Company issued 37,206,586 new ordinary shares at an issue price of RM0.741 per ordinary share for a total cash consideration of RM27,570,080 for repayment of Islamic Medium Term Note due on 16 March 2018.

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

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 and rank equally with regard to the Company's residual assets.

15. Finance Lease Payable

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Minimum lease payments:				
Within one year	46,560	46,560	–	–
Later than one year and not later than two years	46,560	46,560	–	–
Later than two year and not later than five years	139,680	139,680	–	–
After five years	42,607	89,167	–	–
	275,407	321,967	–	–
Less: Future finance charge	(32,109)	(43,792)	–	–
Present value of minimum lease payments	243,298	278,175	–	–
Present value of minimum lease payments:				
Within one year	36,686	34,877	–	–
Later than one year and not later than two years	38,495	36,686	–	–
Later than two year and not later than five years	126,339	120,912	–	–
After five years	41,778	85,700	–	–
	243,298	278,175	–	–
Repayable as follows:				
Within 12 months	36,686	34,877	–	–
After 12 months	206,612	243,298	–	–
	243,298	278,175	–	–

The finance lease payable of the Group and the Company bore an effective interest rate of 2.28% (2018: 2.28% to 4.64%) per annum at the end of the reporting period.

16. Trade Payables

Credit terms of trade payables of the Group ranging from 30 to 60 days (2018: 30 to 60 days) from date of invoice.

Included in trade payables of the Group is an amount of RM576,208 (2018: Nil) due to companies in which one of the Directors of the Company has significant financial interests.

17. Other Payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	1,271,171	1,113,700	18,871	20,467
Accruals	4,366,470	4,679,689	191,950	187,950
GST payable	21,943	281,745	–	–
	5,659,584	6,075,134	210,821	208,417

18. Amount Due to Holding Company

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-trade related				
Non-interest bearing	–	1,200,000	–	–

The amount due to holding company is unsecured and repayable on demand.

19. Islamic Medium Term Notes ("IMTN")

	Group	
	2019 RM	2018 RM
Secured		
IMTN	50,000,000	90,000,000
Current		
IMTN	50,000,000	90,000,000

(a) Details of the IMTN repayment schedule at the end of the reporting period are as follows:

Tranche	Series	Nominal value (RM million)	Issue Date	Maturity Date	Tenure
1	4	20	16 March, 2015	16 March, 2020	5
2	5	10	16 April, 2015	16 March, 2020	5
3	6	10	16 May, 2015	16 March, 2020	5
4	7	10	16 June, 2015	16 March, 2020	5

The IMTN bore a weighted average effective interest rate of 6.55% (2018: 6.48%) per annum at the end of the reporting period and are secured by:

(a) a security trust deed;

(b) corporate guarantee by the Company and AUSB;

(c) a first party first ranking debenture on the assets of AKSB;

(d) a third party first ranking debenture on the assets of AUSB;

(e) a first party first ranking legal charge and assignment over the Finance Service Reserve Account of AKSB;

(f) a first party first ranking legal charge and assignment over the Disbursement Account of AKSB;

(g) a first party legal assignment of Master Inter-Company Financing Agreement of AKSB; and

(h) Memorandum of Deposit of Shares in relation to the following:-

a) 57,000,000 issued and fully paid up ordinary shares in the issued share capital of AKSB comprising 100% of the issued share capital of AKSB which are legally and beneficially owned by Asia Brands Berhad ("ABB");

b) 2,500,000 issued and fully paid up ordinary shares in the issued share capital of AUSB comprising 100% of the issued share capital of AUSB which are legally and beneficially owned by ABB.

19. Islamic Medium Term Notes ("IMTN") (Cont'd)

(a) Details of the IMTN repayment schedule at the end of the reporting period are as follows (Cont'd):

The IMTN contained the following financial covenants which the Group need to comply with, are as follows:

(i) Finance to Equity Ratio ("F:E Ratio"); and

(ii) Finance Service Cover Ratio ("FSCR").

(b) On 27 November 2018, the requirement to comply FSCR has been waived with the consent granted from sukukholders through Extraordinary Circular Resolutions.

