IQ-group

IQ GROUP HOLDINGS BERHAD

[200301034523 (636944-U)]

annual report **2020**

IQ-group

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Chen, Wen-Chin
also known as Kent Chen

Managing Director / Chief Executive Officer
Daniel John Beasley

Senior Independent Non-Executive Director
Charlie Ong Chye Lee

Independent Non-Executive Director
Leow Mee Hong

Independent Non-Executive Director
Dato' Yoon Chon Leong

AUDIT COMMITTEE

Chairman
Leow Mee Hong

Members
Charlie Ong Chye Lee
Dato' Yoon Chon Leong

REMUNERATION COMMITTEE

Chairman
Charlie Ong Chye Lee

Members
Leow Mee Hong
Dato' Yoon Chon Leong

NOMINATION COMMITTEE

Chairman
Charlie Ong Chye Lee

Members
Leow Mee Hong
Dato' Yoon Chon Leong

COMPANY SECRETARIES

Chew Siew Cheng *(MAICSA 7019191)*
(SSM PC No. 202008001179)
Lim Choo Tan *(LS 0008888)*
(SSM PC No. 202008000713)

REGISTERED OFFICE

Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown, Penang.
Telephone : 604-229 6318
Facsimile : 604-228 2118

HEAD/MANAGEMENT OFFICE

Plot 149, Jalan Sultan Azlan Shah
Taman Perindustrian Bayan Lepas
Fasa 1 (FTZ), Bayan Lepas
11900 Penang
Telephone : 604-644 6677
Facsimile : 604-644 9677
Email : headoffice@iq-group.com
Website : www.iq-group.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
1, Downing Street
10300 Penang
Telephone : 604-262 9441

Citibank Berhad
42, Jalan Sultan Ahmad Shah
10050 Penang
Telephone : 604-2960000

Public Bank Berhad
5,7,9 & 11, Lorong Kampung Jawa
Bandar Bayan Baru
11900 Bayan Lepas, Penang
Telephone : 604-643 8200

EXTERNAL AUDITOR

Deloitte PLT *(LLP0010145-LCA)*
Level 12A, Hunza Tower
163E Jalan Kelawei
10250 Penang
Telephone : 604-218 9888

INTERNAL AUDITOR

KPMG Management & Risk Consulting Sdn. Bhd.
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang
Telephone : 604-238 2288

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone : 603-2783 9299
Facsimile : 603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed on 10 October 2005)
Stock Name : IQGROUP
Stock Code : 5107

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS & OPERATIONS

IQ Group Holdings Berhad ("IQ-group" or "the Group") is an established global leader in the design and manufacture of lighting, security and convenience products. Working with some of the world's major retail and professional brands, we provide the technologies that ***detect, illuminate*** & ***announce*** your arrival.

Throughout our 30 years history, we have built up an enviable reputation for design, innovation and quality within our core technologies, encompassing motion sensors, sensor lighting and wireless door entry products where the application of intelligence and connectivity are increasingly the norm.

We employ approximately 800 people globally. We boast manufacturing operations in Malaysia and China, plus offices in Taiwan, Japan and the United Kingdom.

IQ-group's corporate structure is as follows:-

IQ-group

IQ Group Holdings Berhad (IQGHB)

Investment Holding & Provider of Management Services to Subsidiaries

Subsidiary	Principal activity	Ownership
IQ Group Sdn. Bhd. (IQM)	Design & manufacture of Motion Sensors, Sensor Lighting and Wireless Door Entry products	100%
IQ Group (Dongguan) Ltd. (IQD)	Design & manufacture of Motion Sensors, Sensor Lighting and Wireless Door Entry products	100%
IQ Japan Co., Ltd. (IQJ)	Sales, Marketing & Distribution of Motion Sensors, Sensor Lighting and Wireless Door Entry products	100%
IQ Group Limited (IQGL)	Dormant	100%
IQ Industries Limited (IQI)	Sales, Marketing & Distribution of Motion Sensors, Sensor Lighting and Wireless Door Entry products	100%
SILQ (Malaysia) Sdn. Bhd.	Dormant	100%
IQ Group (Wuning) Ltd. (IQW)	Manufacture and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances	100%

IQ-group's portfolio of products includes:

- Stand-alone PIR Sensors
- Sensor Controlled Security Lighting
- Sensor Controlled Industrial Lighting
- General Lighting (Uncontrolled)
- Wireless Door Entry Products

The breakdown of the Group's revenue by product category for the financial year ended 31 March 2020 is as follow:

Product Category	% of Total Sales
Sensor Lighting	45
Standalone Motion Sensor	40
Wireless Door Entry products	15

The principal markets for the Group's products for the year ended 31 March 2020 are as follow:-

Country	% of Total Sales
Continental Europe	41
United Kingdom	17
Japan	26
United States of America	12
Rest of the World	4

FINANCIAL OVERVIEW

Highlights of the Group Financial Information for the past five (5) years

Financial Year Ended 31 March	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM
Financial					
Revenue	190,008,348	198,896,676	153,752,462	141,349,973	119,575,485
Profit/(Loss) before tax	27,860,804	32,695,804	(777,608)	(1,770,929)	(17,263,138)
Net profit/(loss) after tax	20,629,165	28,165,370	(317,188)	(2,175,988)	(18,940,800)
Profit/(Loss) attributable to Owners of the Company	20,856,333	28,443,434	(317,188)	(2,175,988)	(18,940,800)
Shareholders' equity	137,122,944	161,081,670	145,525,226	140,156,397	122,140,229
Total assets	171,678,496	198,054,122	176,442,272	165,248,355	156,637,866
Return on Equity	15%	17%	-0.2%	-2%	-16%
Basic Earnings/(Loss) per share (sen)	23.75	32.31	(0.36)	(2.47)	(21.52)
Net assets per share	1.56	1.83	1.65	1.59	1.39
Dividend per share	0.10	0.11	0.10	-	-

Income Statement

For the financial year ended 31 March 2020, the Group recorded the revenue of RM120 million, a decrease of 15% over the revenue of RM141million in the preceding year. Global economic and political situations combine with a general slowdown in lighting industry has impacted our sales performance for FY 19/20. This is further impacted by Covid-19 outbreak which caused unforeseen interruption to both our production and shipment.

The Group registered a loss before tax of RM17.26 million for FY19/20 as compared to loss of RM1.77 million in FY18/19. Should we exclude the one off cost associated to Product Development Cost Written off, Provision for stock obsolescence, inventories written off and retrenchment compensation cost of RM9.18million, the Group's loss before taxation for the financial year ended 31 March 2020 reduce to RM8.08 million.

With research and development being a key pillar to the success of IQ's business, we continue to invest heavily in this area with an estimated expenses of RM11.8million or equivalent to 9.8% of our Revenue.

As the Group operates its business internationally with exposure to foreign currency exchange risk, there is no assurance that significant changes in the exchange rate will not have material impact on future financial performance of the Group. To mitigate against the foreign currency exchange risk, the Group places a proportion of its export proceeds in foreign currency bank accounts to facilitate payments in the corresponding foreign currency. The Group also enter into foreign currency forward contracts to hedge against some foreign currency exposure.

Statement of Financial Position

The Group always strives to maintain a prudent financial structure in ensuring adequate capital is made available to meet its short and mid-term business plan.

The Group continues to maintain a healthy statement of financial position with zero gearing. As at 31 March 2020, the net assets of the Group stood at RM122 million with a net cash and bank balance of RM22.07million or RM0.25 per share.

The Group's capital expenditure for the financial year ended 31 March 2020 was RM3.62million as disclosed in note 13 (page 106) of the financial statements in this Annual Report. The investment was fully financed by internally generated funds.

OBJECTIVE AND STRATEGIES

Just a few years ago, IQ-group was enjoying record performance both in terms of sales and profitability, we did however recognise at that time that to secure IQ-group's future an ambitious commitment to own brand 'own destiny' business would be required. This commitment was made, the direction set and plans were subsequently resourced to deliver this objective. This commitment and determination has remained an active pursuit both from a technology and routes to market perspective. To complement the historic ODM and Lumiqs business activities, IQ-group identified connected DC (battery) products as a significant area of potential opportunity. Recent market feedback is confirming our impressions to be correct and thus, the advanced 'own destiny' preparations in this field which have been progressing towards market launch, provide exciting possibilities that lend themselves to both Online and Global sales (as well as via the traditional big box retailers). Brand establishment and greater influence over distribution are part of this initiative's ambition and we are making every effort to maximise the success of our leading product definitions in this area targeting successive related market introductions in the months and years ahead.

CORPORATE DEVELOPMENT AND OPERATING REVIEW

IQ-group is adopting a strategy of simplification to move the business progressively away from the historic high mix low volume business model towards a low mix high volume scenario where fixed costs can also be adjusted to reflect the simplified / more focused requirements. This ambition becomes all the more practical as we achieve breakthroughs in 'own destiny' & own brand business. To this end, we continue to restructure the business to match this less complex requirement with the added benefit of also better matching the fixed costs against the current performance. This initiative is being progressed such that we can scale up in response to the targeted market successes and in readiness for improved external influences.

Two major initiatives were previously accomplished in FY18/19, i.e. the exercise of moving the majority of IQ Malaysia's manufacturing to our established facility in China (IQ Dongguan) and the subsequent step of establishing manufacturing operations further inland within China (IQ Wuning). Since FY19/20, subsequent arrangements were set in motion to transfer manufacturing from IQ Dongguan to IQ Wuning such that all of our China based manufacturing is consolidated to our Wuning operation, thereby further reducing costs and enhancing efficiency. This initiative will soon be positively concluded.

Although IQ-group's manufacturing presence in Malaysia was largely transferred out during FY18/19, the maintained manufacturing foothold in Malaysia is seen as a clear advantage by our growing American customer base. Tariffs, and wider political issues between the USA and China, keep the non-reliance on China high on their agenda. As such, American based customers have observed other suppliers being forced to establish manufacturing operations outside of China, whilst appreciating IQ-group's established and scalable capability in Malaysia. With IQ-group's 'own destiny' plans having a significant US focus, this maintained presence is beneficial with the growing opportunities and ambition relative to the American market in the midst of the current political circumstances.

FORWARD-LOOKING STATEMENT

It is fair to say that the business is currently having to navigate through a challenging period. IQ-group was already managing the reality of a slowdown in the lighting industry, as well as the implications of the USA/China trade war and the ramifications of Brexit when the Covid-19 world-wide pandemic took hold. With global lockdowns in IQ-group's key markets having impacted our ODM customer's business activities and sales, IQ-group is impacted due to the resulting order cancellations and postponements.

With the global pandemic situations now progressively coming under improved levels of control in some key markets, IQ-group's customers are naturally doing all that they can to bring sales back to a more typical situation and we look forward to the more regular sales patterns being restored.

One exception to the above mentioned negative consequences of the pandemic has been the increasing shift to online purchases on the part of the consumers, both in the USA & globally. Whilst people have been in extended lockdowns, online shopping has boomed and this bodes well for IQ-group's forthcoming online ambitions as people's shopping habits have undoubtedly been influenced towards online purchases going forward.

With IQ-group's 'own destiny' connected DC product preparations now nearing the market introduction stage and with these plans riding to an increasing level on the resulting dynamics of the global pandemic, i.e. a preference towards online shopping and a desire to minimise contact with others (note: 'plug-n-play' DC products avoid the need for an installer)….we anticipate encouraging possibilities ahead and when these are combined with results of our continued commitment in the fields of Intelligent Industrial lighting and what we trust will be a rebounding ODM business, we remain highly motivated and determined to achieve the targeted success.

Despite the current global challenges, we remain committed to building the foundations for long term sustainable growth and are confident that we are pursuing the paths to much greater prospects, riding on current circumstances, trends and emerging technologies which permit brand establishment, own distribution and the possibility of ramping sales in high volume categories.

DIVIDENDS

The Group did not declare any dividend for the financial year ended 31 March 2020 and 31 March 2019.

No final dividend has been recommended for consideration at the forthcoming Annual General Meeting.

The company does not have a dividend policy. The dividend payment will depend on a number of factors, including amongst others, the earnings, capital commitment, general financial condition, distributable reserves and other factors to be considered by the Board.

APPRECIATION

The Board of Directors wish to thank each and every member of IQ-group team for their hard work and dedication during the past year.

We would also like to express our sincere appreciation to our shareholders, customers, business associates and suppliers for their valuable support.

DIRECTORS' PROFILE

CHEN WEN-CHIN
Executive Chairman

Chen, Wen-Chin also known as Kent Chen, aged 67, Taiwanese, male, is the Executive Chairman of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 12 April 2005. He graduated with a degree in Business Administration from Soo-Chow University in Taiwan. He is the founder of IQ Group Sdn. Bhd (IQM) and is presently the Chairman of IQM. Prior to founding IQM, he was the Director/General Manager of Sun Radar Co. Ltd and Peyco Electronics (Taiwan) Ltd. which are also involved in the design and manufacture of PIR motion sensor devices. He is now regarded as one of the pioneers in the PIR motion and sensor devices business in Malaysia. He has more than 30 years of experience in the PIR motion sensors business, thus making him the driving force behind the Group's product design and development activities.

DANIEL JOHN BEASLEY
Managing Director /
Chief Executive Officer

Daniel John Beasley, aged 50, British, male, is the Managing Director/ Chief Executive Officer of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 12 April 2005. Prior to his promotion to the Managing Director on 1 December 2006, he was the Executive Director of IQGHB. He joined IQ Group Sdn. Bhd. (IQM) in 1996 as Industrial Design Manager. During the period with the company, he has held a number of positions including Group R&D Manager, Director of Product Management and Group Business Development Director. He was appointed as a Director of IQM in April 2004 until taking up his current role. He graduated in 1991 from the University of Central England with a Bachelor of Arts (Honours) Degree in Industrial Design/Engineering. Prior to joining IQM, he worked as an Industrial Design Consultant for various companies including Friedland Limited, UK. He is now responsible for the IQGHB Group's overall operations, business development and strategic planning.

CHARLIE ONG CHYE LEE
Senior Independent
Non-Executive Director

Charlie Ong Chye Lee, aged 76, Malaysian, male, is the Senior Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 8 June 2007. He is the Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee. He obtained a Bachelor of Laws degree from the University of Singapore in 1969. He practised law in Penang after being called to the Bar in 1970 in Messrs. Mustaffa bin Hussain, later Messrs. Mustaffa, Jayaraman, Ong & Co. and Messrs. Jayaraman, Ong & Co. in which he became a partner in 1971 and retired in June 1988 when he set up his own legal practice in partnership with Mr. R.J. Manecksha under the name and style of Messrs. Ong & Manecksha. He was mainly involved in banking and corporate work and occasionally involved in litigation on maritime and other miscellaneous matters. In May 2004, he retired as a partner and was appointed as consultant in Messrs. Ong & Manecksha. Currently, he sits on the Board of Directors of Uchi Technologies Berhad.

DATO' YOON CHON LEONG
Independent Non-Executive Director

Dato' Yoon Chon Leong, aged 71, Malaysian, male, is the Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB as Non-Independent Non-Executive Director on 29 May 2007. He was re-designated to Independent Non-Executive Director on 17 July 2012. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He obtained his degree in Electrical Engineering from Monash University, Melbourne in 1973. He then spent 30 years working with Hewlett-Packard and Agilent Technologies in various capacities, of which 20 years were in Research & Development. Over the years, he acquired a wide spectrum of experience including high technology manufacturing, R&D and Information Technology. He retired from Agilent Technologies in January 2006 and started a management consulting practice focusing on strategic business development, R&D management and entrepreneur incubation, with clients including major multinational companies. He is currently working with MIDA and Crest to create a business environment for the development of more local technology based small and medium sized companies. He is also a key member of the Penang Science Cluster to develop young engineering talent. Dato' Yoon currently serves as director and coach for a few entrepreneurial start-up companies.

LEOW MEE HONG
Independent Non-Executive Director

Leow Mee Hong, aged 62, Malaysian, female, is the Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 1 Oct 2019. She is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Ms. Leow graduated from University of Melbourne, Australia and she is a member of several professional bodies such as Chartered Tax Institute of Malaysia, Malaysian Institute of Accountants and CPA Australia. Ms Leow is in the public accounting line and has been involved in audit and assurance services, voluntary liquidation of companies, corporate listing exercises, due diligence, corporate management services, tax compliance and investigation.

Further Information

(i) Family Relationship
None of the Directors have any family relationship with any director and/or major shareholder of IQ Group Holdings Berhad.

(ii) Conflict of Interest
None of the Directors have any conflict of interest with IQ Group Holdings Berhad

(iii) Convictions for Offences
None of the Directors have had any convictions for Offences within the past 5 years other than traffic offences.

(iv) Details of Attendance at Board Meetings
There were five (5) Board of Directors' Meeting held during the financial year ended 31 March 2020. Details of attendance of the Directors are as follows:-

	Number of Board Meetings	
Directors	**Attended**	**Held**
Chen, Wen-Chin also known as Kent Chen	5	5
Daniel John Beasley	5	5
Charlie Ong Chye Lee	5	5
Dato' Yoon Chon Leong	4	5
Ng Hai Suan @ Ooi Hoay Seng *(resigned on 1-10-2019)*	3	3
Leow Mee Hong *(appointed on 1-10-2019)*	2	2

(v) The Board currently comprises of five (5) Directors, of which three (3) are independent.

KEY SENIOR MANAGEMENT'S PROFILE

LOO WENG KEONG

Group Director Business Finance, HR & MIS
Nationality: Malaysian, Gender: Male, Age: 53

Date of appointment to present position : 8 June 2016

Working experience :
1991 – 1994 – Senior Process Engineer, Penang Seagate Industries (M) Sdn. Bhd.
1995 – 1996 – Senior Engineer, Hewlett-Packard (M) Sdn. Bhd.
1996 – 1996 – Plant Manager, Local SMI - Manufacturing
1996 – 1998 – Manufacturing Manager, IQ Group Sdn. Bhd.
1998 – 2002 – Operations Manager, IQ Group Sdn. Bhd.
2002 – 2004 – General Manager, IQ Group Sdn. Bhd.
2004 – 2005 – Operations Director, IQ Group Sdn. Bhd.
2005 – 2016 – Group General Manager, IQ Group Holdings Berhad.
2016 – Present – Group Director Business Finance, HR & MIS, IQ Group Holdings Berhad.

Qualification :
1990 – Diploma in Technology (Materials Engineering), Tunku Abdul Rahman College
1991 – Master of Science (MSc) in Manufacturing Engineering, Queen's University of Belfast

CHEN, KUN LI

Group R&D Director
Nationality: Taiwan R.O.C., Gender: Male, Age: 54

Date of appointment to present position : 1 January 2015

Working experience :
1990 – 1993 – Electronic Engineer, Interquartz Taiwan Limited
1993 – 1997 – Assistant Electronic Section Head, Interquartz Taiwan Limited
1998 – 2000 – Assistant Electronic Section Head, IQ Group Sdn. Bhd. (Taiwan Representative Office)
2000 – 2008 – Assistant Electronic Manager, IQ Group Sdn. Bhd. (Taiwan Representative Office)
2008 – 2012 – R&D Manager, IQ Group Sdn. Bhd. (Taiwan Representative Office)
2012 – 2014 – Group R&D Director, IQ Group Sdn. Bhd. (Taiwan Representative Office)
2015 – Present – Group R&D Director, IQ Group Holdings Berhad.Bhd.

Qualification :
1986 – Associate Degree of Electronic Engineering, Lunghwa University of Science and Technology (Taiwan).

CHEE TING TING

Group Financial Controller
Nationality: Malaysian, Gender: Female, Age: 50

Date of appointment to present position : 1 August 2005

Working experience :
1993 – 1994 – Auditor, Arthur Anderson & Co.
1995 – 1996 – Accountant, Bensonlaunch Sdn. Bhd.
1996 – 2003 – Finance Manager, IQ Group Sdn. Bhd.
2003 – 2005 – Group Finance Manager, IQ Group Holdings Berhad.
2005 – Present – Group Financial Controller, IQ Group Holdings Berhad.

Qualification :
1992 – Bachelor of Commerce (Accounting), The Flinders University of South Australia.
1999 – Certified Practising Accountant, CPA Australia.
2001 – Chartered Accountant, Malaysian Institute of Accountants.

ALBERT LIM ENG KEAT

Group Factory Operations Director
Nationality: Malaysian, Gender: Male, Age: 50

Date of appointment to present position	: 8 June 2016
Working experience	: 1990 – 1992 – QC Engineer, Sanyo Electric Penang, 1992 – 1993 – Process Engineer, Philip Audio Sdn Bhd. 1993 – 1995 – PQA Engineer, FMS Audio Sdn Bhd 1995 – 1999 – Sr. QA Engineer. Jabil Circuit Sdn Bhd 1999 – 2000 – Workcell Manager, Jabil Circuit Sdn Bhd 2000 – 2001 – QA Manager, LKT Automation Sdn Bhd 2001 – 2002 – Production Manager, Siemens VDO Components Sdn Bhd, 2002 – 2003 – Manufacturing Manager, Siemens VDO Components Sdn Bhd 2003 – 2006 – Sr. Plant Manager, Siemens VDO Components Sdn Bhd 2006 – 2007 – Manufacturing Director, PLEXUS Mfg Sdn Bhd 2007 – 2009 – Operation Business Applications Director, PLEXUS Manufacturing Sdn Bhd 2009 – 2012 – General Manager, Amphenol MY Sdn Bhd, 2012 – 2013 – Principal Consultant, BOS Management Consultancy – Sole Proprietorship 2013 – 2014 – Global Quality Director, FCI Connectors MY Sdn Bhd 2015 – 2016 – Principal Consultant, BOS Management Consultancy – Sole Proprietorship 2016 – Present – Group Factory Operations Director, IQ Group Sdn. Bhd.
Qualification	: 1990 – Diploma in Electronics Engineering, Federal Institute of Technology 2000 – Master in Business Administration, Honolulu University

CARSTEN STEPHAN EBERHARD SEDEMUND

Group New Product Introduction Director
Nationality: German, Gender: Male, Age: 58

Date of appointment to present position	: 17 September 2015
Working experience	: 1987 – 2015 – Various positions in the Peter Kremser Group organisation for 28 years, Germany, like as Head of the sales back office, Head of Product Management and R&D, Head of Strategic Purchasing and within this whole period 16 years as a company officer with special statutory authority (Prokurist) 2015 – Present – Group New Product Introduction Director, IQ Group Sdn. Bhd.
Qualification	: 1983 – Apprenticeship Diploma in Electronic Technician for Energy and Buildings Services 1986 – Diploma in Warehouse Management 1992 – Diploma in Business Administration

CHOONG BEE GNOH

Business Generation Unit Director
Nationality: Malaysian, Gender: Female, Age: 60

Date of appointment to present position	: 22 November 2011
Working experience	: 1984 – 1986 – Secretary to the Managing Director, Texchem Malaysia Sdn. Bhd. 1986 – 1988 – Secretary, Petro-Pipe Sdn Bhd 1990 – 1992 – R&D Secretary, IQ Group Sdn. Bhd. 1992 – 1995 – Customer Service Officer, IQ Group Sdn. Bhd. 1995 – 2005 – Customer Service Manager, IQ Group Sdn. Bhd. 2005 – 2011 – Business Development Director, IQ Group Sdn. Bhd. 2011 – Present – Customer/Business Development Director, IQ Group Sdn. Bhd.
Qualification	: 1982 – Private Secretary Certificate 1985 – Advanced Diploma in Business Administration (ABE)

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

WONG KWOK HON (TONY)

Managing Director of IQ Group (Dongguan) Ltd.
Nationality: Chinese, Gender: Male, Age: 55

Date of appointment to present position	:	15 September 2006
Working experience	:	1985 – 1987 – QC Technician, Dragoco (Far East) Ltd. 1987 – 1988 – Project Engineer, Truly Electronics Manufacturing Ltd. 1990 – 1994 – R&D Supervisor, Karrie Industrial Holding Co. Ltd. 1994 – 1997 – Project Manager, Product Group Manager, VTech Computer Ltd. 1997 – 1998 – Factory Manager, Hung Sam Industrial Manufactory Company Limited. 1998 – 2002 – Development Manager, Assistant General Manager, Saitek Ltd. 2002 – 2005 – General Manager, Panint Enterprise Ltd. 2005 – 2006 – General Manager, Bonso Electronic Ltd. 2006 – Present – Managing Director, IQ Group (Dongguan) Ltd.
Qualification	:	1985 – Diploma in Mechanical Engineering (Production), Kwai Chung Technical Institute. 1988 – Higher certificate in Production and Industrial Engineering, Hong Kong Polytechnics. 1990 – Bachelor in Mechanical Engineering, University of Glasgow.