During the financial year, the Group's FSCR ratio was lower than the required ratio under the terms of the IMTN. The management is currently negotiating with the financial institutions for further extention of time. The entire IMTN was remained in the current liabilities of the financial statements.

20. Bank Borrowings

	Group 2019 RM	Group 2018 RM
Secured		
Bankers' acceptance	14,917,000	12,452,000
Current		
Bankers' acceptance	14,917,000	12,452,000

The bankers' acceptance is secured by the following:

(a) a negative pledge over certain subsidiary companies' present and future assets; and

(b) corporate guarantee by the Company.

The effective interest rates of bank borrowings are as follows:

	Group 2019 %	Group 2018 %
Bankers' acceptance	5.1% - 5.38%	4.89% - 5.40%

21. Revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customers:				
Sales of goods	158,299,330	146,977,820	–	–
Royalty income	–	3,610,474	–	–
	158,299,330	150,588,294	–	–

The timing of revenue recognition is at a point in time.

22. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expenses recognised in profit or loss				
Current tax	1,917,625	1,191,830	–	–
(Over)/Under provision in prior years	(55,715)	23,334	–	–
	1,861,910	1,215,164	–	–
Deferred tax (Note 7):				
Origination and reversal of temporary differences	(6,951)	(17,300)	–	–
Tax expenses for the financial year	1,854,959	1,197,864	–	–

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

A reconciliation of income tax expenses applicable to proft/(loss) before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax	7,191,051	(17,998,968)	(249,174)	(2,135,932)
At Malaysian statutory tax rate of 24% (2018: 24%)	1,725,852	(4,319,752)	(59,802)	(512,624)
Expenses not deductible for tax purposes	856,773	1,905,800	59,802	512,624
Income not subject to tax	(6)	–	–	–
Deferred tax assets not recognised during the financial year	49,773	3,611,332	–	–
Utilisation of deferred tax assets previously not recognised	(721,718)	(22,850)	–	–
(Over)/Under provision of taxation in prior years	(55,715)	23,334	–	–
	1,854,959	1,197,864	–	–

The Group and the Company have the following estimated unused tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group	
	2019 RM	2018 RM
Unused tax losses	76,903,029	76,888,779
Unabsorbed capital allowances	4,620,612	5,803,068
	81,523,641	82,691,847

23. Profit/(Loss) for the Financial Year

Profit/(loss) for the financial year is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- Statutory audit	165,000	155,000	55,000	51,000
- Non-statutory audit	5,000	5,000	5,000	5,000
Bad debts written off				
- trade receivables	88,936	971,746	–	–
- other receivables	–	5,858,340	–	5,858,340
Bad debts recovered	(72,463)	(77,853)	–	–
Depreciation of plant and equipment	1,389,783	4,345,268	–	5,749
Impairment losses on				
- Goodwill	–	4,200,000	–	–
- Investments in subsidary companies	–	–	11,200	14,200
- Trade receivables	530,630	272,397	–	–
- Amounts due from subsidiary companies	–	–	4,000	3,428,500
Interest expense on				
- Bankers' acceptance	665,991	641,047	–	–
- Loan from holding company	–	20,313	–	–
- Bank overdrafts	1,498	25	–	–
- Finance lease payable	11,683	1,075	–	20
- Islamic medium term notes	5,635,881	7,297,358	–	–
Inventories written down	133,347	1,121,917	–	–
Inventories written off	501,915	9,812,937	–	–
Reversal of inventories written down	(332,727)	(3,004,395)	–	–
Plant and equipment written off	9,607	–	–	–
Rental of premises	11,439,614	13,463,172	–	–
Royalty expense	232,666	2,600,019	–	–
Realised gain on foreign exchange	(15,005)	(34,646)	–	–
Gain on disposal of plant and equipment	–	(72,074)	–	(84,905)
Interest income	(254,379)	(284,114)	(14,638)	(143)
Reversal of impairment loss on:				
- Trade receivables	(541,687)	(2,773,751)	–	–
- Other receivables	–	(7,791,131)	–	(6,226,229)
- Amounts due from subsidiary companies	–	–	(117,000)	(1,489,000)

24. Earnings/(Loss) per Share

Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2019 RM	2018 RM
Profit/(Loss) attributable to owners of the Company	5,336,092	(19,196,832)
Weighted average number of ordinary shares in issue on 1 April	116,323,800	79,117,214
Effect of ordinary shares issued during the financial year	26,133,018	1,834,845
Weighted average number of ordinary shares in issue on 31 March	142,456,818	80,952,059
Basic earnings/(loss) per ordinary share (in sen)	3.75	(23.71)

24. Earnings/(Loss) per Share (Cont'd)

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share is the same as the basic earnings/(loss) per ordinary share, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

25. Employee Benefit Expenses

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and others	10,348,452	9,877,542	132,000	132,000
EPF	1,235,468	1,184,152	–	–
Other related expenses	387,425	550,989	10,393	893
	11,971,345	11,612,683	142,393	132,893

The employee benefits expenses including key management personnel are disclosed in Note 26(c).

26. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Company and certain members of senior management of the Group and of the Company.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2019 RM	2018 RM
Group		
Interest expenses to holding company	–	20,313
Transactions with companies in which one of the Directors of the Company has significant financial interests		
Rental of warehouse	579,456	457,184
Rental of office	142,890	155,880
Purchase of goods	5,271,889	–

26. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	360,923	360,852	–	–
EPF	43,200	43,200	–	–
	404,123	404,052	–	–
Fees	48,000	–	48,000	–
Benefits in kind	16,775	9,900	–	–
	468,898	413,952	48,000	–
Non-Executive:				
Fees	84,000	132,000	84,000	132,000
	552,898	545,952	132,000	132,000
Other Directors (on board of subsidiary companies)				
Executive:				
Salaries and other emoluments	460,846	401,104	–	–
EPF	55,080	47,928	–	–
	515,926	449,032	–	–
Benefits in kind	17,625	21,000	–	–
	533,551	470,032	–	–
Total of directors' remuneration	1,086,449	1,015,984	132,000	132,000
Other key management personnel				
Salaries and other emoluments	808,287	828,774	–	–
EPF	96,456	88,872	–	–
	904,743	917,646	–	–

27. Operating Lease Commitments

The future minimum lease payments under the non-cancellable operating leases are as follows:

	Group 2019 RM	Group 2018 RM
Not more than 1 year	7,745,404	6,316,202
Later than 1 year and not later than 5 years	3,855,833	2,910,037
	11,601,237	9,226,239

28. Operating Segments

(a) Operating segments information is not provided as the Group is principally engaged in wholesale, retail and distribution of ready-made casual wear, baby and children wear, lingerie and ladies wear and their related accessories which are substantially within a single business segment.

(b) Geographical information

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

(c) Major customer

There is no single customer that contributed 10% or more to the Group's revenue.

29. Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	At 1 April RM	Financing cash flows (i) RM	Non-cash changes New finance lease Note 4(b) RM	At 31 March RM
2019				
Amount due to holding company	1,200,000	(1,200,000)	–	–
Finance lease payable	278,175	(34,877)	–	243,298
Islamic Medium Term Loan	90,000,000	(40,000,000)	–	50,000,000
Bankers' acceptance	12,452,000	2,465,000	–	14,917,000
	103,930,175	(38,769,877)	–	65,160,298
2018				
Amount due to holding company	20,103,658	(18,903,658)	–	1,200,000
Finance lease payable	3,712	(6,537)	281,000	278,175
Islamic Medium Term Loan	120,000,000	(30,000,000)	–	90,000,000
Bankers' acceptance	15,417,000	(2,965,000)	–	12,452,000
	155,524,370	(51,875,195)	281,000	103,930,175

Company	At 1 April RM	Financing cash flows (i) RM	At 31 March RM
2019			
Amounts due to subsidiary companies	7,299,512	(22,580)	7,276,932
2018			
Amounts due to subsidiary companies	22,774,045	(15,474,533)	7,299,512
Amounts due to holding company	3,365,000	(3,365,000)	–
Finance lease payable	3,712	(3,712)	–
	26,142,757	(18,843,245)	7,299,512