HISAYUKI TOMINAGA

Managing Director of IQ Japan Co., Ltd.
Nationality: Japanese, Gender: Male, Age: 58

Date of appointment to present position	:	16 June 2005
Working experience	:	1986 - 1990 – Sales, Domestic market, Optex Co., Ltd. 1991 – 1995 – Sales Assistant Manager, Overseas market, Optex Co., Ltd. 1996 – 1997 – Sales Manager, Overseas market, Optex Co., Ltd. 1998 – 1999 – Deputy Sales Director, Overseas market, Optex Co., Ltd. 2000 – 2003 – Sales Manager, Maxxam Co., Ltd. 2004 – 2005 – Sales Manager, IQ Japan Co., Ltd. 2005 – Present – Managing Director, IQ Japan Co., Ltd.
Qualification	:	1986 - Bachelor of Sociology, Ritsumeikan University, Kyoto Japan

None of the Senior Management staff above have:
- Directorship in public listed companies
- Directorship in public companies
- Family relationship with any director and/ or major shareholder of the Company
- Conflict of interests with the Company
- Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at R & D Detection Test Floor, IQ Group Holdings Berhad, 149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang on Tuesday, 22 September 2020 at 2.30 p.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**

As Ordinary Business

2. To re-elect Mr Chen, Wen-Chin also known as Kent Chen retiring under the provision of Clause 76(3) of the Constitution of the Company, and who, being eligible, has offered himself for re-election. **Ordinary Resolution 1**

3. To re-elect Ms Leow Mee Hong retiring under the provision of Clause 78 of the Constitution of the Company, and who, being eligible, has offered herself for re-election. **Ordinary Resolution 2**

4. To approve the payment of Directors' fees of RM414,000.00 for the financial year ending 31 March 2021. **Ordinary Resolution 3**

5. To approve the payment of Directors' benefit in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM264,000.00 from 22 September 2020 until next AGM of the Company. **Ordinary Resolution 4**

6. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

7. **Continuing in Office as an Independent Non-Executive Director**

   "THAT authority be and is hereby given to Mr Charlie Ong Chye Lee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

8. **Proposed Renewal of Share Buy-Back Authority**

   "THAT subject to the provisions under the Companies Act, 2016 ("the Act"), rules and regulation and orders made pursuant to the Act, the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("IQGHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase ("Proposed Renewal of Share Buy-Back Authority").

   THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits.

   THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any IQGHB Shares so purchased by the Company in the following manner:-

   (i) the IQGHB Shares so purchased could be cancelled; or

   (ii) the IQGHB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

   (iii) combination of (i) and (ii) above; or

   (iv) in accordance with the relevant prevailing statutory provisions and guidelines.

8. **Proposed Renewal of Share Buy-Back Authority (Cont'd)**

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Ordinary Resolution 7**

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject always to the provisions of the Companies Act, 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the following corporations as set out in Section 2.4 and Section 2.5 of the Circular to Shareholders dated 24 August 2020 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate"):-

(a) Sensorlite Inc. (formerly known as Interquartz Taiwan Ltd.)

(b) IQ (America) Inc.

THAT the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;

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

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

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Ordinary Resolution 8**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

Date: 24 August 2020

Penang

Notes: -

1. Proxy

1.1 For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

1.2 A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

1.3 A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

1.4 If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

1.5 Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

1.6 Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

1.7 Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

1.8 The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

1.9 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

1.10 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

1.11 Last date and time for lodging this proxy form is 2.30 p.m., 20 September 2020 (Sunday).

1.12 Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
c. Passport (Foreigner).

1.13 For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

2. Audited Financial Statements for the financial year ended 31 March 2020

This Agenda item is meant for discussion only as the provision of Section 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

3. Directors' Fees

This proposed Ordinary Resolution 3, if passed, will authorise the payment of Directors' fees amounting to RM414,000.00 for the financial year ending 31 March 2021.

4. Directors' Benefit

This proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' benefits amounting up to RM264,000.00 from 22 September 2020 until next AGM of the Company.

Explanatory Notes on Special Business

<u>Continuing in Office as an Independent Non-Executive Director</u>

The Nomination Committee with Mr Charlie Ong Chye Lee abstaining from deliberation of his own assessment, had assessed the independence of Mr Charlie Ong Chye Lee who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Mr Charlie Ong Chye Lee has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The length of his service does not interfere with Mr Charlie Ong Chye Lee's ability and exercise of independent judgement as an Independent Director.

Meanwhile, as recommended by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Board will be seeking shareholders' approval through a two-tier voting process at the Seventeenth Annual General Meeting to retain Mr Charlie Ong Chye Lee as an Independent Non-Executive Director as his tenure has exceeded 12 years.

<u>Proposed Renewal of Share Buy-Back Authority</u>

This proposed Ordinary Resolution 7, if passed, will give the Directors of the Company the authority to purchase its own shares up to 10% of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

<u>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.</u>

This proposed Ordinary Resolution 8, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 24 August 2020 for more information.

ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM")

Date: Tuesday, 22 September 2020
Time: 2.30 p.m.
Venue: R & D Detection Test Floor, IQ Group Holdings Berhad, 149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang

1. SAFETY MEASURES IN LIGHT OF THE COVID-19 OUTBREAK

For the conduct of the 17th AGM, the Company wishes to advise the shareholders that the Company will be taking precautionary measures in line with the Standard Operating Procedures ("SOP") issued by Majlis Keselamatan Negara ("MKN") dated 6 August 2020 and any revisions that may be made from time to time by MKN and/or the relevant authorities.

All attendees will be required to wear face mask, undergo temperature check and make a health declaration prior to entering the meeting venue. The Company reserves the right to deny entry to anyone with a temperature of 37.5 degrees Celsius or higher and/or showing symptoms of respiratory illness such as coughing and sneezing.

The capacity of the meeting venue must be sufficient to allow seating arrangement with social distancing of one metre.

Therefore, if you are unwell, you are strongly advised to appoint a proxy or the Chairman of the meeting to attend and vote on your behalf at the 17th AGM.

2. NO REFRESHMENT, DOOR GIFTS OR FOOD VOUCHERS

There will be no refreshment, door gifts or food vouchers provided to shareholders, proxies and invited guests who attend the 17th AGM.

3. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a shareholder whose name appears on the Record of Depositors as at 15 September 2020 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

4. PRE-REGISTRATION TO ATTEND THE 17TH AGM

Shareholders are required to register ahead of the 17th AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue to accommodate the meeting participants.

Please do read and follow the following procedures to pre-register your physical attendance at the 17th AGM via the TIIH Online website at https://tiih.online:-

- Login in to TIIH Online website with your user name (i.e. e-mail address) and password under the "e-Services". If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
- Select the corporate event: "(REGISTRATION) IQGROUP AGM".
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select "Register for Physical Attendance at Meeting Venue."
- Review your registration and proceed to register.
- System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
- After verification of your registration against the General Meeting Record of Depositors, the system will send you an e-mail after 20 September 2020 to approve or reject your registration to attend physically at the Meeting Venue.

Please note that only a depositor whose name appears on the Record of Depositors as at 15 September 2020 shall be entitled to attend or appoint proxies to attend, speak and vote on his/her/its behalf at the 17th AGM.

ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM") (Cont'd)

5. **REGISTRATION ON THE DAY OF THE 17TH AGM**

Registration will start at 1.30 p.m. at the foyer of the Meeting Venue.

Original MyKad or passport is required to be presented during registration for verification.

You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Please vacate the registration area immediately after registration to prevent congestion.

6. **ELECTRONIC LODGEMENT OF PROXY FORM**

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
a	Register as a User with **TIIH Online**	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with **TIIH Online**, you are not required to register again.
b	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

7. Shareholders are advised to check the Company's website at www.iq-group.com and announcements from time to time for any changes to the administration of the 17th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

8. If you have any enquiries on the above, please contact the following person-in-charge during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd
General/Fax No. : +603-2783 9299 / +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Eric Low : +603 -2783 9267 / Eric.Low@my.tricorglobal.com

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Statement Accompanying Notice of Annual General Meeting pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Statement to shareholders in relation to the Proposed Renewal of Authority for the purchase by IQ Group Holdings Berhad ("the Company" or "IQGHB") of its own shares

This Statement is important and requires your immediate attention. If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement. This Statement has not been perused by Bursa Securities before its issuance.

1. INTRODUCTION

On 29 July 2020, Tricor Corporate Services Sdn Bhd had, on behalf of IQGHB, announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that IQGHB is proposing to seek its shareholders' approval at its Seventeenth Annual General Meeting ("AGM") of IQGHB ("IQGHB Seventeenth AGM") to be convened in 2020 for the renewal of the authority for the purchase by IQGHB of its own shares of up to ten percentage (10%) of the total number of issued shares of IQGHB ("the Proposed Renewal of Share Buy-Back Authority").

The purpose of this Statement is to provide you with information on the Proposed Renewal of Share Buy-Back Authority together with your Directors' recommendation on the Proposed Renewal of Share Buy-Back Authority, and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming IQGHB Seventeenth AGM to be held at R & D Detection Test Floor, IQ Group Holdings Berhad, 149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang on Tuesday, 22 September 2020 at 2.30 p.m.

The notice of IQGHB Seventeenth AGM and the Form of Proxy are enclosed with IQGHB 2020 Annual Report.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

At the Sixteenth Annual General Meeting of IQGHB held on 29 August 2019, shareholders had, inter alia, approved the existing authority for the purchase by IQGHB of its own shares of up to ten percent (10%) of the total number of issued shares of the Company ("Share Buy-Back Authority"). In compliance with Bursa Securities Main Market Listing Requirements ("Listing Requirements") and the resolution passed by the shareholders on 29 August 2019, Share Buy-Back Authority will expire at the conclusion of IQGHB Seventeenth AGM to be held on 22 September 2020, unless renewed by an ordinary resolution passed by the shareholders.

The maximum number of shares that may be bought back of up to ten percent (10%) of the total number of issued shares of the Company would include all shares which have been previously bought back and cancelled or retained as treasury shares. The renewal of the authority from the shareholders for the purchase by IQGHB of its own shares will be effective immediately upon the passing of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority at IQGHB Seventeenth AGM, to be held on 22 September 2020 until:-

(i) the conclusion of the next AGM of the Company at which time it will lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

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

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

whichever occurs first.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 127 of the Act, in the following manner :-

(a) to cancel the Shares so purchased; or

(b) to retain the Shares so purchased as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or cancellation subsequently; or

(c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

While the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including substantial shareholding, take-over, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

3. SOURCE OF FUNDS

The Listing Requirements stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. IQGHB therefore proposes to allocate an amount not exceeding the audited retained profits of IQGHB for the purpose of the Proposed Renewal of Share Buy-Back Authority. Based on the latest audited financial statements of IQGHB as at 31 March 2020, the retained profits of IQGHB was amounted to RM15,892,140. The funding for the purchase by IQGHB of its own shares is expected to be internally generated.

The actual number of ordinary shares in IQGHB ("IQGHB Shares") to be purchased, the total amount of funds involved for each purchase and timing of the purchase would depend on market conditions and the amount of retained profits, if any, of IQGHB.

4. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Proposed Renewal of Share Buy-Back Authority will provide IQGHB with another option to utilise its financial resources more efficiently. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand of IQGHB Shares as well as the price of IQGHB Shares. All things being equal, the Proposed Renewal of Share Buy-Back Authority, irrespective of whether IQGHB Shares that have been previously bought-back pursuant to previous or the existing Share Buy-Back Authority ("Purchased IQGHB Shares") are held as treasury shares or cancelled, will result in a lower number of IQGHB Shares being taken into account for the purpose of computing the earnings per share ("EPS") of IQGHB Shares. The cost of the Purchased IQGHB Shares, whether held as treasury shares or cancelled, will be excluded from the shareholders' funds of IQGHB and its subsidiaries ("IQGHB Group") in the computation of return on equity ("ROE") of IQGHB, which in turn is expected to have a positive impact on the price of IQGHB Shares.

5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if exercised, is expected to potentially benefit IQGHB and its shareholders as follows:-

(i) the EPS of IQGHB Shares and the ROE of IQGHB (all other things being equal) would be enhanced. This is expected to have a positive impact on the market price of IQGHB Shares which will benefit shareholders of IQGHB; and

(ii) if the Purchased IQGHB Shares are retained as treasury shares, it will provide the Directors with the option to sell the Purchased IQGHB Shares at a higher price and generate profits for IQGHB. Alternatively, the Purchased IQGHB Shares retained as treasury shares may be distributed as share dividend to shareholders.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if exercised, will be the reduction in the financial resources of IQGHB or loss generated in the event that the price of IQGHB Shares is below the purchase price. This may result in IQGHB foregoing other investment opportunities that may emerge in the future. However, the financial resources of IQGHB will increase upon the resale of the Purchased IQGHB Shares which are held as treasury shares in the open market.

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets and working capital and earnings of IQGHB, shareholdings of the Directors and substantial shareholders of IQGHB, assuming IQGHB purchases IQGHB Shares up to the maximum ten percent (10%) of the issued and paid-up share capital of IQGHB, are set out as follows:-

6.1 Share Capital

In the event that all the Purchased IQGHB Shares are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Renewal of Share Buy-Back Authority on the total number of issued shares of IQGHB as at 30 July 2020, are as follows:-

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

6.1 Share Capital (Cont'd)

	Number of IQGHB Shares
As at 30 July 2020	88,028,550
Cancellation of Purchased IQGHB Shares	8,802,855
After the Proposed Renewal of Share Buy-Back Authority	79,225,695

However, in the event that all IQGHB Shares bought-back are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued shares of IQGHB.

6.2 Net Assets ("NA")

The Proposed Renewal of Share Buy-Back Authority may increase or decrease the NA per IQGHB Share depending on the purchase price(s) of IQGHB Shares bought-back pursuant to the Proposed Renewal of Share Buy-Back Authority. The NA per IQGHB Share will increase if the purchase price is less than the NA per IQGHB Share and will decrease if the purchase price exceeds the NA per IQGHB Share at the time when IQGHB Shares are purchased.

In the event the Purchased IQGHB Shares which are retained as treasury shares are resold, the NA of IQGHB Shares will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the Purchased IQGHB Shares, retained as treasury shares, which are resold.

6.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of IQGHB Group, the quantum of which will depend on the number of IQGHB Shares purchased and the purchase price(s) of IQGHB Shares.

6.4 Earnings

The effect of the Proposed Renewal Share Buy-Back Authority on the earnings of IQGHB will depend on, inter alia, the number of IQGHB Shares purchased and the purchase price(s) of IQGHB Shares.

6.5 Shareholding of the Directors and Substantial Shareholders

(i) Shareholding of Directors

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholding of the Directors of IQGHB based on the Register of Directors' Shareholdings as at 30 July 2020 are as follows:-

Directors	As at 30 July 2020				Assuming 10% of the Share Capital is Purchased and Cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	41,171,451*	46.77	16,895,701	21.33	41,171,451*	51.97
Daniel John Beasley	90,000	0.10	-	-	90,000	0.11	-	-
Charlie Ong Chye Lee	7,000	0.01	-	-	7,000	0.01	-	-
Leow Mee Hong	-	-	-	-	-	-	-	-
Dato' Yoon Chon Leong	-	-	-	-	-	-	-	-

* *By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act, 2016*

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

6.5 Shareholding of the Directors and Substantial Shareholders (Cont'd)

(ii) Shareholding of Substantial Shareholders

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholding of the Substantial Shareholders of IQGHB based on the Register of Substantial Shareholders as at 30 July 2020 are as follows:-

Shareholder	As at 30 July 2020				Assuming 10% of the Share Capital is Purchased and Cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	39,638,867**	45.03	16,895,701	21.33	39,638,867**	50.03
Sensorlite Limited	35,659,240	40.51	-	-	35,659,240	45.01	-	-

** *By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited*

7. HISTORICAL SHARE PRICE OF THE COMPANY

The monthly highest and lowest closing price of shares as traded on Bursa Securities for the past twelve (12) months are as follows:

Year 2019/2020	High (RM)	Low (RM)
2019		
August	0.97	0.77
September	0.805	0.77
October	0.83	0.78
November	0.81	0.72
December	0.76	0.66
2020		
January	0.76	0.65
February	0.70	0.53
March	0.54	0.21
April	0.56	0.28
May	0.51	0.40
June	0.495	0.38
July	0.405	0.38

(Source : KLSE I3investor)

The last transacted price of shares on 30 July 2020 being the latest practicable date prior to the printing of this Statement was RM0.39

8. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority shall be in compliance with Section 127 of the Companies Act 2016 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Securities. Based on the public shareholding spread of IQGHB as at 30 July 2020 of 33.91%, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented up to ten percent (10%) of the total number of issued shares of IQGHB and that the number of IQGHB Shares held directly and indirectly by the substantial shareholders and the Directors of IQGHB remain unchanged, the public shareholding spread of IQGHB is expected to be reduced to 26.57%.

9. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("THE CODE")

The Proposed Renewal of Share Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under the Code.

10. PURCHASES AND RESALE OF IQGHB SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There were no shares being bought back during the financial year ended 31 March 2020 and as such, there were no resale or cancellation of any treasury shares in the previous twelve (12) months.

11. DIRECTORS', MAJOR SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, Major Shareholders, persons connected with Directors and Major Shareholders have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

12. DIRECTORS' RECOMMENDATION

Your Board of Directors ("the Board"), having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of IQGHB.

Accordingly, your Board recommends that you vote in favour of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at IQGHB Seventeenth AGM to be held on 22 September 2020.

13. BURSA SECURITIES' DISCLAIMER LIABILITY

Bursa Securities has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement, and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of IQ Group Holdings Berhad ("the Board") recognises the importance of maintaining a sound corporate governance structure to ensure sustainability as well as enhancing the long term value of the Group.

The Board is pleased to share hereunder an overview statement on how the Company has adopted the principles set out in the Malaysian Code of Corporate Governance ("MCCG"). The detailed application for each practice is disclosed in Corporate Governance Report of the company which is accessible via the Company's official website at www.iq-group.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is obligated to play an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has legal and fiduciary duty to act to the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board assumes, amongst others, the following duties and responsibilities:

(a) Promote good corporate governance culture within the Group;
(b) Reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries ("Group');
(c) Overseeing and evaluating the conduct of the Group's business;
(d) Ensure there is a sound framework of internal controls and risk management;
(e) Identifying principal risks and ensuring the implementation of the appropriate control and system to manage such risks;
(f) Succession planning including appointing, training, fixing the remuneration of and where appropriate, replacing the Senior Management and the Board of the Group.
(g) overseeing the development and implementation of a shareholder communication policy for the Company; and
(h) reviewing the adequacy and the integrity of the management information and the internal control system of the Company, for ensuring compliance with applicable laws, regulations, rules, directives and guidelines

The Company has established clear roles and responsibilities for the Board and its Management through a Board Charter. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, the Management is responsible for instituting measures on compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. The Board Charter is accessible to the public on the Company's official website and any updates thereafter will be uploaded to the website accordingly.

There is a clear division of roles and responsibilities amongst the Executive Chairman and the Group Managing Director/ CEO. The Group Executive Chairman, Mr. Chen, Wen-Chin also known as Kent Chen is responsible for ensuring the governance process of the Board while Mr. Daniel John Beasley, the Group Managing Director/ CEO leads the executive management and is responsible for the implementation of Group's policies and strategies besides overseeing and managing the day-to-day operations of the Group.

The Board acquires corporate secretarial services from a professional secretarial firm to assist the Board of Directors in discharging its duties and responsibilities. The Board Charter of the Company outlined the roles and responsibilities of Company Secretaries. The Directors are provided with access to the advice and services of the company's secretaries who are qualified, experienced and competent on statutory and regulatory requirements. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings to ensure that the meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Meetings are structured with a pre-set agenda and Board papers are circulated to all Board members at least 5 business days in advance of each Board Meeting to enable the Directors to consider and deliberate knowledgeably on issues and to facilitate informed decision making. The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors/ members of the Board Committee in a timely manner upon conclusion of the meeting for review.

The Board has formalised a Code of Conduct and Ethics for the Company. The code of Conduct and Ethics is published on the Company official website

The Board has also formalised an Anti-bribery and Corruption policy as well as a Whistle Blowing policy which are available in the Company official website. As outlined in the Whistle Blowing policy, whistleblower is required to raise the concerns to Group Managing Director/ CEO of the Company for matters related the Head of Department. Otherwise, the whistleblower shall report to Senior Independent Non-Executive Director, Mr. Charlie Ong Chye Lee via e-mail charles.ong6288@gmail.com for any issues related to Management.

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

II. Board Composition

The Board currently comprises five (5) Directors, of which three (3) are Independent Non-Executive Directors. The composition is in line with Paragraph 15.02(1) and (2) of the Main Market Listing Requirements, which requires at least one third of the Board members to be independent.

Collectively, the Board members have diverse background in business, finance technology and general management, sufficient to ensure that there is a considerable depth of knowledge, expertise and experience on the Board of IQ Group Holdings Berhad.

The Board through its Board Charter has outlined that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Independent Director may continue to serve on the Board beyond the 9-years tenure in the capacity of a Non-Independent Director. Nonetheless, the Board reserves the right to retain the Director as Independent Directors by seeking annual shareholders' approval.

Presently, one out of three Independent Directors have exceeded the cumulative term of nine years. During the financial year 2020, the Board committee assessed the independence of the Independent Directors with reference to the extract of Practice Note 13 of the Main Market Listing Requirements. Independent Directors were abstained from deliberation on their own assessments. The Board Committee was satisfied with independent status of Independent Directors.

As stipulated in the Board Charter, annual shareholders' approval shall be seek through a two tier voting process should the Board intends to retain an Independent Director who has served for more than 12 years.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows:

i. The Audit Committee

The Audit Committee was established to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

The composition and summary of the terms of reference together with its report are presented in pages 49 to 52 of this Annual Report.

ii. The Nomination Committee

The Nomination Committee is chaired by the Senior Independent Non-Executive Director, Mr. Charlie Ong Chye Lee. The Nomination Committee comprises exclusively Independent Non-Executive Directors and is tasked with the primary responsibility of assessing and recommending to the Board the candidature of Directors and to put in place Board succession plans.

Details of the members and terms of reference of the Nomination Committee are presented in pages 53 to 55 of this Annual Report.

Appointment, Induction and Assessment of Directors

The suitability of candidates for the Board shall be based on the candidates' competency, character, time commitment, integrity, experience, contribution and performance in meeting the needs of the Company. Where board diversity is concerned, the Board does not have a specific policy and setting targets for women candidates. The Board does not have a specific policy on ethnicity.

During the financial year under review, the Nomination Committee reviewed the effectiveness of the Board as a whole, the Board Committees as well as the contribution by each of the individual directors. The Board is satisfied with the existing board structure, effectiveness and level of commitment given by the Directors towards fulfilling their roles and responsibilities as Director of the Company.

New Directors, upon appointment, are briefed by the Executive Directors and Management on the Company's history, business and plant visit to enable them to have in-depth understanding of the Company's operation.

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

II. Board Composition (Cont'd)

iii. The Remuneration Committee

The Remuneration Committee was established to assist the Board in the review of the remuneration framework and packages for Directors and Senior Executives of the Group.

The composition, terms of reference and summary of activities of this committee for the financial year under review are presented in pages 56 to 58 of this Annual Report.

III. Remuneration

As stipulated in the Terms of Reference of Remuneration Committee, the Board Committee is responsible to review the remuneration framework and packages of Executive and Non-Executive Directors in order to make recommendation to the Board. Nevertheless, the recommendation of Remuneration Committee is not limited to any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection herewith.

The remuneration package and increment for IQ Group's Executive Directors and Senior Executives are dependent on the operating results of the Company after taking into account the individual's contribution, commitment and performance in achieving targets set.

The Remuneration Committee also reviews the remuneration for Non-Executive Directors and Independent Directors to ensure that the remuneration is linked to the level of responsibilities undertaken and contribution to the effective functioning of the Board.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises solely of Independent Non-Executive Directors. The positions of Chairman of Audit Committee and the Board are held by different individuals. The Chairman of the Audit Committee is Ms. Leow Mee Hong, who is the Independent Non-Executive Director. On the other hand, Mr. Chen,Wen-Chin also known as Kent Chen is the Executive Chairman of the Board

As stipulated in the Term of Reference of Audit Committee, a former key audit partner is to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness while taking into account the independence and objectivity of the Company's external auditors. The Company ensures that the Company's external auditors do not supply a substantial volume of non-audit services to the Company such that it would impair the external auditors' independence. The Board has formalised the policy of non-audit services as to ensure the independence of the external auditor and this policy is accessible on the corporate website. Additionally, the Audit Committee has obtained a written confirmation from the external auditors with regards to their independence in accordance with the by-laws on professional ethics, conduct and practice of the Malaysian Institute of Accountants.

II. Risk Management and Internal Control Framework

The Board has established and adopted an Enterprise Risk Management ("ERM") framework to provide reasonable assurance that potential risks within the Group are properly identified, evaluated and treated to minimise unforeseen adverse impact to the Group.

The Group has carried out a formal and structured ERM update during the financial year under review, to identify, evaluate and manage significant risks faced by the Group to safeguard Group's assets and stakeholders' interest.

The key features of the Enterprise Risk Management framework, including the internal control system to address risks identified are set out in the Risk Management and Internal Control Statement on pages 29 to 31 of this Annual Report.

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

I. Communication with Stakeholders

The Board recognises that timely and high quality disclosure of material information to the public is an integral part of the corporate governance framework. The Board has formalised a corporate disclosure policy which sets out the written procedures and authorised person to approve and disclose material information to shareholders and stakeholders.

At present, shareholders and stakeholders are communicated with informative, accurate and timely material information concerning the Company primarily through the corporate website and announcements made through Bursa Malaysia.