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

30. Contingent liabilities

	Group and Company 2019 RM	2018 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies		
- Limit of guarantees	66,000,000	108,000,000
- Amount utilised	64,917,000	102,452,000

31. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	At amortised cost RM
Financial Assets	
2019	
Trade receivables	21,767,135
Other receivables	4,641,792
Fixed deposits with licensed banks	1,865,000
Cash and bank balances	3,060,495
Total financial assets	31,334,422
Financial Liabilities	
Trade payables	13,174,081
Other payables	5,637,641
Finance lease payable	243,298
Islamic medium term notes	50,000,000
Bank borrowings	14,917,000
Total financial liabilities	83,972,020

31. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Financial Assets			
2018			
Trade receivables	23,569,807	–	23,569,807
Other receivables	5,308,321	–	5,308,321
Fixed deposits with licensed banks	5,628	–	5,628
Cash and bank balances	8,615,482	–	8,615,482
Total financial assets	37,499,238	–	37,499,238
Financial Liabilities			
Trade payables	–	13,798,423	13,798,423
Other payables	–	5,793,389	5,793,389
Amount due to holding company	–	1,200,000	1,200,000
Finance lease payable	–	278,175	278,175
Islamic medium term notes	–	90,000,000	90,000,000
Bank borrowing	–	12,452,000	12,452,000
Total financial liabilities	–	123,521,987	123,521,987

Company	At amortised cost RM
Financial Assets	
2019	
Other receivables	1,500
Amounts due from subsidiary companies	660,000
Cash and bank balances	7,532
Total financial assets	669,032
Financial Liabilities	
Other payables	210,821
Amounts due to subsidiary companies	7,276,932
Total financial liabilities	7,487,753

31. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Financial Assets	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2018			
Other receivables	1,500	–	1,500
Amounts due from subsidiary companies	568,718	–	568,718
Fixed deposits with licensed banks	5,628	–	5,628
Cash and bank balances	85,169	–	85,169
Total financial assets	661,015	–	661,015
Financial liabilities			
Other payables	–	208,417	208,417
Amounts due to subsidiary companies	–	7,299,512	7,299,512
Total financial liabilities	–	7,507,929	7,507,929

(b) Net loss on impairment of financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment of financial instruments				
- Financial assets at amortised cost	530,630	272,397	4,000	3,428,500

(c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks:

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to financial institutions and banks for credit facilities granted to certain subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

31. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for credit facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and financial institutions for credit facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM64,917,000 (2018: RM102,452,000) representing the outstanding credit facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was immaterial.

The Group's major concentration of credit risk relates to the amounts owing by 3 customers (2018: 3 customers) which constituted approximately 34% (2018: 23%) of its trade receivables at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group' exposure to liquidity risk arises primarily from its various payables.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term funding requirements.

31. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2019						
Non-derivative financial liabilities						
Trade payables	13,174,081	–	–	–	13,174,081	13,174,081
Other payables	5,637,641	–	–	–	5,637,641	5,637,641
Finance lease payable	46,560	46,560	139,680	42,607	275,407	243,298
Islamic medium term notes	53,418,674	–	–	–	53,418,674	50,000,000
Bank borrowings	14,917,000	–	–	–	14,917,000	14,917,000
	87,193,956	46,560	139,680	42,607	87,422,803	83,972,020
2018						
Non-derivative financial liabilities						
Trade payables	13,798,423	–	–	–	13,798,423	13,798,423
Other payables	5,793,389	–	–	–	5,793,389	5,793,389
Amount due to holding company	1,200,000	–	–	–	1,200,000	1,200,000
Finance lease payable	46,560	46,560	139,680	89,168	321,968	278,175
Islamic medium term notes	99,489,699	–	–	–	99,489,699	90,000,000
Bank borrowings	12,452,000	–	–	–	12,452,000	12,452,000
	132,780,071	46,560	139,680	89,168	133,055,479	123,521,987

31. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2019			
Non-derivative financial liabilities			
Other payables	210,821	210,821	210,821
Amount due to subsidiary companies	7,276,932	7,276,932	7,276,932
Financial guarantees*	64,917,000	64,917,000	–
	72,404,753	72,404,753	7,487,753
2018			
Non-derivative financial liabilities			
Other payables	208,417	208,417	208,417
Amount due to subsidiary companies	7,299,512	7,299,512	7,299,512
Financial guarantees*	102,452,000	102,452,000	–
	109,959,929	109,959,929	7,507,929

* Being corporate guarantees granted for credit facilities of certain subsidiary companies, which will only be encashed in the event of default by these entities.