The Board values dialogue with investors and shall hold dialogue sessions with investors, fund managers and analysts upon request. The Group Executive Chairman and Chief Executive Officer are identified as official spokespersons of the Company to members of the public including journalists, analysts, fund managers and institutional investors.

The Board has identified Mr. Charlie Ong Chye Lee as the Senior Independent Non-Executive Director to whom concerns from other member of the Board, Senior Management and the public may be conveyed. Mr. Charlie Ong Chye Lee can be contacted via e-mail charles.ong6288@gmail.com.

II. Conduct of General Meetings

The Board recognises that the Annual General Meeting ("AGM") is a platform for shareholders to meet and exchange views with the Board.

The AGM of the company provides shareholders with the opportunity to raise questions on various matters relating to the Group's business and affairs.

The company will ensure that the notice of AGM will be given to its shareholders at least 28 days prior to the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

All the resolutions set out in the Notice of the 16th AGM were approved by way of voting on poll. The result of the poll were validated by Messrs. Asia Securities Sdn Bhd, the Scrutineer appointed by the Company and the outcome of the AGM was announced to Bursa on the same meeting day.

The Board has yet to consider electronic voting at the current juncture due to poor shareholders' attendances at the Annual General Meeting for the past 5 financial years.

DIRECTOR'S TRAINING

The training needs of the Directors will be reviewed by the Nomination Committee on a regular basis to ensure that Directors are acquainted with the latest development and changing environment within which the Company operates.

Directors are encouraged to attend talks, seminars, workshops, conferences and other training programs to update themselves on developments in the business community as well as changes in laws and regulations.

All Directors have completed the Mandatory Accreditation Programme (MAP) as required by Bursa Malaysia Securities Berhad.

The training programmes and seminars attended by the members of the Board during the financial year ended 31 March 2020 are summarised below.

Charlie Ong Chye Lee

- Fighting Corruption: A new era of corporate governance
- Navigating Corporate Liability
- Deloitte TaxMax – The 45th series Rebuilding the Economy for our Future

Leow Mee Hong

- Bursa Programme: Mandatory Accreditation Programme
- Seminar Percukaian Kebangsaan 2019

The other Directors, Mr. Chen,Wen-Chin also known as Kent Chen, Daniel John Beasley and Dato' Yoon Chon Leong were unable to attend any training during the financial year due to tight business schedule and commitment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flow of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statement of the Group and the Company for the financial year ended 31 March 2020, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the opinion that the financial statements are prepared in accordance with the approved accounting standards, the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities

This Corporate Governance Overview statement is made at the Board of Directors' Meeting held on 29 July 2020.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") requires the board of directors of listed issuers to include in its annual report a "statement about the state of risk management and internal control of the listed issuer as a group". The Board of Directors (the "Board") of IQ Group Holdings Berhad (the "Company") is committed to maintaining an effective system of risk management and internal control in IQ Group Holdings Berhad and its subsidiaries (collectively referred to as the "Group") and is pleased to provide the following Statement on Risk Management and Internal Control (this "Statement"), which outlines the nature and scope of the risk management and internal control system of the Group during the financial year ended 31 March 2020.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to Paragraph 15.26(b) of the Listing Requirements.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining as well as reviewing the adequacy and integrity of the risk management and internal control system to safeguard its shareholders' investment and other stakeholders' interests. The system of internal control covers not only financial controls but also non-financial controls such as operational and compliance controls and risk management procedures.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage risks within tolerable and knowledgeable limits, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance, against material misstatement or loss.

In evaluating the adequacy of the Group's system of risk management and internal control, the Board is assisted by the Audit Committee which comprises solely of Independent Directors. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

The Board affirms that there is an on-going process for identifying, evaluating, managing, monitoring and reporting significant risks faced by the Group. The Board, through its Audit Committee, regularly reviews the results of this process, including mitigation measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

RISK MANAGEMENT

The Board is guided by Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance which calls for the establishment of an effective risk management and internal control framework to be implemented across the Group.

The Board has established and adopted an Enterprise Risk Management ("ERM") framework to provide reasonable assurance that potential risks within the Group are properly identified, evaluated and treated to minimise unforeseen adverse impact to the Group.

The adopted ERM framework includes an on-going risk management process carried out by the Management. Risks may be associated with internal or external factors including turnover of key personnel, changes in the economic and political environment, competition, introduction of new rules and regulations, technological advancement and other matters relevant to the Group. For each of the key risks identified, the respective divisional head or manager is responsible to continuously monitor the implementation of risk mitigation action plans and to update the Board via Audit Committee. Risk tolerance limits are set to align the risk appetite, with the consideration of likelihood of occurrence and severity of consequences, are subject to review periodically. Existing controls to mitigate and manage these risks are then re-assessed and strengthened.

The Group has carried out a formal and structured ERM update during the financial year under review, to identify, evaluate and manage significant risks faced by the Group to safeguard Group's assets and stakeholders' interest.

This ERM exercise includes:-
- Identification of the specific risks faced by the Group via interviews with relevant key personnel;
- Identify the causes and consequences of the risks;
- Assess the likelihood and impact of the risks concerned materializing;
- Determine the controls in place or to be implemented to minimize or mitigate the risks;
- Evaluate and determine the risk rating after considering the control effectiveness; and
- Review the result of this process with Management annually which includes the effectiveness of mitigating measures taken to address areas of key risks as identified in the abovementioned ERM review and any changes to the risk rating due to recent developments.

RISK MANAGEMENT (Cont'd)

Whilst the Board considers the risk management framework to be robust, the framework is still subject to periodic testing and continuous improvement, taking into consideration better practices and the changing business environment.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The key elements of the Group's internal control system are described below:

- The Group has in place an organisation structure with clearly defined reporting lines aligned with business and operational requirements. The Group has set out clear roles and responsibilities, appropriate authority limits and approval procedure in order to enhance the decision making process and the internal control system of the Group.
- The Board is kept updated on Group's activities, operations and significant changes to the business and external environment, if any, which may result in significant risks.
- The Audit Committee chaired by an Independent Non-Executive Director reviews the internal controls system and findings of the internal and external auditors.
- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business or geographical location of each company.
- A detailed budgeting process is established requiring all operating companies in the Group to prepare a budget annually. Actual performance as compared with the Budget is reviewed monthly and a detailed explanation of any major variances is documented.
- Regular review of the Annual Budget is undertaken by Management to identify, and where appropriate, to address significant variance from the Budget.
- Effective reporting system, which ensures the timely generation of financial information for Management's review has been put in place. Financial Results are reviewed quarterly by the Board and the Audit Committee to ensure the effectiveness and adequacy of the Group's internal control system in safeguarding the shareholders' investment and the Group's assets.
- Specific responsibilities have been delegated to the relevant Board Committees, which include the Audit Committee, Remuneration Committee and Nomination Committee. These committees have authority to examine all matters within their scope and report to the Board with their recommendations.
- Whistle Blowing Policy which outlines the Group's commitment towards enabling the employees and/ or stakeholders to raise concerns in confidence and disclose any malpractices or misconduct of which they become aware.
- Anti-Bribery and Corruption Policy which outlines the Group's zero-tolerance policy against all forms of bribery and corruption.
- Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are covered against any mishap that might result in material losses to the Group.
- The Group has in place continuous quality improvement initiatives to ensure accreditation such as ISO 9001:2015

INTERNAL AUDIT FUNCTION

During the financial year under review, the Internal Audit function performed an of internal audit on adequate controls on corporate liability provision and reported to the Audit Committee in June 2020.

The internal audit engagement by KPMG is headed by an Executive Director, namely, Dato' Ooi Kok Seng. Dato' Ooi is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Dato' Ooi has accumulated over 30 years of experience in a wide range of audit, risk and internal audit work.

All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

INTERNAL AUDIT FUNCTION (Cont'd)

There was a total of 5 personnel who were deployed by KPMG for the internal audit work during the financial year ended 31 March 2020. All the personnel possess tertiary qualifications and the level of expertise and professionalism is as follows:

Expertise category	Percentage of total auditors
Bachelor degree	20%
Professional	80%

The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. IPPF issued by IIA, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

During the financial year ended 31 March 2020, the total fee paid to KPMG is RM40,000 (2019: RM48,000) excluding service tax and out of pocket expenses.

The internal audit function adopted the risk-based methodology in its review of key processes of the identified operating units in the Group and provided independent and objective reports on the state of internal control of the selected operating units within the Group direct to the Audit Committee. An internal audit plan setting out the proposed scope, extent and timing of internal audit work was developed and submitted to the Audit Committee for consideration and approval prior to commencement of the internal audit work.

The Internal Audit function also monitors and reports on the status of Management follow-up on the implementation of the Management action plans to improve areas where control deficiencies were noted during internal audit.

The Directors are aware of the fact that an independent audit function is essential to assist in obtaining reasonable assurance with regard to the adequacy, integrity and effectiveness of the internal control systems in place to manage the selected processes.

The Audit Committee reviews the adequacy of the scope, function, resources and competency of the internal auditors and assess their effectiveness in discharging their responsibilities. The Audit Committee and Management will continue to work closely with the outsourced internal audit function to review the internal control issues to ensure that significant issues are brought to the attention of the Board.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Chief Executive Officer and Group Financial Controller that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from external and internal auditors, as well as the Board's review, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. Notwithstanding this, the Board and Senior Management remain committed to strengthening the Group's control environment and processes. Ongoing measures and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

Pursuant to Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 March 2020 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, "Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report", issued by the Malaysia Institute of Accountants.

This statement was made at the Board of Directors' Meeting held on 29 July 2020.

SUSTAINABILILITY STATEMENT

ABOUT THE SUSTAINABILITY STATEMENT

This year IQ-group's envision its 31st year since our establishment in 1989, we are setting another new milestone in our sustainability reporting journey with the release of a more in-depth Sustainability Statement (the "Statement") focusing on our overall sustainability performance in the business and operations. We hope to build on the culture of sustainability that is already embedded within the daily operations of our employees, and strengthen the existing governance structure to ensure continuous compliance of regulations. This Statement is a reflection of our commitment in ensuring business sustainability whilst being a responsible corporate citizen.

The start of 2020 has been turbulent, starting with the outbreak of Covid-19 followed by an unexpected change in the Malaysian government. The Covid-19 outbreak affected the economy worldwide, IQ-group's operations in Dongguan and Wuning in China were disrupted where operations and supply chains were affected due to the long shutdown.

This Statement discloses our progress on our sustainability initiatives, performance and achievements for the financial year ended 31 March 2020 (FY19/20). In this reporting year, the Group have maintained our sustainability initiatives covering the performance of Group Holdings Berhad and IQ Group Sdn. Bhd. (collectively referred to as the "IQ-group" or the "Group") while the Group intends to establish a structured sustainability reporting by expanding its scope to other operations outside Malaysia in near future. Our Statement and reporting approach are guided by Practice Note 9 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements together with the Sustainability Reporting Guidelines and Toolkits issued by Bursa Malaysia. Where applicable, comparable data from previous years has been included.

OUR SUSTAINABILITY APPROACH

As an established global leader in the design and manufacture of lighting, security and convenience products, we have contributed to the progress and quality of life of our customers for 31 years through our products offering. The ban of conventional halogen lamps in Europe has resulted in an increasing demand of LED bulbs, a safer and much more cost effective alternative to conventional light bulbs. The phasing out of conventional bulbs will come as a benefit to our business. It is also estimated that a global shift towards LED bulbs could avoid 800 million metric tons of carbon dioxide emissions a year .

The most immediate economic impact of COVID-19 has been the sharp decline in our resources due to the locked down from affected provinces in China which hinders the movement of businesses and people from returning back to work since Chinese New Year till end of April 20. The delay of business resumption also affected the supplier chain throughout the region.

As we progressively move ahead on our journey in the context of our operating environment, we recognise that our success thus far has been contributed from both our financial and non-financial performance; and our next step forward is to further sustain embed sustainability into our business taken into greater consideration the economic, environment and social ("EES") factors into our daily operations and aligned ourselves with the United Nations Sustainable Development Goals ("SDGs").

To mitigate the impact, IQ-group's management business resumptions plan is to prioritized customer deliveries hence for this FY20/21 we will focus in sustaining last year's sustainability matters.

Our effort and strategy are envisioned through our value creation model, as illustrated in the diagram below. This model, which sits at the heart of our approach to sustainability, describes and guides the way in which we create value for our stakeholders, as we understand that value is not created within the organisation alone.

Our sustainability approach ensures that we observe and comply with all relevant legislation, regulations and code of practice while considering sustainability issues and impacts in our business decisions.

[1] Nelsen, 23 Aug 2018. Europe to ban halogen light bulbs. The Guardian. https://www.theguardian.com.
[2] Department of Energy, 7 December 2015. Rise and Shine: Lighting the World with 10 Billion LED Bulbs. https://www.energy.gov/

OUR SUSTAINABILITY APPROACH (Cont'd)

Our Business Inputs

Financial Capital

Our financial capital obtained through financing or generated through operations or investments. We depend on our financial capital to expand and grow our business to attain our vision of achieving global market disruption.

Human Capital

Our talent pipeline and skilled employees deliver new capabilities and seize market opportunities for business sustainability.

Manufactured Capital

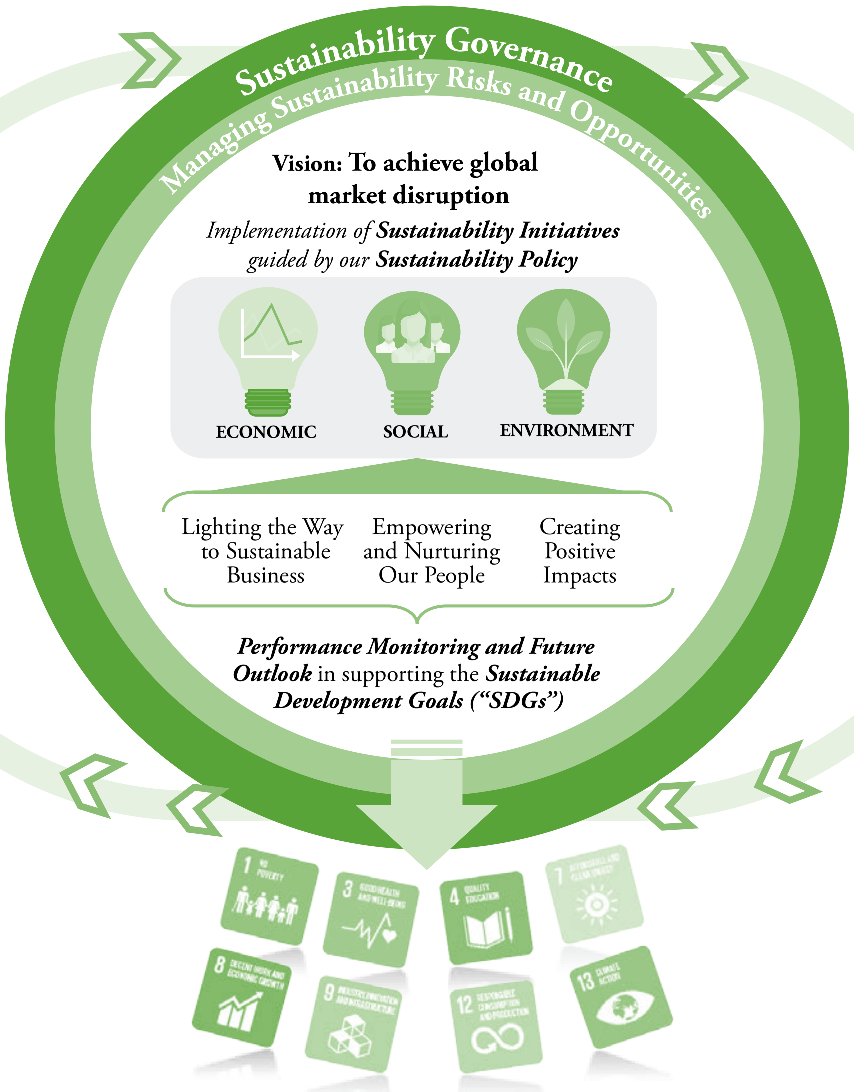
Our manufactured physical assets used to meet our production needs (factories, production equipment, materials and tools as well as IT software).

Social & Relationship Capital

Our relationships with stakeholders are fostered based on trust and integrity to create lasting relationships and contribute to their well-being, as well as ensuring our social license to operate.

Technology & Infrastructure

Our technological knowledge, robust R&D and infrastructure that supports and contributes to the innovation of our products and services as well as our patented technologies.



Our Business Outputs & Outcomes

Lighting the Way to Sustainable Business

- Zero breaches in data security or protection
- Exceeded FY19/20 target with 81% in customer satisfaction rate
- Production of 129 variations of energy-saving sensor lighting products in four years
- 5 patented products filed since FY16/17
- Zero non-compliance to regulations and policies

Empowering and Nurturing Our People

- Total of 27 Technical & Non-technical courses conducted
- Zero accidents, dangerous occurrences, occupational poisoning and/or occupational disease reported

Creating Positive Impacts

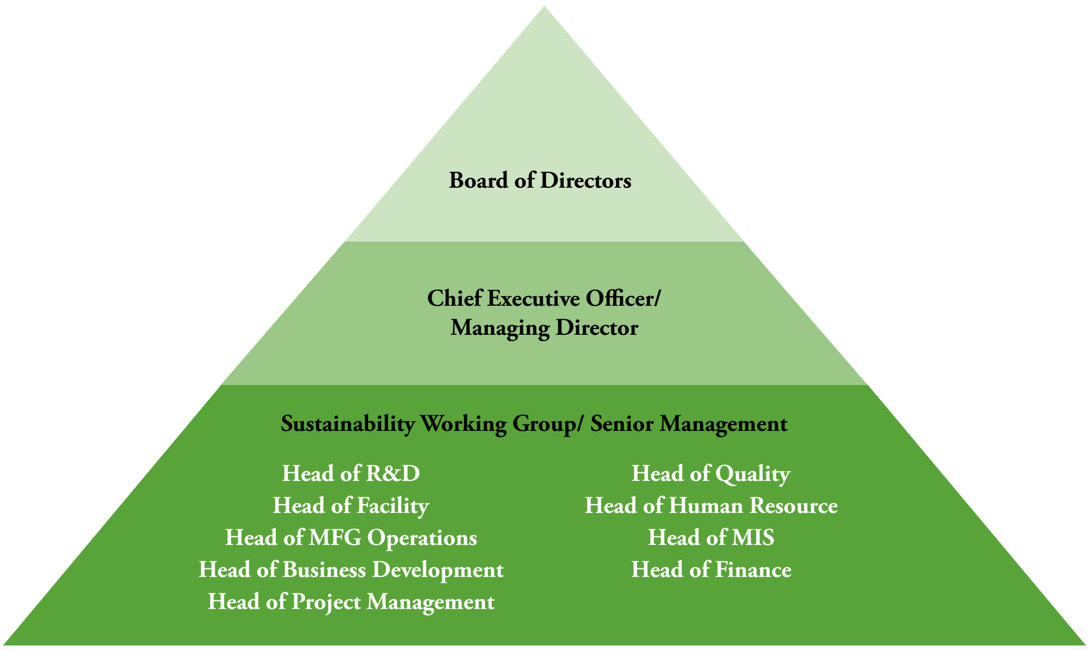
- Zero non-compliance on air emissions
- 35% reduction in non-hazardous waste disposal
- Aid to improve the well-being of local communities through corporate responsibility programmes
- Participate in Lend A Hand drive in support of Covid-19 front liners

GOVERNANCE STRUCTURE

In our journey towards enhancing our sustainability practices, we have undertaken various measures to gradually embed more sustainable practices into our daily operations.

As shown in the diagram below, the Board of Directors (the "Board") is accountable for setting up sustainability strategies by taking into consideration the EES matters arising from the business operations and strategic decisions. The Board is also responsible to review and monitor the implementation of the Group's overall strategic plan, with the support from the Chief Executive Officer ("CEO") or Managing Director ("MD") who oversees the implementation of sustainability strategies and monitors the management of the Group's sustainability performance. The CEO/MD also acts as an intermediary between the Board and the SWG to provide progress status updates and present sustainability-related disclosures to the Board for approval.

Our Sustainability Working Group ("SWG") is chaired by our Sustainability Officer, and supported by the Head of Department from various business functions such as Research & Development (R&D), Facility, Manufacturing (MFG) Operations, Business Development, Project Management, Quality, Human Resource, Management Information System (MIS) and Finance of IQ-group's key operating entities located in Malaysia. They are responsible to implement and monitor sustainability initiatives across the Group's day-to-day operations, whilst also lead the Group's sustainability reporting process as prescribed by the local stock exchange.



STAKEHOLDER ENGAGEMENT

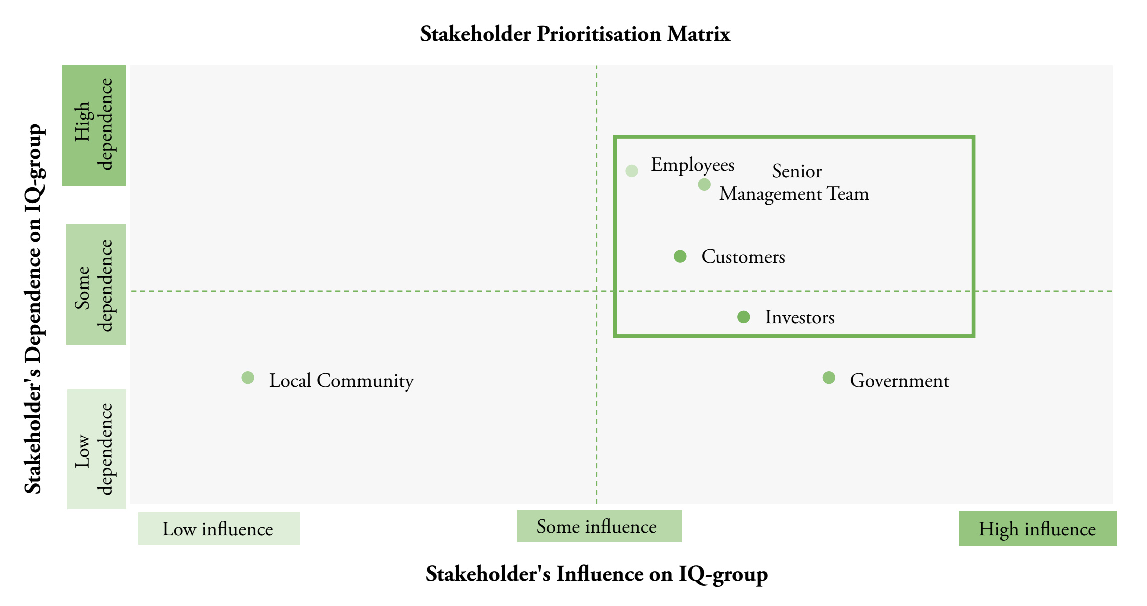
At present, we engage our internal and external stakeholders through multiple engagement channels. These engagement sessions are imperative in understanding our stakeholders' views and addressing their expectations. We acknowledge that our stakeholders have varying levels of influence and dependence on our operations. Having said that, we have put in place various engagement channels to ensure effective communication with our stakeholders.

The table below summarises our key stakeholders, their key concerns, platforms we use to engage with them and how we are responding to their concerns.

Stakeholder Group	Key Concerns	Engagement Channels	How We Respond
Senior Management Team	• Regulatory compliance • Financial performance • Technology and innovation • Human capital management • Data security • Product and service quality	• Management meetings • On-going interactions • Company-related events	Refer to: • Regulatory Compliance • Sustainable Manufacturing • Data Security & Protection • Employee Learning & Development
Employees	• Learning & development • Occupational safety and health • Employee health and wellbeing	• Employee Handbook • Daily communication via Intranet and emails • Meetings & trainings • Career development programmes	Refer to: • Employee Learning & Development • Occupational Safety & Health
Customers	• Product quality • Technical support services • Manufacturing capacity and on-time delivery • Data security • Competitive pricing • Customer service	• On-going interactions • On-site visit • Customer survey • Corporate website • Events and activities (trainings, trade shows, exhibitions, workshops, etc.)	Refer to: • Sustainable Manufacturing • Customer Satisfaction • Data Security & Protection
Investors	• Regulatory compliance • Financial performance • Business strategy	• Annual General Meetings • Quarterly financial reports and Annual Report • Corporate website	Refer to: • Regulatory Compliance
Government/ Local authorities	• Regulatory compliance • Corporate governance • Occupational safety and health • Environmental management	• On-going interactions via email and calls • On-site visit • Online portal • Company-related events	Refer to: • Regulatory Compliance • Occupational Safety and Health • Energy & Waste Management
Local Community	• Corporate governance • Community involvement • Environmental management	• Community-related events • Corporate website	Refer to: • Regulatory Compliance • Community Development • Energy & Waste Management

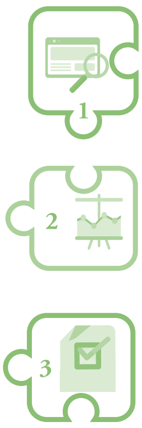
STAKEHOLDER ENGAGEMENT (Cont'd)

During this reporting year, as part of our efforts to enhance our sustainability management, we have undertaken a structured exercise to prioritise our stakeholder groups. The Stakeholder Prioritisation Exercise was conducted by assessing the level of influence and dependence of each stakeholder group on IQ-group. As illustrated in the diagram below, the senior management team, employees, customers and investors were perceived as key stakeholder groups with a high level of influence and dependence on IQ-group.