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Brunei Dollar (BND) and Hong Kong Dollar (HKD). Foreign currency risk is monitored closely on an ongoing basis to ensure the net exposure is at an acceptable level.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM	BND RM	HKD RM	Total RM
Group				
2019				
Financial Assets				
Trade receivables	444,934	566,605	–	1,011,539
2018				
Financial Assets				
Trade receivables	256,568	442,161	135,747	834,476

31. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the USD, BND and HKD exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	Effect on profit before tax 2019 RM	2018 RM
USD	Strengthened 5%	22,247	12,828
	Weakened 5%	(22,247)	(12,828)
BND	Strengthened 5%	28,330	22,108
	Weakened 5%	(28,330)	(22,108)
HKD	Strengthened 5%	–	6,787
	Weakened 5%	–	(6,787)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rate.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM	2018 RM
Group		
Floating rate instruments		
Financial Liabilities		
- Islamic medium term note	50,000,000	90,000,000
- Bank borrowings	14,917,000	12,452,000
	64,917,000	102,452,000
Fixed rate instruments		
Financial Assets		
- Fixed deposits with licensed banks	1,865,000	–
Financial Liabilities		
- Finance lease payable	243,298	278,175
Company		
Fixed rate instruments		
Financial Assets		
- Fixed deposits with licensed banks	–	5,628

31. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased/(decreased) the Group' profit/(loss) before tax by RM162,293 (2018: RM256,130) respectively, arising mainly as a result of lower/higher interest expense on floating rate financial instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents, IMTN and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Carrying amount RM	Fair value RM
Group		
2019		
Financial liabilities		
Finance lease payables (Level 2)	243,298	242,885
2018		
Financial liabilities		
Finance lease payables (Level 2)	278,175	278,175

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfer between levels in the current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

31. Financial Instruments (Cont'd)

(d) Fair value of financial instruments (Cont'd)

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

32. Capital Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements. The debt-to-equity ratios at end of the reporting period are as follows:

	Group	
	2019 RM	**2018 RM**
Debt		
Finance lease payable	243,298	278,175
Islamic medium term notes	50,000,000	90,000,000
Bank borrowings	14,917,000	12,452,000
	65,160,298	102,730,175
Less: Fixed deposits with licensed banks	(1,865,000)	(5,628)
Less: Cash and bank balances	(3,060,495)	(8,615,482)
Net debt	60,234,803	94,109,065
Total equity	189,492,165	144,537,309
Debt-to-equity ratio	32%	65%

There were no changes in the Group's approach to capital management during the financial year.

The Group complies with Bursa Malaysia Securities Berhad Main Market Listing Requirement to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) of more than 25% of the issued and paid up capital and maintain such shareholders' equity at not less than RM50.0 million.

33. Significant Events

On 2 July 2018, the Company announced that it proposes to undertake the following proposals:

(i) proposed renounceable rights issue of up to 116,323,800 new ordinary shares of the Company ("ABB share") at an issue price of RM0.35 per Rights Share on the basis of one (1) Rights Share for every one (1) existing ABB Share held by the entitled shareholders of the Company on an entitlement date to be determined and announced later ("Proposed Rights Issue"); and

(ii) proposed private placement of up to 46,529,520 new ordinary shares of the Company representing up to 22.98% of the enlarged issued ABB Share upon completion and assuming full subscription of the Proposed Right Issue ("Proposed Private Placement").

On 21 August 2018, the Company obtained the approval from Bursa Malaysia Securities Berhad on the proposals. The circular was send to Shareholders on 12 September 2018 and approval from Shareholders on the proposals was obtained on 27 September 2018 through the Extraordinary General Meeting.

On 14 January 2019, the Company had completed its rights issue exercise with the listing of 116,323,800 Rights Shares on the Main Market of Bursa Securities.

On 19 February 2019, the Group decided to not proceed with the implementation of the Private Placement as the Group had achieved its objective to raise funds from the Rights Issue for repayment of Islamic Medium Term Notes (Tranche 1, Series 3) of RM40.0 million due on 18 March 2019. In addition, the Private Placement was proposed to be implemented to facilitate the Group to comply with the public shareholding spread requirement under Paragraph 8.02(1) of the Listing Requirements of Bursa Securities in the event the Group's public shareholding spread falls below 25% following the implementation of the Rights Issue. As the public shareholding spread of the Group after the implementation of the Rights Issue remains above 25%, the Group decided not to proceed with the implementation of the Private Placement.

34. Comparative Information

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Group			
Statements of Profit or Loss and Other Comprehensive Income			
Other income	4,922,292	10,564,882	15,487,174
Selling and distribution expenses	(77,298,876)	(4,066,256)	(81,365,132)
Administrative expenses	(6,815,779)	(6,226,229)	(13,042,008)
Net loss on impairment of financial instruments	–	(272,397)	(272,397)
Statement of Cash Flow			
Cash Flow From Financing Activities			
- Decrease in bank balances pledged	–	529,012	529,012
Cash and cash equivalents as at:			
- 1 April 2017	13,577,314	(4,392,983)	9,178,331
- 31 March 2018	8,621,110	(3,863,971)	4,757,139
Company			
Statement of Profit or Loss and Other Comprehensive Income			
Other income	236,986	7,715,229	7,952,215
Administrative expenses	(2,372,898)	(4,286,729)	(6,659,627)
Net loss on impairment of financial instruments	–	(3,428,500)	(3,428,500)

35. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 July 2019.

Total Number of Issued Shares	:	232,647,600
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	398	34.94	12,705	0.01
100 – 1,000	129	11.33	75,534	0.03
1,001 - 10,000	458	40.21	1,691,520	0.73
10,001 – 100,000	118	10.36	4,037,600	1.74
100,001 –11,632,379*	33	2.90	56,845,599	24.43
11,632,380 and above**	3	0.26	169,984,642	73.06
TOTAL	**1,139**	**100.00**	**232,647,600**	**100.00**

* Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

Name of Directors	Nationality/ Incorporated in	No. of shares beneficially held Direct	%	Indirect	%
Dato' Sri Tan Thian Poh	Malaysian	59,000	0.03	^74,413,172	31.99
Ng Chin Huat	Malaysian	–	–	#77,114,954	33.15
Kong Sau Kian	Malaysian	–	–	–	–
Lim Kim Meng	Malaysian	–	–	–	–
David Tan Chin Wee *(Alternate Director to Dato' Sri Tan Thian Poh)*	Malaysian	–	–	–	–
Total Shareholdings		**59,000**	**0.03**	**151,528,126**	**65.14**

^ Indirect interest by virtue of his interest of more than 20% of the total voting shares in Tackland Sdn. Bhd.
# Indirect interest by virtue of his interest of more than 20% of the total voting shares in Everest Hectare Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality/ Incorporated in	No. of shares beneficially held Direct	%	Indirect	%
Everest Hectare Sdn. Bhd.	Malaysia	77,114,954	33.15	–	–
Ng Chin Huat	Malaysian	–	–	#77,114,954	33.15
Yap Su P'ing	Malaysian	–	–	#77,114,954	33.15
Trackland Sdn. Bhd.	Malaysia	74,413,172	31.99	–	–
Dato' Sri Tan Thian Poh	Malaysian	59,000	0.03	^74,413,172	31.99
Ng Tiong Seng Corporation Sdn. Bhd.	Malaysia	20,685,516	8.89	–	–

Deemed interested by virtue of his/ her direct interest in Everest Hectare Sdn. Bhd. via Section 8 of the Companies Act 2016
^ Deemed interested by virtue of his direct interest in Trackland Sdn. Bhd. via Section 8 of the Companies Act 2016