MATERIALITY ASSESSMENT

As recommended by the Bursa Malaysia Sustainability Reporting Guidelines and Toolkits, we conducted a structured materiality assessment process to understand what is important for both our business and our stakeholders, and to understand how to harmonise our business needs and stakeholder interests through a three-step approach in the diagram below.



Identification of Sustainability Matters

Reviewed internal documents and conducted desktop research to identify key sustainability matters relevant to IQ-group on the sustainability disclosures by peer organisations and international voluntary reporting standards.

Prioritisation of Sustainability Matters

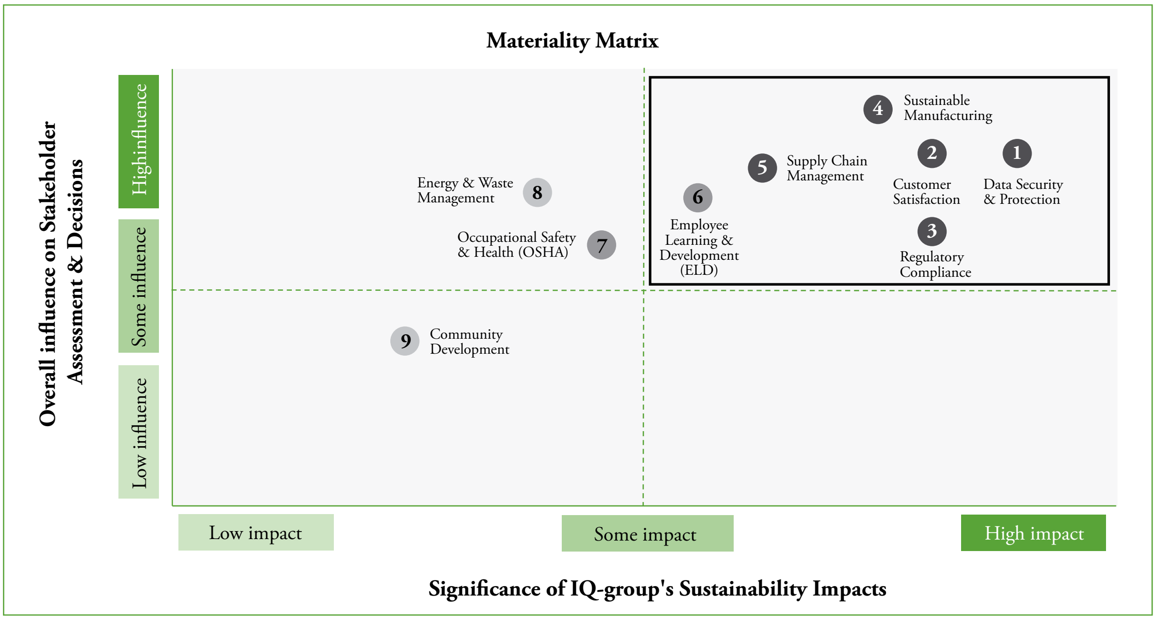
Workshop with management representatives to determine level of significance of each sustainability matter in terms of degree of impact and likelihood of occurrence, taking into consideration stakeholders' perspectives.

Approval of Materiality Matrix

Draft materiality matrix was presented and approved by the Board of Directors.

As we maintained our sustainability matters from financial year FY18/19, the indirect stakeholder engagement approach is a reviewed of the inputs obtained from the management representatives that have engaged and obtained stakeholders' perspectives via various engagement channels (e.g. past customer survey, on-going interactions, discussion, meetings, etc.) in the prioritisation of our sustainability matters. The results of materiality assessment, which is the Materiality Matrix, is illustrated in the diagram below. Our sustainability matters are categorised into three themes which are "Lighting the Way to Sustainable Business", "Empowering and Nurturing our People" and "Creating Positive Impacts".

MATERIALITY ASSESSMENT (Cont'd)



Legend

- Lighting the Way to Sustainable Business
- Empowering and Nurturing our People
- Creating Positive Impacts

Data security and protection, customer satisfaction, regulatory compliance, sustainable manufacturing, supply chain management and employee learning and development have identified top 6 material matters which are of high importance to our business and stakeholders. Table below shows the classification of all identified matters into themes, and the contribution of the management of our sustainability matters towards the advancement of SDGs. The management have discussed and layout these sustainability matters to manage and monitor the IQ-group's performance in the following sections of our Statement.

Themes	Mapping against EES aspects	Our Sustainability Matters	Contribution towards United Nation's SDGs
THEME 1: LIGHTING THE WAY TO SUSTAINABLE BUSINESS	Economic	1 Data Security and Protection	
		2 Customer Satisfaction	
	Economic, Environment	4 Sustainable Manufacturing	
	Economic	3 Regulatory Compliance	
		5 Supply Chain Management	
THEME 2: EMPOWERING AND NURTURING OUR PEOPLE	Social	6 Employee Learning & Development	
		7 Occupational Safety & Health	
THEME 3: CREATING POSITIVE IMPACTS	Environment	8 Energy & Waste Management	
	Social	9 Community Development	

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS

Theme 1: Lighting the Way to Sustainable Business

"As a global leader in the design and manufacturing operation of lighting, security and convenience products, we strive to create long-term value for our stakeholders by operating our business ethically and professionally, whilst continuously improving our business through innovation and process efficiency to deliver innovative and high quality products."

Data Security & Protection

With the world progressively adapting to the Industrial revolution 4.0 and many industries may have fallen back behind in the highly digitalized world today has warrant high security protection of the data and threat to the organization. The unprecedented risks in the protection of privacy and security of our stakeholders where Information Security Management Systems (ISMS) remains secure by mitigating the risks, we have taken preventive measures and put in place internal controls to ensure they remain protected.

At IQ-group our Management Information System ("MIS") department is responsible for monitoring and managing data and IT-related issues. Our ISMS implementation includes policies, processes, procedures, organizational structures and software and hardware functions.

IQ-group general data security & Protection

- IT policy and access control policy
- Backup & password policy (MIS) in line with ISO 9001:2015
- Document Data Control
- Group Data Privacy Guideline

Data security & protection initiatives

- MIS support request
- Annual system maintenance
- Symantec antivirus 3 level
- User access control/Restrictions
- Data Privacy Management System (DPMS)

In addition to the policies that we adhere by, we have also put in place processes such as multilevel antivirus protection, system security patches update and network and user access control to manage our data security and protection. To prevent data loss and to keep our information secure, we use RAID (Redundant Array of Independent Disks) technology – a data storage virtualisation technology for the purposes of data redundancy and performance improvement. We also conduct regular server hardware maintenance and backups of our systems.

Through our secured operations, we have been able to build the trust of our stakeholders and have not experienced any data breaches or losses for the past 4 years. We will continue to remain vigilant through virtualisation programme to enhance our system, backup and disaster recovery; and regularly update our processes and policies according to the data and IT needs of IQ-group.

Customer Satisfaction

This financial year we manage to sustain the customer satisfaction rating as our progressive business growth continue to foster with our senior management maintain a good rapport and our long relationship with our customers. We are considerably fortunate with the highly committed management team in setting up the quality expectations at our newly set up operation at IQ Wuning at such a short period if was not given high priority may have adversely affects good quality and damage the relationship with our customers.

We not only build and form new lasting relationships but also ensure that we maintain positive relationship with our existing customers.

In order to stay competitive while maintain a high level of quality and performance product our team have also initiated some benchmarking activities on IQ products with competitors' and obtain reviews from customers relating to the products for future enhancements. This process allows our designers to visualize the need of better understanding of price requirements and design with costs in mind while understanding of cost structure and continuously work on cost reduction programme.

To ensure that we remain aware of our product quality, the strengths and weaknesses, and decline and/or surge in sales are reviewed and analysed monthly. Any incident reports related to customer satisfaction will be communicated and informed to the relevant personnel, up to the Chairman via emails through Lotus Notes database, an E-based platform. Across 4 years of reporting, 100% of our customer feedback received have been successfully resolved.

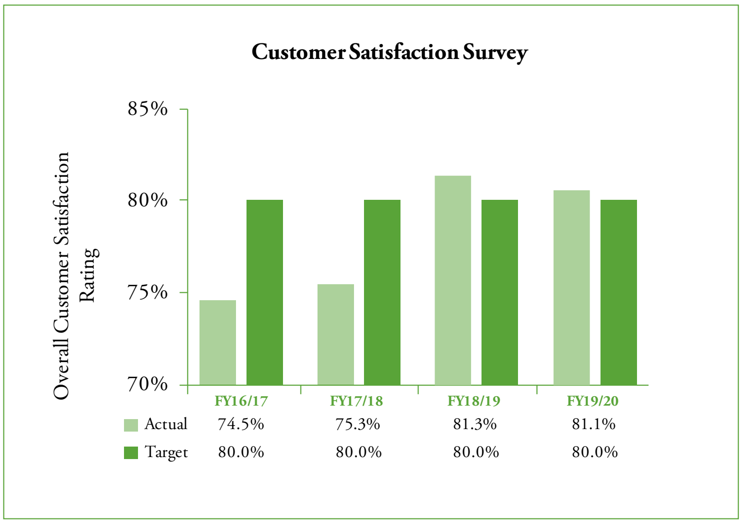
In addition to regular reviews and engagements with our customers, IQ-group also conducts customer satisfaction surveys annually which involves all our key customers. Our performance is measured based on indicators such as account management and customer service, product quality, supply chain, operation and product quality management, and new project/product development.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Customer Satisfaction (Cont'd)

As seen in the graph below, IQ-group has shown incremental increase in our customer satisfaction rating for the past 4 years, and we manage to sustain a rating of 81% for 2 consecutive years in FY18/19 and FY19/20 which exceeded our target. This is attributed to our deep desire to be the preferred choice of our customers.



We recognise the importance of maintaining partnerships with our customers to foster a close and trusting relationship with our clients. Hence, we will continue to strive to not only meet but to exceed the expectations of our customers and to adapt to the evolving demands of this industry.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Sustainable Manufacturing

Our goal at IQ-group is to ensure a sustainable business growth – not only to our company but also to our stakeholders and the environment that we operate in. To achieve this, our business needs to remain at the forefront of innovation and change through effective and robust research and development. Our forward-looking vision combined with our R&D capabilities have produced energy efficient products, improved our production efficiency and reduced overall cost. Internally, we are guided by our Printed Circuit Board (PCB) Design Guideline of the Association Connecting Electronics Industries Standards, Mechanical and Moulding Design Guidelines, Optical and Thermal Expertise with Simulation software, Packaging Guidelines and other manufacturing guidelines involving electronics and softwares. Below are some of our initiatives in the area of sustainable manufacturing.

Innovative Product Design and R&D projects

Light sensors detect movement with human body temperature. This has both a higher degree of sensitivity and reduces false triggering.

≤ 0.5W

Since FY16/17, we have a total of 129 variations of energy efficient sensor lighting product with a standby power of equal or less than 0.5 W consuming less power in totality.

In the past three years, we have filed 5 patent applications on our innovative products.

Energy saving sensor lighting products with 80% to 90% reduction of energy consumption due to its intelligent sensor design.

Safety and environmental factors in terms of size and recyclability in manufacturing operation, product design and packaging.

Initiatives to Promote Innovations

Introduction of Patent Reward Program since November 2018 to award engineers who have come out with creative ideas and inventions that the company can patent.

Motivating engineer to be innovative in design and improve existing product, services and process are through upgrading of skill and knowledge through Internal and external.

Process Improvement

Design Failure Mode Effects Analysis (FMEA) as a part of our risk management to ensure quality, reliability and safety of our products.

Wave soldering technology and robotic soldering reduces solder dross waste and increases energy-savings based on timing control.

Our products are design in mixed PCBs technology, such as Pin Through-Hole and Surface Mount Technology, are used to produce innovative products

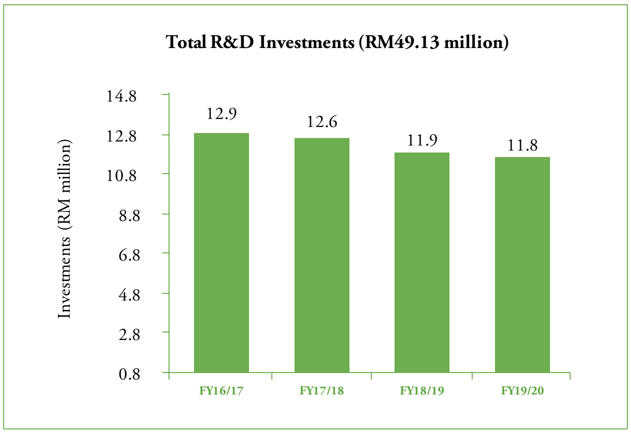
Within our material processing, sealing technology and over-molding technology to produce high-quality products.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Sustainable Manufacturing (Cont'd)

Over the past 4 years IQ-group has continue to invest in R&D to compete in the stiff competitive market where technology of the product is one of the key factor which has been one of our core activities since our inception and we are committed to ensure that it continues to drive our business in the long-term. Our commitment is reflected in the RM49.13 million investments we made over the past four years in R&D.



Through such initiatives, we have been able to extend the benefits of sustainable manufacturing to our customers and to the environment as we have been able to increase cost savings and reduce energy consumption. Our employees have also benefitted from the increased efficiency and enhanced technical knowledge and competencies.

Regulatory Compliance

This financial year of FY19/20, IQ-group endure the recognisation of ethics and compliance are crucial in conducting and sustaining business, and are committed in ensuring that our reputation for integrity, professionalism and fairness are maintained. All our employees are expected to uphold the Group's standards of integrity, accountability and conduct themselves with rectitude. As illustrated in the diagram below, we have put in place internal policies and procedures to ensure all our business activities and relationships with all stakeholders reflect this standard. Further information and documents on our policies can be found on our corporate website at http://iq-group.com/corporate-governance/.

Code of Business Conduct and Ethics (the "Code")
The Code covers a range of business policies and procedures such as prevention of the power abuse, insider trading, anti-corruption and bribe, equal opportunity and non-discrimination. All employees at all levels are expected to uphold these standards in their day-to-day operations. In FY19/20, we maintain with zero cases of ethical breaches reported.

Whistle Blowing Policy
The objective of the policy is to encourage employees and/or stakeholders to raise concerns in confidence, disclose any malpractice or misconduct; and ensure that the reporter is protected from retaliation and discrimination. It describes in detail the steps to take and procedures that follow of reporting a malpractice misconduct. In FY19/20, there has been no whistleblowing cases being reported.

Sustainability Policy
With the increasing concern on sustainability, IQ-group has formulated a sustainability policy with the approval by the Board which guides our action in promoting sustainability in our business practices and business culture. Our policy includes our position on environmental, social (including health and safety) and governance aspects and ensures we comply with all the relevant regulations, integrate sustainability into our business and develop the appreciation of sustainability in our employees. Through this policy, we are able to improve our sustainability performance.

Break the chain

Anti-Bribery and Corruption Policy
Recently added to IQ-group's website is the new adoption of zero-tolerance policy against all forms of bribery and corruption.

The objective of this policy is to set out the responsibilities in observing and upholding the Group's position on bribery and corruption

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Regulatory Compliance (Cont'd)

IQ-group operates in a highly innovative and competitive industry. As such, we hold classified information of our customers and of product details and requirements. As stipulated in our Code of Business Conduct and Ethics, all employees are required to sign a non-disclosure agreement so as to ensure confidentiality at all levels and to safeguard our stakeholders.

In view of the Corporate Liability provision introduced in the form of section 17A to the MACC Act will come into effect from 1 June 2020, IQ -group have reviewed and performed gap analysis on the risk management of adequate controls on corporate liability.

IQ-group have established the necessary policies and procedure, risk assessment in respect to the new provision in MACC Act on the relevant policies and procedure/ anti-corruption measures which are intended to ensure that we have the mechanism established and well prepared in against legal liability on the ground to prevent the promotion of corruption behaviors.

Enhancement has been made to our current procurement procedures in ensuring compliance to ISO9001:2015 and MACC Act which directly addresses Article 26 of the United Nations Conventions against Corruption with the following procedures.

Our other internal procedures to ensure regulatory compliance includes on-going monitoring of existing practices such as internal audits and awareness trainings on new regulations and standards which we are expected to adhere to. We also keep ourselves abreast with regulatory developments to ensure complete compliance through the external advice and trainings. This includes staying up to date with the accounting standards and ISO certification.

Our well-governed organisation with ethical and effective leadership has allowed us to foster a transparent and open culture, minimising IQ-group's compliance risks and potential financial losses. It is noteworthy that there have been no cases of non-compliance or breaches in laws and regulations in the past four years. We are committed to maintaining our high standards towards regulatory compliance.

Supply Chain Management

In a highly competitive and demanding market for a higher Quality and Reliability products, IQ-group is contemplating in enhancing its Quality Management System to ensure that we comply with all regulations and laws in our operations and we are compelled to extend this commitment to those beyond our direct operations.

Managing our supply chain in a responsible and sustainable manner requires a structured and guided approach. At IQ-group, the management of our supply chain is in compliance with our internal ISO 9001:2015 quality management system procedures.

As part of continuous improvement in strengthening the supply chain, the management perdure to make enhancement in its Quality Management System by introducing the following new procedures.

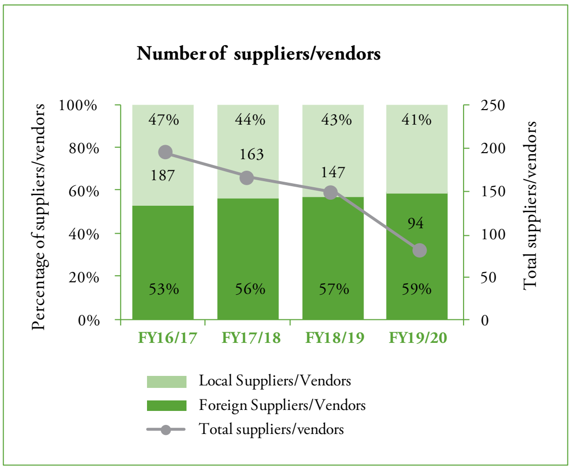
THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

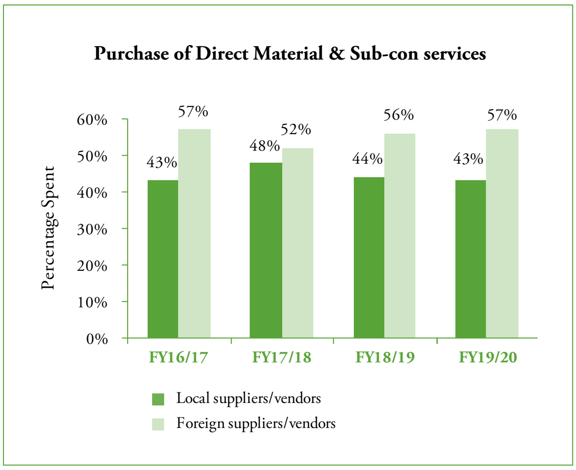
Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Supply Chain Management (Cont'd)

Since the downsizing of our manufacturing operations in Malaysia last year, we remain committed in maintaining and supporting the local economy and businesses through our focus on sourcing materials, outsourcing process and services from our local vendors. As part of our commitment, 59% of our active suppliers are local businesses and we spent up to 43% of our total supplier expenditure in the year on local suppliers.

We overtly inform our supplier of the stringent requirements of customers' requirement as IQ-group strive to deliver high performance products. Hence only those that achieves above our minimum acceptance scoring system through our Vendor Selection Questionnaire and Assessment will selectively be selected in terms of compliance, reputation, quality and finance i.e. customer satisfaction assessment included shorter delivery lead time, project/product development timeline and accuracy of specification. We also conduct new supplier audit for local suppliers.





In addition, to the day to day communications through various media, we treat our suppliers as business partners to bridge the gap in responding to the needs of our customers. IQ-group conduct annual vendor performance appraisal on key vendors to ensure that they are meeting the standards we adhere by. Our evaluation criteria include response time, fair quotation and cost and machine capability.

All our suppliers must meet the requirements of the Restriction of Hazardous Substances Directive (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliance.

In our design development stage, we promote Early Supplier Involvement (ESI) by engaging and collaborating with our suppliers during our product design concept stage to create the awareness and obtain inputs from suppliers which are crucial to our process to achieve shorter design to market with a smoother production run.

Theme 2: Empowering and Nurturing Our People

"To be an employer of choice, we are committed to providing and maintaining a safe and healthy workplace, and enhancing our employees' skills and competencies through provision of conducive learning environment and platform."

Employee Learning & Development (ELD)

Our people are our assets in driving the continuous growth of our business. They are like our blood vessel in our body where the continuous flow of blood which drives the knowledge and abilities to innovate ideas, promote improvements and constructive processes. Thus, we believe that IQ-group must support and develop their leadership skills, talents and career path through provision of trainings, feedbacks and guidance.

We continue to enhance our ISO 9001:2015 quality systems procedures and policies to ensure that our employees receive a comprehensive and holistic training opportunities here at IQ-group. This includes procedures on in-house training, operational training, training needs procedure and a performance management framework. To help our employees gain a wider and broader experience within the business, we have also established an employee transfer procedure.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 2: Empowering and Nurturing Our People (Cont'd)

Employee Learning & Development (ELD) (Cont'd)

In addition to our procedures, we also have in place mechanisms to ensure that our employees are continuously accompanied and guided through their career paths at IQ-group. These include:

Career mapping and succession planning for selected departments to develop the employee capability and to facilitate employee career growth.

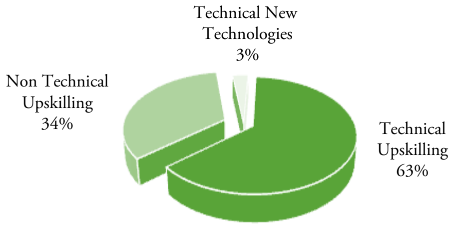
Competency assessment to assess employee needs of training.

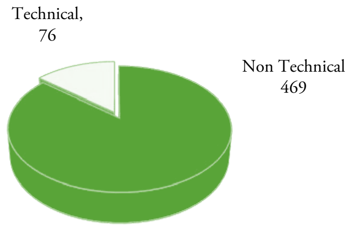
Annual performance evaluation for all employees at all levels.

Annual training calendar and budget set for both in-house and external trainings for all departments

We continue to encourage our people to keep abreast and remain vigilant to new technology development in the fast growing competitive market and well-informed, we encourage them to attend seminars for regulatory updates and technical-related matters, as well as exhibitions, conferences, association and meetings to benchmark ourselves with other players within this industry and for the exposure.

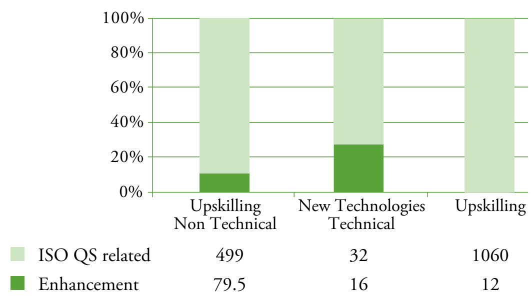
During this reporting year, a total of 1698.5 training hours were invested in our training and development programmes for our employees. We conducted a total of 27 technical and non-technical trainings where 8 are technical and 19 are non-technical. Out of these training programmes' hours, 34% came from non-technical upskilling, 63% accounted for technical upskilling of our employees and 3% is technical upskilling related to new technologies.





As we continue our effort in optimisation of our operations, a total of 656 hours or 38.6% from total training hours were invested in our production operators' multi-skill training programmes.

We will continue to support our workforce through their career path with us. We have started to roll out in stages our career mapping initiative to all other departments as we understand that this initiative will be of significant use to our employees.



THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 2: Empowering and Nurturing Our People (Cont'd)

Occupational Safety & Health (OSHA)

At IQ-group, we take health and safety of our employees seriously as we believe our people are our responsibility and we have a duty to ensure that they return home in safety. We are proactive in our approach to safety by focusing on the preventive measures and thus establish a robust safety management system in place. Our Safety and Health Policy and safety and work instructions demonstrate our commitment to ensure a zero accident's work environment. We are happy to report that through our initiatives, IQ-group has not experienced any accidents, dangerous occurrences, occupational poisoning and/or occupational disease reported for the past 4 reporting years.