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EVEREST HECTARE SDN. BHD.	77,114,954	33.15
2.	TRACKLAND SDN. BHD.	74,413,172	31.99
3.	NG TIONG SENG CORPORATION SDN. BHD.	18,456,516	7.93
4.	PEMBINAAN TEKNIKHAS SDN. BHD.	11,560,000	4.97
5.	CHOO BAY SEE	10,360,000	4.45
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM HAN WENG	5,513,800	2.37
7.	CHANG WAI PONG	5,118,000	2.20
8.	HABA ENTITY SDN. BHD.	4,663,000	2.00
9.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR SOO HENG CHIN (PB)	3,600,000	1.55
10.	CHONG CHEA CHEA	3,131,900	1.35
11.	KENANGA INVESTMENT BANK BERHAD IVT-(EDSP-OTC/ESH)	2,602,699	1.12
12.	NG TIONG SENG CORPORATION SDN. BHD.	2,229,000	0.96
13.	NG KIEN ANN	2,000,000	0.86
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEAH YONG HOCK (7005747)	851,200	0.37
15.	LIM PENG JIN	648,200	0.28
16.	LEE YEAN FUNG	600,000	0.26
17.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (GROWTH FUND)	455,500	0.20
18.	JS NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR CHEAH YONG HOCK (M12099)	448,800	0.19
19.	KOK TAI MENG	300,000	0.13
20.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (VULTURE FUND)	250,000	0.11
21.	PHANG WAH SENG	242,000	0.10
22.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (BALANCED FUND)	220,000	0.09

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (cont'd)

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
23.	QIU KAIHUI	200,000	0.09
24.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	180,000	0.08
25.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR REN WEI WHEY (E-KLC)	178,400	0.08
26.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	175,000	0.08
27.	TEO KWEE HOCK	166,600	0.07
28.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO PEI LU	165,000	0.07
29.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	146,500	0.06
30.	NG HUI HUI	143,900	0.06

ASIA BRANDS BERHAD (Company No. 22414-V)
(Incorporated in Malaysia)

PROXY FORM

(Please refer to the notes below before completing this form)

Number of shares held	
CDS Account No.	

*I/We ....

NRIC / Passport / Company No. ....
(FULL NAME IN BLOCK LETTERS)

Of ....
(FULL ADDRESS)

being a member of **ASIA BRANDS BERHAD** ("**Company**"), hereby appoint:

Full Name (In Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/ or failing *him/ her,

Full Name (In Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/ her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Fourth Annual General Meeting of the Company to be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 23 August 2019 at 9:00 a.m. or any adjournment thereof.

My/ Our proxy(ies) is / are to vote as indicated below:

ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits for the period from 25 August 2019 to the next Annual General Meeting of the Company in year 2020.		
Ordinary Resolution 2	To re-elect Mr. Lim Kim Meng as a Director of the Company.		
Ordinary Resolution 3	To appoint Messrs. Reanda LLKG International as Auditors of the Company in place of the retiring Auditors, Messrs. UHY and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS			
Ordinary Resolution 4	Authority to issue and allot shares pursuant to the Companies Act 2016.		
Ordinary Resolution 5	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
Ordinary Resolution 6	Proposed Renewal of Share Buy Back Authority of up to Ten Per Cent (10%) of the total number of issued shares of the Company.		
Special Resolution	Proposed Adoption of New Constitution of the Company		

(Please indicate with an "X" in the appropriate spaces how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion.)

Dated this .... day of 2019

....
Signature of Shareholder

Fold this flap for sealing

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 August 2019 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at this Meeting.*

2. *A member entitled to attend and vote at this Meeting is entitled to appoint any person as his proxy to attend and vote instead of him. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*

3. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of attorney or authority, shall be deposited at the registered office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.*

Then fold here

Affix
Stamp
Here

ASIA BRANDS BERHAD
(Company No.: 22414-V)

Lot 10449, Jalan Nenas
Batu 4½, Kampung Jawa
41000 Klang, Selangor Darul Ehsan

1st fold here