Below are some of our measures, initiatives and achievements in managing health and safety at IQ-group:

Regulations	Over the 4 reporting years we have complied with the air emissions level for Local Exhaust Ventilation (LEV) – soldering purposes to remove fumes from system - under DOSH with air emission monitoring as per Environmental Quality (Clean Air) Regulations 2014 (DOE guidelines) and hygiene technology as per Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 to ensure that our employees work within an environment with clean air and free from hazardous chemicals.
Organisational Arrangements	• We establish Health and Safety Committee and appoint safety representatives who are accountable in the development of OSHA-related risk mitigation strategies, develop and deploy standards, programmes, and procedures to reduce health and safety-related risks. • Our Emergency Response Team (ERT) & First Aid Team are on the ground in our operations and are trained to be the first response to any emergencies.
Inspections and Audits	• Annually, our operations are audited by the Department of Occupational Health and Safety (DOSH) to ensure compliance with as per their OSHA standards. • We regularly carry out internal and external audits, machine inspections, monthly equipment servicing and risks assessments, including soldering machine inspection and Chemical Health Risk Assessment (CHRA). • During the reporting year, we successfully passed both the internal audit on the maintenance service and examination for the local exhaust ventilation (LEV) system, liquefied petroleum gas (LPG) system and fire-fighting and detection equipment; and external audit by DOSH for general plan inspection and machinery plant renewal.
OSHA initiatives	• Personal protective equipment (PPE) such as safety goggles, face shields and gloves, are provided to employees who work in high-risk environment, i.e. soldering process. We optimise our PPE to reduce injury downtime and maximise operational efficiency. • Our new health and safety initiatives for this reporting year covers the upgrade of safety systems i.e. fire-fighting (iSCADA SPKA system), SPKA – Sistem Pengawasan Kebakaran Automatik (Direct link of the fire alarm system to 3rd party service provider and Bomba at Batu Kawan), establishment of Emergency Response Team (ERT) inclusive the First Aid Support, Pandemic Preparedness procedure and optimisation of personal safety equipment
Trainings and Communications	• All new employees are given an induction on health and safety training to ensure they understand the health and safety standards that IQ-group adheres to. • We regularly communicate with all our employees with updates on health and safety via notice boards and regular management briefings. • Provide training/competence programme (annual, orientation) including operation of eye wash station.
Covid-19 Health & Precautionary Measures	• We establish Covid-19 Response Team (CRT) to set up standard operating procedure and guidelines to ensure the health and safety precautionary measures are taken to protect our employees. • Hand Sanitizers are being placed at entrances for employee to use during entrance and exiting the building • Each employee is given 2 masks per day to wear at company premises while temperature is taken and recorded during entering into company premises • Re-layout were done at office workstation, production workstation, cafeteria to ensure compliance to social distancing guidelines • As preventive and hygienic measures, toilets and door knobs are being sanitise 3 times a day • Cafeteria hygiene measure taken – No buffet food style, only pre-packed or serve food allowed, one side facing sitting position with social distancing

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 2: Empowering and Nurturing Our People (Cont'd)

Occupational Safety & Health (OSHA) (Cont'd)

Health and safety have always been a fundamental part of our identity and we will remain ever vigilant of safety hazards and risks. To achieve higher levels of occupational health and safety within IQ-group, emergency response training was conducted in April 2019 to all employees as refresher course on health and safety.

Theme 3: Creating Positive Impacts

"As a socially responsible corporate citizen, we acknowledge our responsibility to minimise the environmental impacts arising from our business operations, and the care of the community around us."

Energy & Waste Management

Many perceived manufacturers to have a short-term view with regards to the environment and climate change however IQ-group as manufacturing plant are well aware of the extra responsibility towards mitigating negative impacts which we may create to our operating environments and stakeholders. Here at IQ-group, we continue to take pride in upkeeping energy and waste management practices.

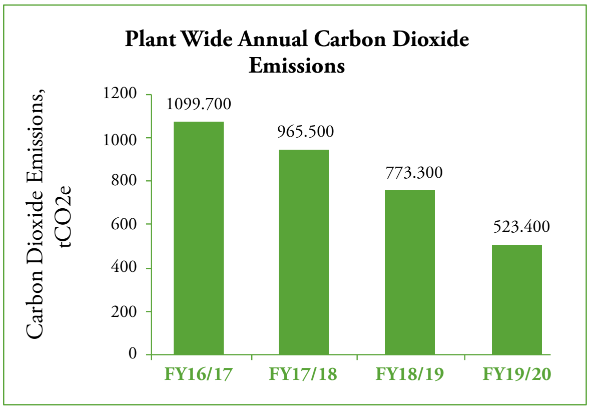
Energy Management

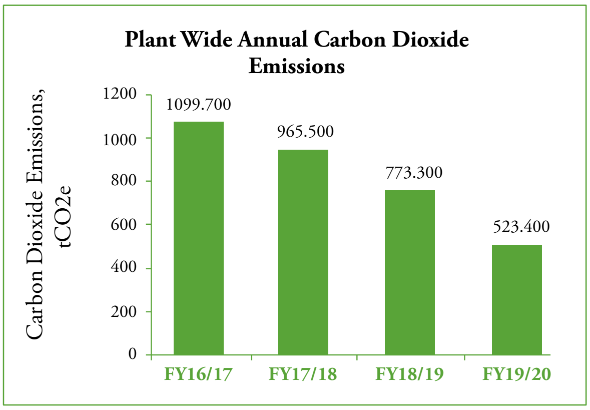
IQ-group continue to strive in the commitment to the reduction of energy consumption and the reduction of pollution. Thus, we have acted to reduce our impacts and strengthen our environmental performance, guided by our Environmental Policy that demonstrates our commitment to:

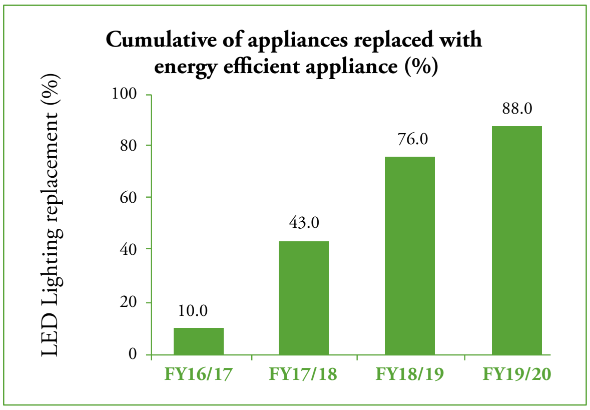
- Consider safety and environmental factors in all operating decisions;
- Explore feasible opportunities to minimise adverse impacts from our operations; and
- Evaluate our performance and compliance through regular assessments.

We pursue these commitments through our regular assessments based on ISO 14001:2015 Standards practises, internal procedures and external regulations. Our regular engagement with the Department of Environment (DOE) provides us with up to date of new regulations/standards and/or requirements.

In sustaining our performance, our progressive tracking and analysis of data obtained act as a mechanism in monitoring energy consumption. The graphs below show our electricity consumption and our carbon emissions from our plant operations over three years. The current reporting year has recorded a reduction in energy consumption and carbon emissions. This can be attributed to our desire to reduce our carbon footprint by replacing 88% of our high energy consumptions lightings with LED lighting since 2016 which consumes 80-90% less energy than the conventional lightings couples with the optimization of our operations and maximised utilisation our manufacturing operations to the ground floor. This not only reduces our carbon footprint, but increases overall efficiency and productivity.







THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management (Cont'd)

Further enhancement to the energy savings initiative even with the replacement of higher power factor lightings which has already consumed 80-90% less energy, IQ-group utilizes its core product technology by installing IQ-group PIR motion sensor lighting and PIR motion sensor control devices at various areas within the plants. This installation further promotes additional energy savings as the lightings automatically turns on only when movements are detected.

Our focus on energy savings LED lighting replacement project have achieved 88% near completion with the replacement of inefficient energy consumptions and low power factor lightings with high power factor energy savings LED lightings.

Waste Management

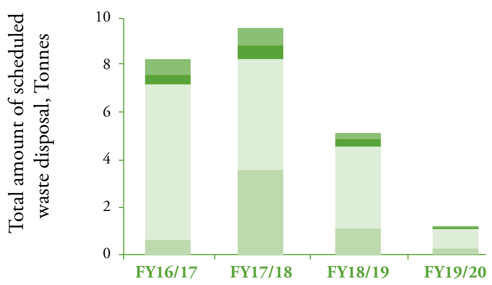
Considering that we use chemicals within our operations, these inputs could be released into the environment via the air, water, or as solid waste if not handled appropriately. Therefore, we have put in place our Work Procedure and Waste Handling, Emergency Preparedness and Response and Scheduled Waste/Chemical Handling Work Instruction to ensure responsible and proper waste disposal.

We have zero tolerance in non-compliance, hence, we always ensure our compliance with DOE requirements on scheduled waste management which includes on-time waste disposal and a limit of 20 tonnes per disposal. We have also put in place a designated area for scheduled waste storage.

It is also the practice of IQ-group to recycle our hazardous and non-hazardous wastes, and ensure these are carried out through a proper channel. The recycling initiatives are under the purview of our Scrap Committee which carries out only tender and scrapping activities. As we understand the detrimental effects of hazardous waste pollution to the environment, the scheduled waste such as solder dross and electronic waste is principally sold to a licensed contractor for recycling.

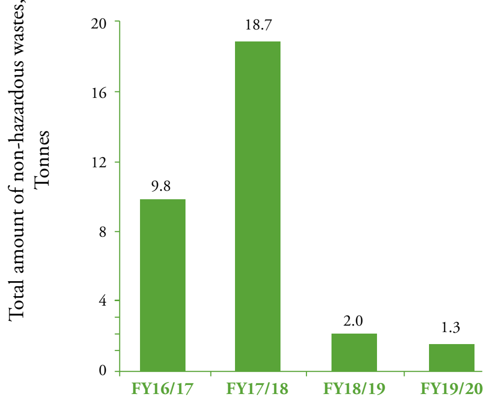
As we continue our laser focus in placing our efforts to minimise waste, we have yet achieved another successful reduction of our waste disposal which includes a sharp decline of 67% between last FY18/19 vs FY17/18 where a further decline of 77% in solder dross waste was achieved in comparison between FY18/19 and FY19/20 and 35% in non-hazardous waste as compared to the previous reporting year. This is contributed by the optimisation of our operations such as reduction of polyethylene bag.

Scheduled Waste Disposal (reported to DOE)



	FY16/17	FY17/18	FY18/19	FY19/20
Contaminated rags/ papers	0.613	0.790	0.280	0.09
Contaminated container	0.446	0.556	0.290	0.13
Electronic waste	6.515	4.694	3.450	0.745
Solder dross	0.719	3.600	1.200	0.265

Total amount of non-hazardous waste (go through Customs)



It is noteworthy that we have a culture of reducing wastage even within the vicinity of our non- operations (i.e. management and administration). This includes maintaining the optimum office temperature of 24 degree Celsius, as per recommendation by the Malaysian government , turning off lights during lunchtime or when not in use, using recycled paper and printing only when necessary.

We seek to continue to manage our waste in a responsible manner and encourage a culture of recycling through the placement of recycling bins throughout our operations.

[3]Companies Commission of Malaysia, 2015. A Toolkit to Implement Green Business. https://www.ssm.com.my

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

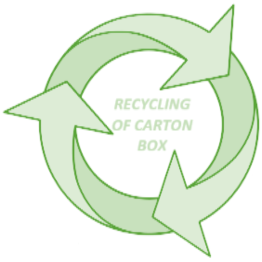
Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management (Cont'd)

Waste Management (Cont'd)

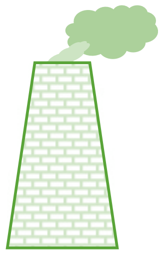
Below are few initiatives we have initiated and have seen tremendous reduction of the wastage through recycling, reduction of waste and reuse process.

Return to suppliers /



Reduction of PE bags on Product

Air emission



Community Development

As a concerned corporate citizen, we understand the importance of assuming responsibility for the community. Our efforts in this area has the ability to create positive impacts and builds the trust of our people and the community. We acknowledge the two-fold responsibility of caring for our own employees and for the community through different forms of community engagement.

This reporting year will be 2 years since late 2018 the establishment of our Community Service & Sports & Recreational (CSSR) Club to promote social responsibilities and work-life balance amongst employees. All employees are members of the CSSR Club and since its inception, they have been actively engaged in deciding what activities and programmes would bring the most benefit to IQ-group and to the community. Diagram below details our community engagement in FY19/20.

Community Service
This reporting year IQ-group has organised a community service programme in Lend A Hand Donation drive with the participation of the employees and in support of the Covid19 front liners, the Group donated 30 boxes of 3-ply mask to the Emergency Department, Hospital Pulau Pinang.

Sports Activity
To promote healthy life style and work-life balance amongst employees, IQ-group organize monthly hiking trip and twice a month team building badminton sessions for the employees.

Recreational Activity
The Group has organised a total of 9 events to promote social responsibilities such as Chinese New Year / Service Award Celebration, birthday month celebration, Hari Raya, Deepavali, Christmas events and thank you lunch for the employees.

For FY20/21, it will be a challenging year for our Community Service & Sports & Recreational (CSSR) Club in organizing recreational activities for our employees due to the social distancing requirement from the pandemic outbreak of Covid-19.

AUDIT COMMITTEE REPORT

The Board of Directors of IQ Group Holdings Berhad ("the Board") is pleased to present the report on Audit Committee for the financial year ended 31 March 2020.

INTRODUCTION

The Audit Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad on the Main Board of Bursa Malaysia on 10 October 2005.

The purpose of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Audit Committee comprises of the following members:-

Chairman : Leow Mee Hong
(Independent Non-Executive Director)

Members : Charlie Ong Chye Lee
(Senior Independent Non-Executive Director)

Dato' Yoon Chon Leong
(Independent Non-Executive Director)

During the financial year ended 31 March 2020, a total of seven (7) meetings were held. The details of attendance of each member at the committee meetings held during the financial year are as follows:

	Number of Audit Committee Meetings	
Directors	**Attended**	**Held**
Ng Hai Suan @ Ooi Hoay Seng *(resigned on 1-10-2019)*	4	4
Leow Mee Hong *(appointed on 1-10-2019)*	3	3
Charlie Ong Chye Lee	7	7
Dato' Yoon Chon Leong	6	7

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE

1. Objectives of Audit Committee

- To assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group;
- Evaluate the quality of the audit conducted by the internal and external auditors;
- Oversee the financial information presented by management to ensure it is factual, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Members

- The Audit Committee shall consist not less than three members, comprising Non-Executive Directors, with a majority being Independent Directors.
- At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE (Cont'd)

2. Members (Cont'd)

- A former key audit partner must observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
- The Chairman shall be an Independent Non-Executive Director and must not be a Chairman of the Board.
- No alternate Director shall be appointed as a member of the Committee.
- If a member of the Audit Committee, for whatever reason, ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall, within three months of the event, appoints such number of new members as may be required to make up the minimum number of three members.

3. Authority

- The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to the employees of the Group.
- The Committee shall also be able to convene meetings with the external Auditors, the internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- The Committee shall have the authority to obtain independent legal or other professional advice, as it considers necessary.
- The Committee has the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deem fit and necessary.

4. Meetings

- The Committee is at liberty to determine the frequency of its meetings, which in any event shall not be less than four (4) times a year.
- The quorum shall consist of two (2) members, majority of the members present must be Independent Directors.

5. Attendance at meetings

- The Group Financial Controller and a representative of the external and internal Auditors are invited to attend the meeting as and when necessary. Other Board members may attend meetings upon the invitation of the Committee.
- The Committee should meet with the external Auditors without executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.
- The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to committee members prior to each meeting.

6. Duties

The duties of the Audit Committee include the followings:

- to consider and recommend the appointment and re-appointment of the external Auditors, the audit fee and any questions of resignation or dismissal, if any;
- to assess the suitability, objectivity and independent of the auditor annually.
- to discuss with the external Auditors on their audit plan including the assistance given by the employees of the Company to the external Auditors;
- to review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements; and
  - any significant and unusual events.

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE (Cont'd)

6. Duties (Cont'd)

- to review the financial reporting process, detect financial irregularities and to ascertain that the financial statements are consistent with operational information.
- to consider any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review the major risk area of the Group;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- to review evaluation by the External Auditors on the System of Internal Controls, the external Auditors' management letter and management's response;
- to do the following where an internal audit function exists:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function;
  - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to maintain and keep under review the whistle-blowing mechanism of the Group;
- to consider the major findings of internal investigations and management's response;
- to consider other topics as defined by the Board.

7. Reporting

- The Committee is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.
- The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF WORK PERFORMED DURING THE FINANCIAL YEAR

During the financial year under review, the Audit Committee in the discharge of its functions and duties had carried out the following activities to meet its responsibilities:-

Financial Reporting

- Reviewed the unaudited quarterly financial results before recommend the same to members of the Board for approval prior to the announcement to Bursa Malaysia Securities Berhad. The Audit Committee review is to ensure that the report presented a true and fair view of the Group's financial performance.
- Reviewed the annual audited financial statement of the Company and the Group with the external auditors prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures are in compliance with relevant rules, regulations and approved accounting standards.

SUMMARY OF WORK PERFORMED DURING THE FINANCIAL YEAR (Cont'd)

External Audit

- Reviewed the re-appointment of the external auditors and their remuneration. This is to ensure competency and effectiveness of the external auditor.
- Reviewed the external auditor's audit plan to ensure adequacy of the scope of work for the year.
- Reviewed and discussed the findings arising from the audit carried out by the external auditors and follow up actions with the management if necessary.
- Reviewed and approved the non-audit services by the external auditors. This is to ensure that independence and objectivity of the External Auditor are not compromised.
- Had private meetings with the External Auditor on two (2) occasions to ensure that there is no restrictions on the scope of their audit and to discuss on significant matters heighted including financial reporting issues, significant judgements, unusual transactions that arose during the course of audit.

Internal Audit

- Reviewed the adequacy of the scope, functions, resources and competency of the internal audit function of the group.
- Reviewed the performance of the internal auditors. This is to ensure competency and effectiveness of the internal auditor before their reappointment.
- Reviewed the Internal Audit Plan tabled by the outsourced internal auditors. This is to ensure the adequacy of audit scope and coverage on auditable entities with significant high risks.
- Reviewed and deliberated the Internal Audit Report tabled during the year, the audit recommendations made and the management response to those recommendations. Significant issues were discussed with the management to ensure satisfactory response to address identified risks.

Related Party Transactions

- Reviewed the quarterly updates on the related party transactions entered into by the Group as to ensure that there is no conflict of interest situations and related party transactions were at arm's length.
- Reviewed the circular to shareholders relating to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for Board's approval.

Risk Management

- Reviewed the Enterprise Risk Management (ERM) or Principle Business Risks of the Group and provide guidance on the action plans to address the identified risks.
- Evaluated the overall adequacy and effectiveness of the system of internal controls through review the work performed by both internal and external auditors and discussions with the management.

Annual Reporting

- Reviewed the Audit Committee Report, Corporate Governance Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control prior to recommendation to the Board for inclusion into the Company's Annual Report.

STATEMENT ON EMPLOYEE SHARE OPTION SCHEME BY THE COMMITTEE ("ESOS")

IQ Group Holdings Berhad Employee Share Option Scheme ("ESOS") was established on 9 September 2005. On 27 May 2010, the company has extended the ESOS for a period of 5 years commencing from 9 September 2010 on the same terms and conditions as mentioned in the By-Laws. The ESOS has expired on 8 September 2015. There is no new establishment ESOS scheme after the expiration.

NOMINATION COMMITTEE REPORT

The Nomination Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad ("IQGHB") on the Main Board of Bursa Malaysia on 10 October 2005. The Committee comprised the following members:

Chairman : Charlie Ong Chye Lee
(Senior Independent Non-Executive Director)

Members : Leow Mee Hong
(Independent Non-Executive Director)

Dato' Yoon Chon Leong
(Independent Non-Executive Director)

Three (3) meetings was held during the financial year ended 31 March 2020. The details of attendance of each member at the committee meeting held during the financial year are as follows:

	Number of Nomination Committee Meetings	
Directors	**Attended**	**Held**
Charlie Ong Chye Lee	3	3
Dato' Yoon Chon Leong	3	3
Ng Hai Suan @ Ooi Hoay Seng *(resigned on 1-10-2019)*	2	2
Leow Mee Hong *(appointed on 1-10-2019)*	1	1

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. Members

The Nomination Committee ("NC") of IQGHB ("the Company") shall consist of not less than 3 Directors appointed by IQGHB Board of Directors ("IQGHB Board"), all of whom should be Non-Executive Directors.

No Alternate Director shall be appointed as a Member of the Committee unless he/she is an Alternate to the NC Member.

The Chairman shall be elected by the members of the NC and shall be the Senior Independent Director. In the absence of the Committee Chairman, the remaining members present shall elect one of their members to chair the meeting.

If a member, for any reason, ceases to be a member, IQGHB Board shall, within three (3) months of the event, appoint a new member so that the number of members does not fall below three.

The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company.

A Secretary shall be nominated by the NC.

2. Duties

The NC shall make recommendations to IQGHB Board on the appointment of new executive and non-executive Directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board.

The NC shall ensure that the positions of the Chairman and CEO are held by different individuals.

The NC shall regularly review the Board structure, size, gender diversity and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.

The NC shall review the suitability and eligibility of nominated candidates for the approval of the Board, to fill Board and Senior Management vacancies as and when they arise as well as put in place plans for succession including considering the following independent sources to identify suitable qualified candidates.

TERMS OF REFERENCE OF NOMINATION COMMITTEE (Cont'd)

2. Duties (Cont'd)

- Directors' registry
- Industry and professional associations
- Open advertisements
- Independent search firms

The NC shall make recommendation to IQGHB Board to fill the seats on the Board Committee.

The NC shall put in place the Board and Senior Management Succession Plan.

The NC shall recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election.

The NC shall decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director, particularly when he/she has multiple board representatives.

The NC shall have due regard to the principles of governance and code of best practice.

The NC shall liaise with IQGHB Board in relation to the preparation of the NC's report to shareholders (in the annual report) as required.

The NC shall keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace.

The NC shall conduct annual performance assessments on individual directors, Board Committees and the Board as a whole based on the following criteria:

(a) Competence
(b) Time commitment
(c) Integrity
(d) Character
(e) Experience
(f) Contribution; and
(g) Performance

The NC shall recommend training programmes for Directors with considerations on the results from the annual assessment of Directors conducted. The NC shall ensure training in relation to anti-corruption management are developed for Directors for continuous improvement.

The NC shall undertake an annual assessment of the independence of its Independent Non-Executive Directors based on the criteria set in the Bursa Securities Main Market Listing Requirements and Malaysia Code on Corporate Governance, taking into consideration of their probity with law and adherence to governance practices including anti-corruption policies and procedures.

The NC shall ensure all Directors comply to the Code of Business Conduct and Ethics, where declaration of personal business interest are being performed on annual basis to avoid conflict of interest.

The NC shall review own performance annually and recommend changes to the Term of Reference.

The NC shall review the Term of Office and performance of the Audit Committee and each of its members annually and to determine whether the Audit Committee has carried out their duties in accordance to its Term of reference.

3. Meetings

The meetings of the NC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.

A resolution in writing signed or approved by letter or facsimile by a majority of members (of whom at least one must be an independent Director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

TERMS OF REFERENCE OF NOMINATION COMMITTEE (Cont'd)

3. Meetings (Cont'd)

Meetings of the NC will be held as the NC deems to be appropriate; however, the NC should meet at least once each year. Meetings should be organized so that attendance is maximized. A meeting may be called, at any other time, by the Chairman of the NC or any member of the NC. Any Director or management may be invited to the meetings.

The notice of each meeting of the NC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the NC not fewer than five (5) working days prior to the date of the meeting.

The quorum for decisions of the NC shall be any two members, including at least one independent Director, present and voting on the matter for decision.

Each member present shall have one vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the Chairman of the meeting shall have a casting vote.

The Chairman (or in his absence, an alternate to the member of the NC) of the NC shall attend the Annual General Meeting and be prepared to answer questions concerning the appointment of executive and non-executive Directors.

Minutes of meetings shall be taken by the NC Secretary. Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the NC.

If the Chairman of the NC so decides the minutes shall be circulated to other members of IQGHB Board, any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the NC's minutes.

4. General

The NC in carrying out its tasks under these terms of reference, may obtain such external or other independent professional advice as it considers necessary to carry out its duties.

IQGHB Board will ensure that the NC will have access to professional advice both internally and externally at the Company's expense in order for it to perform its duties.

These terms of reference may from time to time be amended as required, subject to the approval of IQGHB Board.

5. Reporting

The NC is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Nomination Committee include the following:

a) Discussed and recommended the re-election of Directors retiring in accordance with the Company's Articles of Association.
b) Discussed and recommended the re-appointment Directors.
c) Recommended the re-appointment of Independent Director who has reached the nine years term limit.
d) Assessed the independence of Independent Directors.
e) Reviewed the required mix of skills, experience and other qualities including core competencies of Non-Executive Directors.
f) Assessed the effectiveness of the Board as a whole and the Committee of the Board as well as contribution by each Director.
g) Reviewed and assessed the character, experience, integrity and competency of the Group Financial Controller.
h) Reviewed the term of office and performance of the Audit Committee and each of its members.
i) Reviewed the terms and reference of the Nomination Committee and to recommend any necessary changes.
j) Assessed the suitability, objectivity and independency of the External Auditor.
k) Discussed the types of training the Directors have to undergo.
l) Recommended to the Board the appointment of Directors.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad ("IQGHB") on the Main Board of Bursa Malaysia on 10 October 2005. The Committee comprises the following members:

Chairman : Charlie Ong Chye Lee
(Senior Independent Non-Executive Director)

Members : Leow Mee Hong
(Independent Non-Executive Director)

Dato' Yoon Chon Leong
(Independent Non-Executive Director)

Three (3) meetings were held during the financial year ended 31 March 2020. The details of attendance of each member at the committee meetings held during the financial year are as follows:-

	Number of Remuneration Committee Meetings	
Directors	**Attended**	**Held**
Charlie Ong Chye Lee	3	3
Dato' Yoon Chon Leong	2	3
Ng Hai Suan @ Ooi Hoay Seng *(resigned on 1-10-2019)*	1	1
Leow Mee Hong *(appointed on 1-10-2019)*	2	2

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Members

The Remuneration Committee (the "RC") of IQGHB ("the Company") shall be appointed by IQGHB Board of Directors ("IQGHB Board") from amongst its members, and shall comprise of not less than 3 members, with all being non-executive and a majority of them being independent directors.

No Alternate Director shall be appointed as a Member of the Committee unless he/she is an Alternate to a RC Member.

The Chairman shall be elected by members of the RC. In the absence of the committee Chairman, the remaining members present shall elect one of their members to chair the meeting.

A Secretary shall be nominated by the RC.

If a member, for any reason, ceases to be a member, IQGHB Board shall, within three (3) months of the event, appoint a new member so that the number of members does not fall below three.

The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company.

2. Meetings

The meetings of the RC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.

A resolution in writing signed or approved by letter or facsimile by a majority of members shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

The meetings shall be held at least once a year. Additional meetings may also be held by the RC to discuss other issues, which the RC considers necessary.

The RC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any Director or management to its meetings.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (Cont'd)

2. Meetings (Cont'd)

The RC shall appoint a secretary who shall attend all meetings and minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The minutes shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.

The quorum necessary for the transaction of business shall be two, the majority of whom must be Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretion vested or exercisable by the Committee.

Notice
The notice of each meeting of the RC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC not fewer than three (3) working days prior to the date of the meeting.

Voting
Each member present shall have one vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the Chairman of the meeting shall have a casting vote.

3. Duties

The duties of the RC as below shall be reviewed on an annual basis.

(i) to review and recommend to IQGHB Board of Directors in consultation with Management and the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive Directors and senior executives/divisional Directors those reporting directly to the Chairman and/or the Group Managing Director/CEO of the Group including those employees related to the executive Directors and controlling shareholders of the Group.

(ii) to recommend to IQGHB Board in consultation with Management and the Chairman of the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection herewith.

(iii) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by IQGHB Board from time to time.

(iv) the RC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any Director or management to its meetings.

(v) to review the remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

4. General

The RC in carrying out its tasks under these terms of reference, may obtain such external or other independent professional advice, as it considers necessary to carry out its duties.

IQGHB Board will ensure that the RC has access to professional advice both internally and externally at the Company's expense in order for it to perform its duties.

These terms of reference may from time to time be amended as required, subject to the approval of the Board.

5. Reporting

The RC is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Remuneration Committee include the followings:

a) Discussed and reviewed the payment of Directors' Fees for the financial year ended 31 March 2020.
b) Discussed and reviewed the remuneration of the Executive Directors for the financial year ended 31 March 2020.
c) Discussed and reviewed the remunerations of Senior Executives of the Group for the financial year ended 31 March 2020.
d) Discussed and reviewed the payment of Directors' benefit in accordance with Section 230(1) of the Company Act 2016.
e) Reviewed the Term of Reference of the Remuneration Committee and to recommend any necessary changes.
f) Reviewed the service agreement of CEO/ Managing Director.
g) Discussed and reviewed the Director's Fee of new Independent Non-Executive Director.
h) Reviewed the service agreement of new Independent Non-Executive Director.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Bursa Securities Main Market Listing Requirements.

1. UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 March 2020.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the external auditors, Deloitte PLT in Malaysia by the company and the Group for the financial year ended 31 March 2020 were as follows:

	Company	Group
Audit Fee (RM)	79,000	164,000
Non Audit Fee (RM)	7,000	273,800

The details on of the Non-audit fee are shown below:-

	Company	Group
Review of Statement on Risk Management & Internal Control	4,000	4,000
Preparation and submission Annual tax return (RM)	3,000	19,800
Preparation of Transfer Pricing documentation		40,000
Transfer Pricing Audit Defence Service		95,000
Transfer Pricing Voluntary Disclosure		60,000
Transfer Pricing Strategy Build and Planning Study		55,000
Total	7,000	273,800

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major Shareholders, either still subsisting as at 31 March 2020 or since the end of previous financial year ended 31 March 2019.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Significant transactions between the Group and its related parties during the financial year were as follows:

Interquartz Taiwan Ltd. (now known as Sensorlite Inc.)	**RM**
Purchase of raw materials	3,951,598
Rental paid/ payable	1,170,549
Procurement commission paid/ payable	150,957

IQ (America) Inc.	
Sales of finished goods	8,596,589
Sales commission payable	797,063

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") (Cont'd)

The relationships between IQ Group Holdings Berhad ("IQGHB") and the related parties are as follows:

Interquartz Taiwan Ltd. (now known as Sensorlite Inc.)

Chen, Wen-Chin also known as Kent Chen, the Group Executive Chairman and Substantial Shareholder of IQGHB is also the Director and Substantial Shareholder of Interquartz Taiwan Ltd.

IQ (America) Inc.

Chen, Wen-Chin also known as Kent Chen, is the Director and Substantial Shareholder of Sensorlite Limited. Sensorlite Limited is the Substantial Shareholder of IQGHB and the holding company of IQ (America) Inc.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favorable than those arranged with independent third parties.

5. ACCOUNTS

The Group Financial Controller of IQ Group Holdings Berhad signed the statutory declaration in relation to the financial statements for the year ended 31 March 2020. She is a member of the Malaysian Institute of Accountants and thus fulfills the requirement of Paragraph 9.27 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

CONTENTS

DIRECTORS' REPORT

The directors of **IQ GROUP HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary company are as follows:

Name of companies	Place of incorporation	Percentage of issued share capital held by the Company	Principal activities
IQ Group Sdn. Bhd.	Malaysia	100%	Manufacture of passive infrared detectors, motion sensor light controllers and wireless video communication device
IQ Group (Dongguan) Ltd.	People's Republic of China	100%	Manufacturing and sales of passive infrared detectors, motion sensor light controllers, door bells, home security system, lighting fixtures and plastic products
IQ Group (Wuning) Ltd.	People's Republic of China	100%	Manufacturing and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances
IQ Japan Co., Ltd.	Japan	100%	Distribution of security lighting systems
IQ Group Limited	British Virgin Islands	100%	Distribution of passive infrared detectors and motion sensor light controllers, ceased operations since 2015
IQ Industries Limited	British Virgin Islands	100%	Distribution of passive infrared detectors, motion sensor light controllers, door chimes & home control products and strategic sourcing, procurement & supplier management
SILQ (Malaysia) Sdn. Bhd.	Malaysia	100%	Development, design, manufacture, sale and distribution of Light Emitting Diode ("LED") Luminaires and the manufacture of light engines for use in luminaires, ceased operations since 2016

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
(Loss)/profit for the year attributable to owners of the Company	(18,940,800)	4,178,966

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

DIVIDENDS

There were no dividends declared and paid in respect of the financial year ended March 31, 2020.

The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was required; and

(b) 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.

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

(a) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

(c) 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; or

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) 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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chen, Wen-Chin also known as Kent Chen	
Daniel John Beasley	
Yoon Chon Leong	
Charlie Ong Chye Lee	
Ng Hai Suan @ Ooi Hoay Seng	(resigned on October 1, 2019)
Leow Mee Hong	(appointed on October 1, 2019)

The directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Direct subsidiary companies	Directors of the subsidiary companies
IQ Group Sdn. Bhd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley Choong Bee Gnoh Chee Ting Ting (Alternate to Chen, Wen-Chin also known as Kent Chen) Loo Weng Keong
IQ Group (Dongguan) Ltd.	Daniel John Beasley Wong Kwok Hon Loo Weng Keong
IQ Group (Wuning) Ltd	Daniel John Beasley Wong Kwok Hon Loo Weng Keong
IQ Japan Co., Ltd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley Hisayuki Tominaga
IQ Group Limited	Chen, Wen-Chin also known as Kent Chen
IQ Industries Limited	Chen, Wen-Chin also known as Kent Chen
SILQ (Malaysia) Sdn. Bhd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley

DIRECTORS' INTERESTS

The interests in shares of the Company of those who were directors at the end of the financial year, according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	No. of ordinary shares with no par value			
Shares in the Company	**Balance as of April 1, 2019**	**Bought**	**Sold**	**Balance as of March 31, 2020**
Direct interests:				
Chen, Wen-Chin also known as Kent Chen	16,895,701	-	-	16,895,701
Daniel John Beasley	90,000	-	-	90,000
Charlie Ong Chye Lee	7,000	-	-	7,000
Indirect interests:				
Chen, Wen-Chin also known as Kent Chen (through Sensorlite Limited*, Sensorlite Investments Limited* and his spouse)	41,171,451	-	-	41,171,451

* A company in which a director, Mr. Chen, Wen-Chin also known as Kent Chen has substantial interests and is a director.

By virtue of his interests in the shares of the Company, Mr. Chen, Wen-Chin also known as Kent Chen and Daniel John Beasley are also deemed to have beneficial interests in the shares of all the subsidiary companies of IQ Group Holdings Berhad to the extent that IQ Group Holdings Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company of RM2,372,170) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of transactions mentioned in Note 21 and Note 34 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM15,900.

There was no indemnity given to or insurance effected for officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the financial year ended March 31, 2020 are RM690,076 and RM85,860 respectively.

SIGNIFICANT EVENT

The World Health Organization in March 2020 declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. The COVID-19 outbreak in the People's Republic of China resulted in a lockdown in the affected areas whereby employees' resumption to work and material supply from the subsidiaries' vendors were delayed, therefore causing unforeseen interruption to both production and shipment. In Malaysia, the Malaysian Government has taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on March 18, 2020. However, the subsidiary's operation was not significantly interrupted as the subsidiary has successfully obtained approval from the Ministry of International Trade and Industry ("MITI") to operate during the MCO period. This approval from MITI allowed the operations in Malaysia to operate at 50% workforce with effect from April 19, 2020 and at 100% workforce with effect from April 29, 2020. On the other hand, the operations in Japan was not interrupted as business activities were not restricted in the area which the subsidiary operates.

The COVID-19 outbreak may affect the business performance and position of the Group mainly resulting from reduced consumer demand for goods due to lost income and/or restrictions on consumers' ability to move freely and disruption of supply chains due to restrictions placed on the movement of people and goods. Meanwhile, due to the inherent nature and unpredictability of future development of COVID-19 and market sentiment, the extent of the impact depends on ongoing precautionary measures introduced by each country to address this pandemic and the durations of the pandemic.

The Company is principally involved in investment holding and providing management services. Therefore, its business and operations were not significantly affected by the outbreak of COVID-19.

Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situation and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

CHEN, WEN-CHIN ALSO KNOWN AS KENT CHEN

DANIEL JOHN BEASLEY

Penang,

July 29, 2020

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IQ GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IQ Group Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as of March 31, 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 135.

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 of March 31, 2020, and of their financial performance and their cash flows for the 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' *International Code of Ethics for Professional Accountants (including international Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Key Audit Matters	Our audit performed and responses thereon
1. Capitalisation and impairment assessment of product development costs	
The Group capitalised product development costs for its lighting products of approximately RM10.44 million as of March 31, 2020. Management exercises significant judgement in determining whether the product development costs qualify for capitalisation by assessing the requirements for recognition in accordance with MFRS 138 *Intangible Assets*, which includes among others, the technical feasibility of the products developed and the ability to generate future economic benefits. The criteria for capitalisation of product development costs are disclosed in Note 17 to the financial statements. The capitalised product development costs are assessed for impairment which requires management to identify indicators of impairment and where there are such indicators, management judgement and assumptions are applied to determine the recoverable amount, which is also influenced by current and future economic developments. The Group's product development costs capitalised and written off during the financial year were approximately RM3.43 million and RM6.86 million respectively, which are disclosed in Note 17 to the financial statements. The key sources of estimation uncertainty on the product development costs capitalised and impairment assessment are disclosed in Note 4 to the financial statements.	We obtained an understanding of management's business process and criteria surrounding the capitalisation and impairment assessment of product development costs and we tested the design and implementation of relevant controls. We performed audit procedures over the capitalisation of product development costs which included, among others, assessing the recognition criteria for product development costs; conducting discussions with relevant personnel; observing the authorisation of the development stage of the product; challenging the key assumptions and estimates used by management in assessing the technical feasibility of the products developed and the ability to generate future economic benefits; testing the accuracy and occurrence of costs capitalised; and assessing the useful economic life attributed to the product. We obtained management-prepared impairment assessment for the product development costs and evaluated the appropriateness of impairment indicators identified and assessed the reasonableness of the assumptions used in the impairment assessment. We also considered the adequacy of the Group's disclosures of management's judgements and estimates in relation to capitalisation and impairment assessment for product development costs.

(Forward)

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
2. Impairment of trade receivables	
We identified the recoverability of outstanding trade receivables of approximately RM17.9 million owing from a related party, IQ (America) Inc. ("IQA"), of which approximately RM14.2 million is past due as at March 31, 2020, as a key audit matter due to the significant management judgements made in assessing the impairment of these trade receivables and determining any loss allowance for expected credit losses. As disclosed in Note 34 to the financial statements, a director of the Company has substantial interest in and is a director of IQA. Further as disclosed in Note 21, trade receivables owing from IQA amounting to approximately RM5.1 million which is past due beyond the credit period of 120 days and is outstanding for more than 1 year ("long outstanding receivables"), has not been impaired as the director has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so, failing which, the director is able and will undertake to provide the required financial support to repay the said debt, within the next 12 months.	We obtained an understanding of management's business process and criteria surrounding the impairment of trade receivables and we tested the design and implementation of the relevant controls. We performed audit procedures over the recoverability of outstanding trade receivables, which included, among others, challenging the assumptions used in the forecasted sales projection to IQA for the year ending March 31, 2021; checking the aging profile; tracing subsequent settlements; and verifying on a sample basis, confirmed orders received from customers subsequent to the year end, to the source documents including invoices, shipping/delivery documents and bank statements. We have also obtained a support letter from the said director who has undertaken to provide continued support to enable IQA to meet its financial obligations within the next 12 months to enable IQA to continue as a going concern and to repay the long outstanding trade receivables. We also considered the adequacy of the Group's disclosures of management's judgements and estimates in relation to impairment of trade receivables.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended March 31, 2020.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the Directors' Report that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

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:

(a) 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.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) 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.

(e) 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.

(f) 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, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IQ GROUP HOLDINGS BERHAD
(Incorporated in Malaysia) (Cont'd)

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

Other Matter

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner - 03480/01/2022 J
Chartered Accountant

Penang,

July 29, 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Revenue	5	119,575,485	141,349,973	15,094,770	12,791,105
Investment revenue	6	374,621	679,337	351,376	336,901
Other gains and losses	7	2,727,788	918,767	489,521	422,211
Changes in inventories of finished goods and work-in-progress		(2,375,240)	5,453,204	-	-
Raw materials and consumables used		(35,542,147)	(54,500,337)	-	-
Purchase of trading goods		(19,096,146)	(21,624,591)	-	-
Employee benefit expenses	8	(40,275,611)	(43,705,073)	(5,085,172)	(5,074,626)
Depreciation and amortisation of non-current assets		(6,737,563)	(5,154,577)	(230,658)	(25,054)
Impairment loss on investment in subsidiary companies		-	-	(5,204,221)	(1,901,289)
Development costs written off		(6,863,945)	(8,771)	-	-
Finance costs	9	(259,137)	-	(36,687)	-
Other expenses		(28,791,243)	(25,178,861)	(911,954)	(1,160,665)
(Loss)/profit before tax		(17,263,138)	(1,770,929)	4,466,975	5,388,583
Tax expenses	10	(1,677,662)	(405,059)	(288,009)	(261,113)
(Loss)/profit for the year	11	(18,940,800)	(2,175,988)	4,178,966	5,127,470
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		924,632	1,208,587	-	-
Other comprehensive income for the year, net of tax		924,632	1,208,587	-	-
Total comprehensive (loss)/income for the year		(18,016,168)	(967,401)	4,178,966	5,127,470
(Loss)/profit for the year attributable to the owners of the Company		(18,940,800)	(2,175,988)	4,178,966	5,127,470
Total comprehensive (loss)/income attributable to the owners of the Company		(18,016,168)	(967,401)	4,178,966	5,127,470
Loss per share	12				
Basic (sen per share)		(21.52)	(2.47)		
Diluted (sen per share)		(21.52)	(2.47)		

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

STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	14,040,639	13,172,688	37,892	40,762
Prepaid lease payments on leasehold land	14	-	1,463,629	-	-
Right-of-use assets	15	6,338,344	-	515,964	-
Investment properties	16	1,649,411	1,663,952	1,649,411	1,663,952
Product development costs	17	10,440,620	16,405,228	-	-
Investment in subsidiary companies	18	-	-	92,772,085	87,867,156
Deferred tax assets	19	685,408	764,561	-	-
Total non-current assets		33,154,422	33,470,058	94,975,352	89,571,870
Current assets					
Inventories	20	48,872,989	51,819,093	-	-
Trade and other receivables	21	49,807,058	48,539,620	11,805,388	11,534,184
Tax assets		1,314,323	4,779,056	6,880	117,029
Other assets	22	1,417,728	2,447,355	2,000	2,000
Short-term deposits with licensed banks	23	6,485,000	4,400,000	5,980,000	4,000,000
Cash and bank balances	24	15,586,346	19,793,173	656,033	3,980,676
Total current assets		123,483,444	131,778,297	18,450,301	19,633,889
Total assets		156,637,866	165,248,355	113,425,653	109,205,759
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	25	96,177,462	96,177,462	96,177,462	96,177,462
Reserves	26	4,548,894	3,624,262	-	-
Retained earnings	27	21,413,873	40,354,673	15,892,140	11,713,174
Total equity		122,140,229	140,156,397	112,069,602	107,890,636
Non-current liabilities					
Deferred tax liabilities	19	8,000	8,000	8,000	8,000
Lease liabilities	28	3,274,044	-	328,026	-
Total non-current liabilities		3,282,044	8,000	336,026	8,000
Current liabilities					
Trade and other payables	29	28,642,231	23,180,613	817,014	1,307,123
Lease liabilities	28	1,599,566	-	203,011	-
Other financial liabilities	30	63,468	-	-	-
Tax liabilities		910,328	1,903,345	-	-
Total current liabilities		31,215,593	25,083,958	1,020,025	1,307,123
Total liabilities		34,497,637	25,091,958	1,356,051	1,315,123
Total equity and liabilities		156,637,866	165,248,355	113,425,653	109,205,759

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

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

The Group

	Note	Issued capital RM	Non-distributable Translation reserve RM	Non-distributable Legal reserve RM	Distributable Retained earnings RM	Total RM
Balance as of April 1, 2018		96,177,462	2,290,539	125,136	46,932,089	145,525,226
Loss for the year		-	-	-	(2,175,988)	(2,175,988)
Other comprehensive income for the year		-	1,208,587	-	-	1,208,587
Total comprehensive loss for the year		-	1,208,587	-	(2,175,988)	(967,401)
Payment of dividend	31	-	-	-	(4,401,428)	(4,401,428)
Balance as of March 31, 2019		96,177,462	3,499,126	125,136	40,354,673	140,156,397
Balance as of April 1, 2019		96,177,462	3,499,126	125,136	40,354,673	140,156,397
Loss for the year		-	-	-	(18,940,800)	(18,940,800)
Other comprehensive income for the year		-	924,632	-	-	924,632
Total comprehensive loss for the year		-	924,632	-	(18,940,800)	(18,016,168)
Balance as of March 31, 2020		96,177,462	4,423,758	125,136	21,413,873	122,140,229

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020 (Cont'd)

The Company

	Note	Issued capital RM	Distributable Retained earnings RM	Total RM
Balance as of April 1, 2018		96,177,462	10,987,132	107,164,594
Profit for the year		-	5,127,470	5,127,470
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	5,127,470	5,127,470
Payment of dividend	31	-	(4,401,428)	(4,401,428)
Balance as of March 31, 2019		96,177,462	11,713,174	107,890,636
Balance as of April 1, 2019		96,177,462	11,713,174	107,890,636
Profit for the year		-	4,178,966	4,178,966
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	4,178,966	4,178,966
Balance as of March 31, 2020		96,177,462	15,892,140	112,069,602

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash flows from operating activities				
(Loss)/profit for the year	(18,940,800)	(2,175,988)	4,178,966	5,127,470
Adjustments for:				
Development costs written off	6,863,945	8,771	-	-
Depreciation and amortisation of non-current assets	6,737,563	5,154,577	230,658	25,054
Tax expenses recognised in profit or loss	1,677,662	405,059	288,009	261,113
Inventories written off	1,525,451	-	-	-
Allowance for slow moving inventories	542,919	-	-	-
Interest expense on lease liabilities	259,137	-	36,687	-
Net fair value loss on other financial liabilities	63,468	-	-	-
Property, plant and equipment written off	250	12,574	204	2
Unrealised (gain)/loss on foreign exchange	(1,181,663)	(87,307)	(396,836)	53,309
Interest income	(248,926)	(555,450)	(225,681)	(213,014)
Gain on disposal of property, plant and equipment	(18,577)	(35,320)	-	-
Impairment loss on investment in subsidiary companies	-	-	5,204,221	1,901,289
Gross dividend income from subsidiary companies	-	-	(8,340,000)	(6,120,000)
	(2,719,571)	2,726,916	976,228	1,035,223
Movements in working capital:				
Decrease/(increase) in:				
Inventories	1,136,504	(6,583,415)	-	-
Trade and other receivables	463,924	(5,907,450)	(2,813,156)	1,484,394
Other assets	849,339	1,036,040	-	-
Increase/(decrease) in trade and other payables	5,225,322	(5,690,261)	(490,109)	(93,475)
Cash generated from/(used in) operations	4,955,518	(14,418,170)	(2,327,037)	2,426,142
Tax refunded/(paid), net	887,115	(1,253,539)	(177,860)	(244,767)
Net cash from/(used in) operating activities	5,842,633	(15,671,709)	(2,504,897)	2,181,375
Cash flows from investing activities				
Interest received	248,926	571,282	225,681	213,014
Proceeds from disposal of property, plant and equipment	134,516	452,182	-	-
Additions to product development costs	(3,425,515)	(5,273,320)	-	-
Purchase of property, plant and equipment*	(3,432,280)	(2,098,039)	(7,065)	-
Increase in short-term deposits with licensed banks with maturity period of more than 3 months	(5,000)	-	-	-
Dividend received	-	-	8,340,000	6,120,000
Loan to a subsidiary company	-	-	-	(2,912,000)
Repayment of loan by a subsidiary company	-	-	2,912,000	-
Investment in a subsidiary company	-	-	(10,109,150)	(822,000)
Net cash (used in)/from investing activities	(6,479,353)	(6,347,895)	1,361,466	2,599,014

(Forward)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020 (Cont'd)

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash flows from financing activities					
Repayment of lease liabilities		(1,513,579)	-	(191,313)	-
Interest paid on lease liabilities		(259,137)	-	(36,687)	-
Dividend paid, representing net cash used in financing activity	31	-	(4,401,428)	-	(4,401,428)
Net cash used in financing activities		(1,772,716)	(4,401,428)	(228,000)	(4,401,428)
Net (decrease)/increase in cash and cash equivalents		(2,409,436)	(26,421,032)	(1,371,431)	378,961
Effect of foreign exchange rate changes		282,609	344,436	26,788	1,434
Cash and cash equivalents at beginning of year		24,193,173	50,269,769	7,980,676	7,600,281
Cash and cash equivalents at end of year	32	22,066,346	24,193,173	6,636,033	7,980,676

* During the financial year, the Group and the Company acquired property, plant and equipment by way of:

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash settlements		3,432,280	2,098,039	7,065	-
Advanced payment in prior year		192,708	703,868	-	-
Total	13	3,624,988	2,801,907	7,065	-

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding and providing management services. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary company are disclosed in Note 18.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

The principal place of business of the Company is located at 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa I (FTZ) Bayan Lepas, 11900 Penang, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on July 29, 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and 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 revised MFRSs

In the current year, the Group and the Company have applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting periods that begin on or after April 1, 2019.

MFRS 16 *Leases*

In the current year, the Group and the Company have applied MFRS 16 *Leases* that is effective for annual periods that begin on or after January 1, 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of MFRS 16 on the Group's and the Company's financial statements is described below.

The date of initial application of MFRS 16 for the Group and the Company is April 1, 2019.

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

- Requires the Group and the Company to measure the asset at an amount equal to the liability; and
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117 *Leases* and IC Interpretation ("IC int.") 4.

Impact of the new definition of a lease

The Group and the Company have made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Int. 4 will continue to be applied to those leases entered or changed before April 1, 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117 and IC Int. 4.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

Impact of the new definition of a lease (Cont'd)

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after April 1, 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of MFRS 16, the Group and the Company have carried out an implementation project. The project has shown that the new definition in MFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group and the Company.

Impact on lessee accounting

(a) Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off the statements of financial position.

Applying MFRS 16, for all leases (except as noted below), the Group and the Company:

(i) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with MFRS 16:C8(b)(ii);

(ii) Recognise amortisation of right-of-use assets and interest on lease liabilities in profit or loss; and

(iii) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16.

The Group and the Company have used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117:

- The Group and the Company have elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group and the Company have excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- The Group and the Company have used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(b) Impact on lessor accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, MFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

Impact on lessee accounting (Cont'd)

(c) Financial impact of initial application of MFRS 16

The weighted average lessees' incremental borrowing rates applied to lease liabilities recognised in the statement of financial position of the Group and the Company on April 1, 2019 are 4.66% and 5.95% per annum respectively.

At March 31, 2019, the Group and the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	The Group 2019 RM	The Company 2019 RM
Not later than one year	2,527,707	228,000
Between one to five years	3,478,409	570,000
	6,006,116	798,000

The following table shows the operating lease commitments disclosed applying MFRS 117 at March 31, 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on retained earnings as at April 1, 2019

	The Group 2020 RM	The Company 2020 RM
Operating lease commitments at March 31, 2019	6,006,116	798,000
Recognition exemption for leases with less than 12 months of lease term at transition	(1,410,398)	-
Effect of discounting the above amounts	(414,473)	(75,650)
Effect of exchange differences	(35,918)	-
Lease liabilities recognised at April 1, 2019	4,145,327	722,350

The Group and the Company have recognised RM4,145,327 and RM772,350 of right-of-use assets (Note 15) and lease liabilities (Note 28) respectively upon transition to MFRS 16. The Group has also reclassified prepaid lease payments on leasehold lands to right-of-use assets amounting to RM1,463,629 upon transition to MFRS 16.

There is no impact to retained earnings as at April 1, 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

New and amendments to Standards in issue but not yet effective

The Group and the Company have not applied the following new and amendments to MFRS and IC Int. that have been issued but are not yet effective:

Amendments to MFRS	References to the Conceptual Framework in MFRS Standards [(a)]
Amendments to MFRS 3	Definition of a Business [(a)]
Amendments to MFRS 101 and MFRS 108	Definition of Material [(a)]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform [(a)]
MFRS 17	Insurance Contracts [(b)]
Amendments to MFRS 101	Classification of liabilities as Current or Non-current [(c)]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [(d)]

[(a)] Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.
[(b)] Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.
[(c)] Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.
[(d)] Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned new and amendments to MFRS and IC Int. will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new and amendments to MFRS and IC Int. will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company have been prepared on the basis of historical cost, except for certain financial instruments that are measured at amortised cost or at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(c) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiary companies and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

(a) has power over the investee;
(b) is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(b) potential voting rights held by the Company, other vote holders or other parties;
(c) rights arising from other contractual arrangements; and
(d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or a loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary company and any non-controlling interests. When assets of the subsidiary company are carried at revalued amounts or at fair value and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiary companies

Investment in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

(a) deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations (Cont'd)

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 (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue recognition

The Group and the Company recognise revenue from sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and the Company recognise revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates, sales commission and other similar allowances.

Revenue from contract with customers

(a) Manufacturing sales – At a point in time

The Group generates revenue from the sale of goods as disclosed in Note 5. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

For sale of goods, revenue is recognised when control of the goods has transferred to the customer depending on the shipping term agreed with its customers. The shipping term of the Group's sales comprises of Ex Works ("EXW"), Cost, Insurance and Freight ("CIF"), Free on Board ("FOB") and Delivered Duty Unpaid ("DDU") terms.

Under the Group's standard contract terms, customers have a right of return for defective products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has rights to recover the product when customers exercise their right of return and consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Group concluded that under MFRS 15 *Revenue from Contracts with Customers*, the sales commission is a consideration payable to a customer. The Group determined that, they shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue.

(b) Consignment sales – At a point in time

The subsidiary company, IQ Group Sdn. Bhd. has consignment sales to one of its customers. The subsidiary company will directly ships the goods with the shipping term of Cost, Insurance and Freight ("CIF") to a destination specified by the customer via mutually agreed upon carriers. Revenue is recognised when title to the products is passed upon withdrawal of products by the customer from the consigned location.

Other income

(a) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other income (Cont'd)

(b) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(d) Management fee and marketing service fee – Over time

Management fee and marketing service fee are recognised on an accrual basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or an income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Employee benefit expenses

(a) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

(c) Retrenchment compensation

Retrenchment compensation are payable whenever service of an employee is terminated before normal retirement date or whenever an employee accepts voluntary redundancy offered in exchange for benefits. The Group and the Company recognise a liability and expense for retrenchment compensation at the earlier of the dates (a) the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the Group and the Company recognise costs for a restructuring that involves the payment of retrenchment compensation. The Group and the Company consider it can no longer withdraw the offer of those benefits when the Group and the Company are demonstrably committed to either (i) terminate the employment of current employees according to a detailed formal plan, for which the Group and the Company have announced and have no realistic possibility of withdrawal; or (ii) to provide retrenchment compensation as a result of an offer to encourage voluntary redundancy in a restructuring.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Group and the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at 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.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and

(b) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary company that does not result in the Group losing control over the subsidiary company, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing

Policy applicable from April 1, 2019 onwards

(a) The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

Policy applicable from April 1, 2019 onwards (Cont'd)

(a) The Group and the Company as a lessee (Cont'd)

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. The estimated useful lives of right-of-use assets are as follows:

Short-term leasehold land	60 years
Building	3 – 10 years
Motor vehicles	5 years

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The Group and the Company as lessor

The Group and the Company enter into lease agreements as a lessor with respect to its right-of-use asset.

Leases for which the Group and the Company are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

Policy applicable prior to April 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group and the Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(b) The Group and the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in progress are not depreciated.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2%
Plant and machinery	12.5% & 20%
Factory equipment	20% & 50%
Air conditioners	10%
Furniture, fittings and office equipment	10%, 16.67% - 50%
Renovation	10%
Motor vehicles	16.67% & 20%
Electrical installations	10%

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss. Depreciation of these assets in progress, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

All items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Prepaid lease payments on leasehold land (policies applicable prior to April 1, 2019)

Prepaid lease payments on leasehold land are amortised evenly over the lease period of 60 years.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not amortised and buildings are depreciated on a straight line basis to write down the cost of each building to their residual values over their estimated useful life of 2% per annum.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Internally-generated intangible assets - Research and development expenditure and Product development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) the intention to complete the intangible asset and use or sell it;
(iii) the ability to use or sell the intangible asset;
(iv) how the intangible asset will generate probable future economic benefits;
(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Internally-generated intangible assets - Research and development expenditure and Product development costs (Cont'd)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recogised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets which considered to have finite useful lives, are reported at cost less accumulated amortisation and any accumulated impairment losses using the straight-line basis over the commercial lives of the underlying products over a period not exceeding four years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the standard cost method, which approximates actual purchase cost.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw materials consists of purchase price plus the cost of bringing the inventories to their present location. Cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of factory overheads. Goods-in-transit is stated at cost.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

(ii) 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amortised cost and effective interest method (Cont'd)

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment revenue" line item (Note 6).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

(i) Investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

(ii) Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group and the Company have not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item (Note 7). Fair value is determined in the manner described in Note 33.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and amounts due from customers. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime expeted credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

(i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
(ii) significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
(iii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
(iv) an actual or expected significant deterioration in the operating results of the debtor;
(v) significant increases in credit risk on other financial instruments of the same debtor;
(vi) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group and the Company consider a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

(i) when there is a breach of financial covenants by the counterparty; or
(ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collaterals held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 180 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12 months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial assets (Cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when the transfer of the financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group and the Company, and commitments issued by the Group and the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which MFRS 3 *Business Combinations* applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 9 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities at FVTPL (Cont'd)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other gains and losses" line item (Note 7).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 33.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign currency forward contracts. Further details of derivative financial instruments are disclosed in Note 30.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or to be settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Segment information

For management purpose, the Group is organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operation decision officer for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents consist of bank balances, demand deposits which are not pledged and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions made 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 financial year are as stated below:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised.

(ii) Product development costs

Management's judgement is involved in determining the product development costs that qualifies for capitalisation and the impairment of product development costs (if any) as of March 31, 2020. As at March 31, 2020, the directors assessed the recoverability of the Group's product development costs which are included in the statements of financial position with a carrying amount of RM10,440,620 (2019: RM16,405,228). Product development costs that was capitalised during the year amounted to RM3,425,515 (2019: RM5,273,320) as disclosed in Note 17.

The product development projects continue to progress in a satisfactory manner and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the product development projects and the directors are confident that the carrying amount of the asset will be recovered in full. This situation is closely monitored, and adjustments will be made in future periods if future market activity indicates that such adjustments are appropriate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Impairment of investment in subsidiary companies

Determining whether investment in subsidiary companies are impaired requires an estimation of the fair value less cost of disposal. The fair value less costs of disposal calculation requires the Company to estimate the selling price. The carrying amount of the Company's investment in subsidiary companies as of March 31, 2020 was RM92,772,085 (2019: RM87,867,156) after accumulated impairment losses recognised of RM12,364,863 (2019: RM7,160,642).

(iii) Inventories

The Group makes an allowance for slow moving/obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management considers all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

(iv) Impairment of receivables

The carrying amount of trade and other receivables of the Group and of the Company as of March 31, 2020 were RM49,807,058 (2019: RM48,539,620) and RM11,805,388 (2019: RM11,534,184) respectively.

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables in the period in which such estimate has been changed.

As disclosed in Note 21, included in the amount of trade and other receivables is an amount of RM5,104,949 owing from IQ (America) Inc. ("IQA") which has past due beyond the credit period of 120 days and is outstanding for more than 1 year, has not been impaired as one of the directors which has substantial interest and is a director of IQA ("IQA director") has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so, failing which, the IQA director is able and will undertake to provide the required financial support to repay the said debt, within the next 12 months. The IQA director has also undertaken to provide continued support to enable IQA to meet its financial obligations within the next 12 months to enable IQA to continue as a going concern.

5. REVENUE

Revenue comprises of the following:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers	119,575,485	141,349,973	-	-
Management fee from subsidiary companies	-	-	5,898,604	5,822,393
Gross dividend income from subsidiary companies	-	-	8,340,000	6,120,000
Marketing service fee from subsidiary companies	-	-	856,166	848,712
	119,575,485	141,349,973	15,094,770	12,791,105

5. REVENUE (Cont'd)

Disaggregation of Group's revenue from contracts with customers:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Segment revenue				
Sale of goods:				
Manufacturing	113,252,602	137,613,274	-	-
Consignment	6,322,883	3,736,699	-	-
	119,575,485	141,349,973	-	-
Management fee from subsidiary companies	-	-	5,898,604	5,822,393
Gross dividend income from subsidiary companies	-	-	8,340,000	6,120,000
Marketing service fee from subsidiary companies	-	-	856,166	848,712
	119,575,485	141,349,973	15,094,770	12,791,105
Geographical markets				
European countries	68,726,474	68,288,544	-	-
Asia Pacific countries	36,384,007	51,276,262	15,094,770	12,791,105
United States of America	14,465,004	21,785,167	-	-
	119,575,485	141,349,973	15,094,770	12,791,105
Timing of revenue recognition				
At a point in time:				
Sale of goods	119,575,485	141,349,973	-	-
Over time:				
Management fee from subsidiary companies	-	-	5,898,604	5,822,393
Marketing service fee from subsidiary companies	-	-	856,166	848,712
Gross dividend income from subsidiary companies	-	-	8,340,000	6,120,000
	119,575,485	141,349,973	15,094,770	12,791,105

6. INVESTMENT REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income on short-term deposits	248,926	555,450	176,197	197,071
Interest income on loan to a subsidiary company	-	-	49,484	15,943
Lease income on operating lease	125,695	-	125,695	-
Rental income on premises	-	123,887	-	123,887
	374,621	679,337	351,376	336,901

6. INVESTMENT REVENUE (Cont'd)

The following is an analysis of investment revenue earned on financial assets by category of asset:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Financial assets at amortised cost (including cash and bank balances)	248,926	555,450	225,681	213,014

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Net foreign exchange gain/(loss):				
Realised	1,378,385	401,504	136,580	475,227
Unrealised	1,181,663	87,307	396,836	(53,309)
Government grant received	87,485	138,788	-	-
Gain on disposal of property, plant and equipment	18,577	35,320	-	-
Property, plant and equipment written off	(250)	(12,574)	(204)	(2)
Net fair value loss on other financial liabilities	(63,468)	-	-	-
Sundry income/(expenses)	125,396	268,422	(43,691)	295
	2,727,788	918,767	489,521	422,211

8. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Retrenchment compensation	248,290	1,003,305	-	-
Defined contribution plans	1,279,723	1,554,012	373,783	383,857
Other employee benefit expenses	38,747,598	41,147,756	4,711,389	4,690,769
	40,275,611	43,705,073	5,085,172	5,074,626

Other employee benefit expenses include directors' remuneration, salaries, bonuses, and all other employee related expenses.

Included in employee benefit expenses are expenses related to research and development department personnel amounting to RM3,570,858 (2019: RM2,127,769).

8. EMPLOYEE BENEFIT EXPENSES (Cont'd)

Details of remuneration of directors and officers who are the key management personnel of the Group and of the Company, are as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive				
Directors of the Company:				
Fees	120,000	120,000	120,000	120,000
Defined contribution plans	188,677	195,615	188,677	195,615
Other emoluments	1,572,179	1,636,496	1,572,179	1,636,496
Directors of subsidiary companies:				
Fees	857,638	824,654	-	-
Defined contribution plans	38,278	38,278	-	-
Other emoluments	279,305	279,305	-	-
Officers of the Company:				
Defined contribution plans	116,838	120,453	116,838	120,453
Other emoluments	1,250,491	1,248,968	1,250,491	1,248,968
Non-executive				
Directors of the Company:				
Fees	294,000	294,000	294,000	294,000
	4,717,406	4,757,769	3,542,185	3,615,532

The estimated cash value of benefits-in-kind, provided to directors is disclosed in Note 36.

9. FINANCE COSTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on lease liabilities	259,137	-	36,687	-

10. TAX EXPENSES

Tax expenses recognised in profit or loss

Tax expenses comprises:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current year:				
Current tax expenses:				
Malaysian	255,627	244,736	253,000	242,000
Foreign	984,843	1,369,430	34,844	20,837
Deferred tax relating to origination and reversal of temporary differences	(502,918)	(1,532,108)	-	-
	737,552	82,058	287,844	262,837
Adjustment recognised in the current year in relation to prior years:				
Current tax:				
Malaysian	438,818	94,780	165	(1,724)
Foreign	(79,861)	22,573	-	-
Deferred tax	581,153	205,648	-	-
	940,110	323,001	165	(1,724)
Total tax expenses	1,677,662	405,059	288,009	261,113

The Group is operating in the jurisdictions of Malaysia, Japan, British Virgin Islands and People's Republic of China.

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the year. The applicable domestic statutory income tax rates for foreign entities are 34% (2019: 34%) for Japan, tax exempted (2019: tax exempted) for British Virgin Islands and 25% (2019: 15% or 25%) for People's Republic of China.

10. TAX EXPENSES (Cont'd)

Tax expenses recognised in profit or loss (Cont'd)

The total tax expense for the year can be reconciled to the (loss)/profit before tax as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before tax	(17,263,138)	(1,770,929)	4,466,975	5,388,583
Tax expenses calculated using the Malaysian income tax rate of 24% (2019: 24%)	(4,143,153)	(425,023)	1,072,074	1,293,260
Effect of expenses that are not deductible in determining taxable profit	417,122	226,310	1,414,357	601,416
Utilisation of deferred tax assets previously not recognised	(464,616)	(53,043)	-	-
Deferred tax assets not recognised	5,328,415	-	-	-
Effect of different tax rates of subsidiary companies operating in other jurisdictions	1,228,120	1,095,717	-	-
Effect on deferred tax balances due to the change in income tax rate	-	226,996	-	-
Effect of revenue that is exempt from tax	(1,628,336)	(988,899)	(2,198,587)	(1,631,839)
	737,552	82,058	287,844	262,837
Adjustments recognised in the current year in relation to prior years:				
Current tax	358,957	117,353	165	(1,724)
Deferred tax	581,153	205,648	-	-
Tax expenses recognised in profit or loss	1,677,662	405,059	288,009	261,113

As of March 31, 2020, the unused tax losses and unused tax credits of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2020 RM	2019 RM
Unused tax losses:		
Expiring in financial year ending March 31, 2025	14,851,845	16,622,845
Expiring in financial year ending March 31, 2026	6,382,000	6,382,000
Expiring in financial year ending March 31, 2027	17,735,316	1,236,316
Expiring in financial year ending March 31, 2030	1,724,962	-
Unused tax credits	4,354,000	3,611,000
Total	45,048,123	27,852,161

11. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
After charging:				
Research and development expenses:				
Development costs written off	6,863,945	8,771	-	-
Amortisation of development costs	2,531,341	2,425,094	-	-
Lease expense on short-term leases	664,287	-	-	-
Rental of premises	-	305,342	-	-
Others	590,637	236,922	-	-
Depreciation of property, plant and equipment	2,678,515	2,666,488	9,731	10,513
Inventories written off	1,525,451	-	-	-
Amortisation of right-of-use assets	1,513,166	-	206,386	-
Audit fee	690,076	458,637	85,860	83,740
Allowance for slow moving inventories	542,919	-	-	-
Lease expense on short-term and low-value asset leases	368,136	-	3,731	-
Depreciation of investment properties	14,541	14,541	14,541	14,541
Impairment loss on investment in subsidiary companies	-	-	(5,204,221)	(1,901,289)
Rental of:				
Building	-	2,941,200	-	-
Premises	-	50,892	-	228,000
Storage space	-	2,227	-	2,227
Amortisation of prepaid lease payments on leasehold land	-	48,454	-	-

12. LOSS PER SHARE

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	The Group	
	2020	2019
	RM	RM
Loss attributable to ordinary equity holders of the Company (RM)	(18,940,800)	(2,175,988)
Number of ordinary shares for the purposes of basic loss per share (units)	88,028,550	88,028,550
Basic and diluted loss per ordinary share (sen)	(21.52)	(2.47)

There is no dilution in loss per share as the Company has no potential dilutive ordinary shares for both years 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Beginning of year RM	Additions RM	Translation effect RM	Disposals/ write-offs RM	Transfer RM	End of year RM
2020:						
Buildings	6,759,621	-	-	-	-	6,759,621
Plant and machinery	3,389,505	6,345	(20,180)	(1,180,287)	-	2,195,383
Factory equipment	10,551,767	927,947	65,711	(41,867)	-	11,503,558
Air conditioners	736,695	10,798	(3)	(5,021)	-	742,469
Furniture, fittings and office equipment	7,695,362	764,734	14,946	(111,307)	-	8,363,735
Renovation	2,273,546	1,811,629	18,628	(650,822)	-	3,452,981
Motor vehicles	186,102	103,535	19,328	(151,051)	-	157,914
Electrical installations	584,096	-	-	-	-	584,096
	32,176,694	3,624,988	98,430	(2,140,355)	-	33,759,757
2019:						
Buildings	6,759,621	-	-	-	-	6,759,621
Plant and machinery	5,755,909	263,492	(61,462)	(2,568,434)	-	3,389,505
Factory equipment	9,138,968	1,164,397	(102,670)	(682,590)	1,033,662	10,551,767
Air conditioners	730,812	17,770	(3,521)	(8,366)	-	736,695
Furniture, fittings and office equipment	8,226,527	388,948	(23,311)	(896,802)	-	7,695,362
Renovation	2,282,779	5,700	(8,257)	(6,676)	-	2,273,546
Motor vehicles	188,400	-	(2,298)	-	-	186,102
Electrical installations	584,096	-	-	-	-	584,096
Assets in progress	73,107	961,600	(1,045)	-	(1,033,662)	-
	33,740,219	2,801,907	(202,564)	(4,162,868)	-	32,176,694

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Translation effect RM	Disposals/ write-offs RM	End of year RM
2020:					
Buildings	2,246,476	160,463	-	-	2,406,939
Plant and machinery	2,798,541	125,042	(19,633)	(1,149,549)	1,754,401
Factory equipment	7,111,397	1,362,621	68,723	-	8,542,741
Air conditioners	554,145	43,481	321	(54)	597,893
Furniture, fittings and office equipment	3,984,216	715,483	8,463	(77,483)	4,630,679
Renovation	1,745,169	190,099	(9,145)	(650,810)	1,275,313
Motor vehicles	95,431	66,219	12,034	(146,270)	27,414
Electrical installations	468,631	15,107	-	-	483,738
	19,004,006	2,678,515	60,763	(2,024,166)	19,719,118

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group (Cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Translation effect RM	Disposals/ write-offs RM	End of year RM
2019:					
Buildings	2,086,013	160,463	-	-	2,246,476
Plant and machinery	4,769,468	338,161	(52,839)	(2,256,249)	2,798,541
Factory equipment	6,483,126	1,296,186	(85,247)	(582,668)	7,111,397
Air conditioners	521,728	43,472	(2,691)	(8,364)	554,145
Furniture, fittings and office equipment	4,212,694	665,410	(14,412)	(879,476)	3,984,216
Renovation	1,685,526	74,549	(8,231)	(6,675)	1,745,169
Motor vehicles	25,877	73,046	(3,492)	-	95,431
Electrical installations	453,430	15,201	-	-	468,631
	20,237,862	2,666,488	(166,912)	(3,733,432)	19,004,006

The Company

Cost	Beginning of year RM	Additions RM	Disposals/ write-off RM	End of year RM
2020:				
Furniture, fittings and office equipment	365,260	7,065	(5,037)	367,288
Motor vehicles	159,888	-	-	159,888
	525,148	7,065	(5,037)	527,176
2019:				
Furniture, fittings and office equipment	369,448	-	(4,188)	365,260
Motor vehicles	159,888	-	-	159,888
	529,336	-	(4,188)	525,148

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	End of year RM
2020:				
Furniture, fittings and office equipment	324,501	9,731	(4,833)	329,399
Motor vehicles	159,885	-	-	159,885
	484,386	9,731	(4,833)	489,284
2019:				
Furniture, fittings and office equipment	318,174	10,513	(4,186)	324,501
Motor vehicles	159,885	-	-	159,885
	478,059	10,513	(4,186)	484,386

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	The Group	
	2020	2019
	RM	RM
Net book value:		
Buildings	4,352,682	4,513,145
Plant and machinery	440,982	590,964
Factory equipment	2,960,817	3,440,370
Air conditioners	144,576	182,550
Furniture, fittings and office equipment	3,733,056	3,711,146
Renovation	2,177,668	528,377
Motor vehicles	130,500	90,671
Electrical installations	100,358	115,465
	14,040,639	13,172,688

	The Company	
	2020	2019
	RM	RM
Net book value:		
Furniture, fittings and office equipment	37,889	40,759
Motor vehicles	3	3
	37,892	40,762

14. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2020	2019
	RM	RM
Short-term leasehold land		
Balance at beginning of the year	1,463,629	1,512,083
Transferred to right-of-use assets	(1,463,629)	-
Amortisation during the year	-	(48,454)
Balance at end of the year	-	1,463,629

As of March 31, 2019, the unexpired lease period of the short-term leasehold land of the Group is 30 years.

As of March 31, 2019, short-term leasehold land with a carrying amount of RM1,463,629 has been pledged to a local licensed bank as securities for bank credit facilities granted to the Group as disclosed in Note 35.

15. RIGHT-OF-USE ASSETS

The Group

	Short-term leasehold land RM	Building RM	Motor vehicles RM	Total RM
Cost				
At April 1, 2019	-	-	-	-
Adoption of MFRS 16	-	4,145,327	-	4,145,327
Additions	-	1,997,864	153,000	2,150,864
Transfer from prepaid lease payments on leasehold land	2,506,557	-	-	2,506,557
Exchange differences	-	114,481	5,334	119,815
At March 31, 2020	2,506,557	6,257,672	158,334	8,922,563
Accumulated amortisation				
At April 1, 2019	-	-	-	-
Amortisation during the year	48,454	1,445,587	19,125	1,513,166
Transfer from prepaid lease payments on leasehold land	1,042,928	-	-	1,042,928
Exchange differences	-	27,458	667	28,125
At March 31, 2020	1,091,382	1,473,045	19,792	2,584,219
Net carrying amount				
At March 31, 2020	1,415,175	4,784,627	138,542	6,338,344

	Building RM
Cost	
At April 1, 2019	-
Adoption of MFRS 16	722,350
At March 31, 2020	722,350
Accumulated amortisation	
At April 1, 2019	-
Amortisation during the year	206,386
At March 31, 2020	206,386
Net carrying amount	
At March 31, 2020	515,964

The Group's right-of-use assets comprise leases of factory buildings, office buildings, hostels and car and the lease term ranging from 3 to 10 years. The Company's right-of-use assets comprise of office building with a lease term of 3 years.

As of March 31, 2020, the unexpired lease period of the short-term leasehold land of the Group and the Company is 29 years.

As of March 31, 2020, the short-term leasehold land of the Group with a carrying amount of RM1,415,175 has been charged to local licensed bank as securities for banking facilities granted to the Company as mentioned in Note 35.

The maturity analysis of lease liabilities is presented in Note 28.

16. INVESTMENT PROPERTIES

The Group and the Company

Cost	Beginning of year RM	Additions RM	Disposals/ write-off RM	End of year RM
2020:				
Freehold land	1,070,193	-	-	1,070,193
Building	727,057	-	-	727,057
	1,797,250	-	-	1,797,250
2019:				
Freehold land	1,070,193	-	-	1,070,193
Building	727,057	-	-	727,057
	1,797,250	-	-	1,797,250

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	End of year RM
2020:				
Building	133,298	14,541	-	147,839
2019:				
Building	118,757	14,541	-	133,298

	The Group and the Company 2020 RM	2019 RM
Net book value:		
Freehold land	1,070,193	1,070,193
Building	579,218	593,759
	1,649,411	1,663,952
At fair value:	2,044,350	1,994,000

The fair value of the Group's and the Company's investment properties have been arrived at based on an indicative market values by reference to market evidence of transaction prices for similar properties.

The rental income earned by the Group and the Company from investment property during the year is RM125,695 (2019: RM123,887).

17. PRODUCT DEVELOPMENT COSTS

	The Group 2020 RM	The Group 2019 RM
At cost:		
Balance at beginning of the year	28,071,242	22,806,693
Additions from internal development during the year	3,425,515	5,273,320
Write-off during the year	(15,616,197)	(8,771)
Balance at end of the year	15,880,560	28,071,242
Accumulated amortisation:		
Balance at beginning of the year	(12,316,366)	(9,891,272)
Charge for the year	(2,531,341)	(2,425,094)
Write-off during the year	8,752,252	-
Balance at end of the year	(6,095,455)	(12,316,366)
Translation effect	655,515	650,352
Net	10,440,620	16,405,228

Product development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities or projects.

The Group capitalises the product development costs when all of the following have been demonstrated:

(a) the product is clearly defined and the costs attributable to the product can be separately identified and measured reliably;
(b) the technical feasibility of the product can be demonstrated;
(c) the Group intends to produce or to market the product;
(d) the existence of a market for the product; and
(e) adequate resources exist and are available to complete the project and market the product.

Product development costs are amortised over the life span of the products (not exceeding four years) based on the pattern of related economic benefits reflected.

The Group reviews the carrying amount of the product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indications exist, the carrying amount of the product development costs are reduced to the recoverable amount which is determined based on four years discounted cash flows prepared by management.

The key assumptions used in preparation of discounted cash flows are as follows:

(a) the anticipated annual revenue growth rate is Nil%, 5% and 10% (2019: 5%) per annum for years 2021 to 2025;
(b) profit margins are projected based on the historical profit margin achieved or predetermined profit margin for the products; and
(c) A pre-tax discount rate of 12.10% (2019: 6.74%) per annum has been applied in determining the recoverable amount.

Based on these assumptions, the management are of the view that no impairment loss is required as the recoverable amount determined is higher than the carrying amount of the product development costs.

18. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2020 RM	The Company 2019 RM
Unquoted shares, at cost		
Balance at beginning of the year	95,027,798	94,205,798
Additions during the year	10,109,150	822,000
Balance at end of the year	105,136,948	95,027,798
Accumulated impairment		
Balance at beginning of the year	(7,160,642)	(5,259,353)
Impairment during the year	(5,204,221)	(1,901,289)
Balance at end of the year	(12,364,863)	(7,160,642)
	92,772,085	87,867,156

During the year, the Company had increased its investment in IQ Group (Wuning) Ltd. by way of capital injection of USD2,450,000 (2019: USD200,000), equivalent to RM10,109,150 (2019: RM822,000), via cash contribution.

The impairment recognised during the year amounting to RM5,204,221 (2019: RM1,901,289) is attributable to investment in IQ Group Sdn. Bhd.

The subsidiary companies are as follows:

Name of companies	Place of incorporation and operation	Proportion of ownership interests and voting power held by the Group 2020	Proportion of ownership interests and voting power held by the Group 2019	Principal activities
IQ Group Sdn. Bhd.	Malaysia	100%	100%	Manufacture of passive infrared detectors, motion sensor light controllers and wireless video communication device
IQ Group (Dongguan) Ltd. [(a)]	People's Republic of China	100%	100%	Manufacturing and sales of passive infrared detectors, motion sensor light controllers, door bells, home security system, lighting fixtures and plastic products
IQ Group (Wuning) Ltd. [(a)]	People's Republic of China	100%	100%	Manufacturing and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances
IQ Japan Co., Ltd. [(a)]	Japan	100%	100%	Distribution of security lighting systems
IQ Group Limited [(b)]	British Virgin Islands	100%	100%	Distribution of passive infrared detectors and motion sensor light controllers, ceased operations since 2015

18. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Name of companies	Place of incorporation and operation	Proportion of ownership interests and voting power held by the Group 2020	2019	Principal activities
IQ Industries Limited [(b)]	British Virgin Islands	100%	100%	Distribution of passive infrared detectors, motion sensor light controllers, door chimes & home control products and strategic sourcing, procurement & supplier management
SILQ (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Development, design, manufacture, sale and distribution of Light Emitting Diode ("LED") Luminaires and the manufacture of light engines for use in luminaires, ceased operations since 2016

(a) The financial statements of these companies were audited by member firms of Deloitte in the respective countries.
(b) Audited by Deloitte PLT for purposes of consolidation.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Country of incorporation	Number of wholly-owned subsidiary companies 2020	2019
Manufacture of passive infrared detectors, motion sensor light controllers and wireless video communication device	Malaysia	1	1
Manufacturing and sales of passive infrared detectors, motion sensor light controllers, door bells, home security system, lighting fixtures, plastic products, sensor lighting, sensor product, wireless product, security product and household electrical appliances	People's Republic of China	2	2
Distribution of security lighting systems	Japan	1	1
Distribution of passive infrared detectors, motion sensor light controllers, door chimes & home control products and strategic sourcing, procurement & supplier management	British Virgin Islands	1	1
Ceased operations	Malaysia/British Virgin Islands	2	2
		7	7

19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax balances are presented in the statements of financial position after offsetting as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets	685,408	764,561	-	-
Deferred tax liabilities	(8,000)	(8,000)	(8,000)	(8,000)
Net	677,408	756,561	(8,000)	(8,000)

The movement in deferred tax assets/(liabilities) during the year prior to offsetting are as follows:

	Opening balance RM	Recognised in profit or loss RM	Currency Translation Difference RM	Closing balance RM
The Group				
2020				
Deferred tax assets				
Unused tax losses	3,328,000	(758,000)	-	2,570,000
Unused tax capital allowances	751,000	(34,000)	-	717,000
Accelerated depreciation	90,093	(51,062)	(52)	38,979
Other deductible temporary difference	698,468	230,827	(866)	928,429
	4,867,561	(612,235)	(918)	4,254,408
Deferred tax liabilities				
Product development costs	(3,193,000)	904,000	-	(2,289,000)
Property, plant and equipment	(958,000)	14,000	-	(944,000)
Other taxable temporary difference	40,000	(384,000)	-	(344,000)
	(4,111,000)	534,000	-	(3,577,000)
Net	756,561	(78,235)	(918)	677,408
2019				
Deferred tax assets				
Unused tax losses	1,911,000	1,417,000	-	3,328,000
Unused tax capital allowances	640,000	111,000	-	751,000
Accelerated depreciation	306,504	(215,784)	(627)	90,093
Other deductible temporary difference	894,920	(191,756)	(4,696)	698,468
	3,752,424	1,120,460	(5,323)	4,867,561
Deferred tax liabilities				
Product development costs	(2,801,000)	(392,000)	-	(3,193,000)
Property, plant and equipment	(1,207,000)	249,000	-	(958,000)
Other taxable temporary difference	(309,000)	349,000	-	40,000
	(4,317,000)	206,000	-	(4,111,000)
Net	(564,576)	1,326,460	(5,323)	756,561

19. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

The movement in deferred tax assets/(liabilities) during the year prior to offsetting are as follows: (Cont'd)

	Opening balance RM	Recognised in profit or loss RM	Closing balance RM
The Company			
2020			
Deferred tax assets			
Other deductible temporary differences	27,000	-	27,000
Deferred tax liability			
Property, plant and equipment	(35,000)	-	(35,000)
Net	(8,000)	-	(8,000)
2019			
Deferred tax assets			
Other deductible temporary differences	27,000	-	27,000
Deferred tax liability			
Property, plant and equipment	(35,000)	-	(35,000)
Net	(8,000)	-	(8,000)

As mentioned in Note 3, the tax effects of the deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of March 31, 2020, the estimated gross amount of the deductible temporary differences, unused tax losses and unused tax credits, for which the deferred tax assets are not recognised in the financial statements due to uncertainty of its realisation, is as follows:

	The Group	
	2020 RM	2019 RM
Unused tax losses	29,984,123	9,557,211
Unused tax credits	1,367,000	1,367,000
Other deductible temporary differences	1,495,743	236,010
Total	32,846,866	11,160,221

20. INVENTORIES

	The Group	
	2020	2019
	RM	RM
At cost:		
Raw materials	20,597,148	21,584,966
Work-in-progress	17,695,312	17,926,277
Finished goods	10,410,934	12,213,347
Goods-in-transit	169,595	94,503
	48,872,989	51,819,093

The Group's cost of inventories sold during the financial year amounted to RM96,283,371 (2019: RM109,485,376).

The cost of inventories recognised as an expense includes RM1,525,451 (2019: RM Nil) in respect of inventories written off. The cost of inventories has been increased by RM542,919 (2019: RM Nil) in respect of the allowance for slow moving inventories.

21. TRADE AND OTHER RECEIVABLES

	The Group	
	2020	2019
	RM	RM
Trade receivables	44,732,242	46,114,006
Other receivables	5,074,816	2,425,614
	49,807,058	48,539,620

	The Company	
	2020	2019
	RM	RM
Amount owing by subsidiary companies	11,736,482	11,466,670
Other receivables	68,906	67,514
	11,805,388	11,534,184

21. TRADE AND OTHER RECEIVABLES (Cont'd)

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	41,326,068	41,730,251	10,859,675	9,799,903
Renminbi	4,520,224	1,319,624	-	-
Japanese Yen	2,270,472	3,752,754	129,252	143,672
Ringgit Malaysia	1,684,118	1,147,615	598,162	1,159,345
Euro	2,883	584,488	-	-
New Taiwan Dollar	486	228	-	-
Great Britain Pound	-	1,205	218,299	431,264
Other currencies	2,807	3,455	-	-
	49,807,058	48,539,620	11,805,388	11,534,184

The average credit periods granted by the Group range from 30 to 120 days (2019: 30 to 120 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. Allowance for impairment loss are recognised against trade receivables exceeded credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 180 days past due and the Group confirms that the debts are uncollectible, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Aging of past due but not impaired trade and other receivables:

	The Group	
	2020 RM	2019 RM
Number of days past due		
0 to 30 days	5,330,622	7,502,710
31 to 60 days	3,437,220	3,753,254
61 to 90 days	782,889	3,320,387
91 to 120 days	1,856,863	326,071
More than 120 days	11,439,583	8,187,475
Total	22,847,177	23,089,897

21. TRADE AND OTHER RECEIVABLES (Cont'd)

Included in the above amount of trade and other receivables is an amount of RM5,104,949 owing from IQ (America) Inc. ("IQA") which has past due beyond the credit period of 120 days and is outstanding for more than 1 year, has not been impaired as the IQA director has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so, failing which, the IQA director is able and will undertake to provide the required financial support to repay the said debt, within the next 12 months. The IQA director has also undertaken to provide continued support to enable IQA to meet its financial obligations within the next 12 months to enable IQA to continue as a going concern.

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

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period.

The amount owing by subsidiary companies are as follows:

	The Company	
	2020 RM	2019 RM
IQ Industries Limited	10,791,642	6,879,769
IQ Group Sdn. Bhd.	747,556	1,523,095
IQ Japan Co., Ltd.	129,251	143,672
IQ Group (Dongguan) Ltd.	68,033	2,875,462
IQ Group Limited	-	44,672
	11,736,482	11,466,670

Included in amount owing from subsidiary companies is RM Nil (2019: RM2,859,000) representing loan given to a subsidiary company which bears interest at a rate of Nil % (2019: 2.5%) per annum and is repayable within one year.

Except the loan as disclosed above, the amount owing by subsidiary companies arose mainly from management fee receivable, marketing service fee receivable and advances which are unsecured, interest free and are repayable on demand.

The financial statements of the Company reflect the following significant intercompany transactions which are based on terms negotiated between the Company and its subsidiary companies:

	The Company	
	2020 RM	2019 RM
IQ Group Sdn. Bhd.:		
Management fee received/receivable	2,020,730	2,294,452
Marketing service fee received/receivable	865,165	848,712
Rental of premises paid/payable	228,000	228,000
IQ Industries Limited:		
Dividend receivable	8,340,000	6,120,000
Management fee received/receivable	3,470,127	3,095,663
IQ Group (Dongguan) Ltd.:		
Loan receivable	-	2,912,000
Interest income received/receivable	49,484	15,943
Repayment of loan	2,912,000	-
IQ Japan Co., Ltd.:		
Management fee received/receivable	407,748	432,278

Other receivables comprise mainly of goods and services tax refundable.

22. OTHER ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Prepayments:				
Property, plant and equipment	457,794	471,600	-	-
Purchases of moulds	129,696	256,476	-	-
Others	598,340	1,482,514	-	-
Refundable deposits	231,898	236,765	2,000	2,000
	1,417,728	2,447,355	2,000	2,000

Other prepayments comprise mainly of prepayments to suppliers.

The currency exposure profile of other assets is as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Renminbi	572,004	1,080,088	-	-
Ringgit Malaysia	498,790	1,113,602	2,000	2,000
Japanese Yen	218,980	203,301	-	-
United States Dollar	127,954	50,364	-	-
	1,417,728	2,447,355	2,000	2,000

23. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The currency exposure profile of short-term deposits with licensed banks is as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	6,485,000	4,400,000	5,980,000	4,000,000

The short-term deposits with licensed banks of the Group carries interest at rates of 1.95% to 2.70% (2019: 3.00% and 3.10%) per annum with a maturity period ranging from 12 to 117 days (25 to 68 days). The short-term deposits with a licensed bank of the Company carries interest at rates of 2.67 and 2.70% (2019: 3.10%) per annum with a maturity period of 12 to 25 days (2019: 25 days).

24. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Renminbi	6,825,987	2,123,118	-	-
Ringgit Malaysia	3,720,792	3,713,837	83,312	2,172,081
United States Dollar	3,144,658	11,203,737	516,778	1,777,605
Japanese Yen	1,288,286	2,154,410	-	-
New Taiwan Dollar	420,484	560,740	-	-
Great Britain Pound	173,765	31,826	55,943	30,990
Hong Kong Dollar	9,471	2,933	-	-
Euro	2,614	2,533	-	-
Singapore Dollar	289	-	-	-
	15,586,346	19,793,173	656,033	3,980,676

25. ISSUED CAPITAL

	The Company			
	2020 Number of shares	2019 Number of shares	2020 RM	2019 RM
Fully paid ordinary shares	88,028,550	88,028,550	96,177,462	96,177,462

The holders of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All fully paid ordinary shares rank pari passu with regards to the Company's assets.

At the Annual General Meeting held on August 29, 2019, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital. During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares from the open market.

26. RESERVES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Translation reserve	4,423,758	3,499,126	-	-
Legal reserve	125,136	125,136	-	-
	4,528,894	3,624,262	-	-

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary companies. Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The Companies Act of Japan requires that an amount equal to 10% of dividends must be appropriated as legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the ordinary shares.

27. RETAINED EARNINGS

The entire retained earnings of the Company as of the end of the reporting period is available for distribution as single-tier dividends to the shareholders of the Company.

28. LEASE LIABILITIES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current – Amount due for settlement within 12 months	1,599,566	-	203,011	-
Non current – Amount due for settlement after 12 months	3,274,044	-	328,026	-
	4,873,610	-	531,037	-

The weighted average incremental borrowing rates applied to the lease liabilities of the Group and the Company are 4.66% and 5.95% per annum respectively.

Future minimum lease payments under the lease liabilities together with the present value of the minimum lease payment are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	1,787,026	-	228,000	-
Between 1 year to 5 years	3,579,321	-	342,000	-
Later than 5 years	112,785	-	-	-
Total minimum lease payments	5,479,132	-	570,000	-
Less: Amount representing finance charges	(605,522)	-	(38,963)	-
Present value of minimum lease payments	4,873,610	-	531,037	-
Present value of payments:				
Not later than 1 year	1,599,566	-	203,011	-
Between 1 year to 5 years	3,170,324	-	328,026	-
Later than 5 years	103,720	-	-	-
Present value of minimum lease payments	4,873,610	-	531,037	-
Less: Amount due within 12 months	(1,599,566)	-	(203,011)	-
Amount due after 12 months	3,274,044	-	328,026	-

28. LEASE LIABILITIES (Cont'd)

The table below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's and the Company's statement of cash flows as cash flows financing activities:

	The Group					
	1.4.2019	Adoption of MFRS 16	Cash flows used in financing activities	Finance costs	Other changes	31.3.2020
	RM	RM	RM	RM	RM	RM
Lease liabilities	-	4,145,327	(1,772,716)	259,137	2,241,862	4,873,610

	The Company					
	1.4.2019	Adoption of MFRS 16	Cash flows used in financing activities	Finance costs	Other changes	31.3.2020
	RM	RM	RM	RM	RM	RM
Lease liabilities	-	722,350	(228,000)	36,687	-	531,037

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's and the Company's finance department.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade payables	15,659,166	12,357,882	-	-
Amount owing to a subsidiary company	-	-	554,277	969,384
Other payables	8,547,626	7,708,211	64,221	64,221
Accrued expenses	4,435,439	3,114,520	198,516	273,518
	28,642,231	23,180,613	817,014	1,307,123

Included in other payables of the Group are accruals for social insurance and housing fund liabilities of RM1,641,319 (2019: RM1,641,859).

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Renminbi	16,922,809	13,444,468	-	-
Ringgit Malaysia	8,168,018	6,648,960	817,014	1,307,123
United States Dollar	2,261,100	1,879,712	-	-
Japanese Yen	658,322	686,389	-	-
New Taiwan Dollar	606,370	517,740	-	-
Euro	20,620	3,344	-	-
Singapore Dollar	4,992	-	-	-
	28,642,231	23,180,613	817,014	1,307,123

29. TRADE AND OTHER PAYABLES (Cont'd)

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 120 days (2019: 30 to 120 days). No interest is charged on outstanding trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
The amount owing to a subsidiary company is as follows:

	The Company	
	2020	2019
	RM	RM
IQ Group Sdn. Bhd.	554,277	969,384

The amount owing to a subsidiary company is non-trade in nature, interest free and is repayable on demand.

Other payables and accrued expenses comprise mainly amounts outstanding for ongoing costs.

30. OTHER FINANCIAL LIABILITIES

	The Group	
	2020	2019
	RM	RM
Financial liabilities carried at fair value through profit or loss		
Derivative financial instruments:		
Foreign currency forward contracts	63,468	-

The Group uses foreign currency forward contracts to manage some of the transaction exposure to foreign exchange risks. These contracts are not designated as cash flow or fair value hedges but are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts. These contracts are maturing within April 2020 to July 2020.

31. DIVIDENDS

	The Group and the Company	
	2020	2019
	RM	RM
Declared and paid:		
Second interim single tier dividend of RM0.05 per ordinary share, in respect of the financial year ended March 31, 2018	-	4,401,428

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short-term deposits with licensed banks	6,485,000	4,400,000	5,980,000	4,000,000
Cash and bank balances	15,586,346	19,793,173	656,033	3,980,676
	22,071,346	24,193,173	6,636,033	7,980,676
Less: Short-term deposits with licensed banks with maturity period of more than 3 months	(5,000)	-	-	-
	22,066,346	24,193,173	6,636,033	7,980,676

33. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. Management monitors capital based on ability of the Group and the Company to generate sustainable profits. The Group's and the Company's overall strategy remains unchanged from 2019.

b. Categories of financial instruments

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
At amortised cost:				
Trade and other receivables	48,289,549	46,975,424	11,741,101	11,469,897
Refundable deposits	231,898	236,765	2,000	2,000
Cash and bank balances	22,071,346	24,193,173	6,636,033	7,980,676
Financial liabilities				
At amortised cost:				
Trade and other payables	28,642,231	23,180,613	817,014	1,307,123
Lease liabilities	4,873,610	-	531,037	-
At fair value through profit or loss:				
Other financial liabilities	63,468	-	-	-

c. Financial risk management objectives and policies

The operations of the Group and the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group and the Company seek to minimise the effects of these risks using derivative financial instruments to hedge risks exposures. The use of financial derivative is governed by the Group's and the Company's policies approved by the Board of Directors. The Group and the Company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

The Group and the Company have in place policies to manage the Group's and the Company's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's and the Company's exposure to market risk or the manner in which these risks are managed and measured.

33. FINANCIAL INSTRUMENTS (Cont'd)

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

ii. Foreign currency risk management

The Group and the Company have exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. The Group and the Company enter into derivative financial instruments to manage its exposure to foreign currency risk, including foreign currency forward contracts to hedge the exchange rate risks arising on foreign currency transactions.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group	
	2020	2019
	RM	RM
Assets		
United States Dollar	44,598,680	52,984,352
Renminbi	11,918,215	4,522,830
Japanese Yen	3,777,738	6,110,465
New Taiwan Dollar	420,970	560,968
Great Britain Pound	173,765	33,031
Euro	5,497	587,021
Liabilities		
Renminbi	16,922,809	13,444,468
United States Dollar	2,261,100	1,879,712
Japanese Yen	658,322	686,389
New Taiwan Dollar	606,370	517,740
Euro	20,620	3,344

	The Company	
	2020	2019
	RM	RM
Assets		
United States Dollar	11,376,453	11,577,508
Great Britain Pound	274,242	462,254
Japanese Yen	129,252	143,672

The following table details the Group's and the Company's sensitivity to a 10% (2019: 10%) increase and decrease in the RM against the relevant foreign currencies. 10% (2019: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2019: 10%) change in foreign currency rates. A positive number below indicates a decrease in the Group's loss net of tax (an increase in the Company's profit net of tax) and a negative number indicates an increase in the Group's loss net of tax (a decrease in the Company's profit net of tax) where the RM strengthens 10% (2019: 10%) against the relevant currency. For a 10% (2019: 10%) weakening of the RM against the relevant currency, it would have had equal but opposite effect on the below currencies to the amounts shown below.

33. FINANCIAL INSTRUMENTS (Cont'd)

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

ii. Foreign currency risk management (Cont'd)

	The Group	
	2020	2019
	RM	RM
Impact on profit or loss		
United States Dollar	(4,233,758)	(5,110,464)
Japanese Yen	(311,942)	(542,408)
Renminbi	500,459	892,164
New Taiwan Dollar	18,540	(4,323)
Great Britain Pound	(17,377)	(3,303)
Euro	1,512	(58,367)

	The Company	
	2020	2019
	RM	RM
Impact on profit or loss		
United States Dollar	(1,137,645)	(1,157,751)
Great Britain Pound	(27,424)	(46,225)
Japanese Yen	(12,925)	(14,467)

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the end of the reporting period, approximately 89% (2019: 93%) of the Group's trade receivables were due from 10 (2019: 10) major customers. The amount owing from IQ (America) Inc. as at March 31, 2020, which is one of the Group's 10 major customers, amounted to approximately 40% (2019: 38%) of the Group's trade receivables. As disclosed in Note 21, included in the amount of trade and other receivables is an amount of RM5,104,949 owing from IQ (America) Inc. ("IQA") which has past due beyond the credit period of 120 days and is outstanding for more than 1 year, has not been impaired as the IQA director has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so, failing which, the IQA director is able and will undertake to provide the required financial support to repay the said debt, within the next 12 months. The IQA director has also undertaken to provide continued support to enable IQA to meet its financial obligations within the next 12 months to enable IQA to continue as a going concern.

Apart from these major customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparties did not exceed 2% (2019: 3%) of gross trade receivables at the end of the reporting period.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

Further details of credit risks on trade receivables are disclosed in Note 21.

33. FINANCIAL INSTRUMENTS (Cont'd)

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

iv. Interest rate risk management

The Group's and the Company's exposure to changes in interest rates relates primarily to the Group's and the Company's short-term deposits. The Group and the Company have no interest-bearing financial liabilities.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and financial liabilities. Note 35 sets out details of the additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company was required to pay. The table includes only principal cash flows.

	The Group	
	2020 RM	2019 RM
Trade and other payables		
Not later than one year	28,642,231	23,180,613
Lease liabilities		
Not later than 1 year	1,599,566	-
Between 1 year to 5 years	3,170,324	-
Later than 5 years	103,720	-
	4,873,610	-

	The Company	
	2020 RM	2019 RM
Trade and other payables		
Not later than one year	817,014	1,307,123
Lease liabilities		
Not later than 1 year	203,011	-
Between 1 year to 5 years	328,026	-
	531,037	-

Further details of derivative financial instruments, foreign currency forward contracts, are disclosed in Note 30.

33. FINANCIAL INSTRUMENTS (Cont'd)

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

vi. Cash flow risk management

The Group and the Company review its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

d. Foreign currency forward contracts

It is the policy of the Group and the Company to enter into foreign currency forward contracts to cover specific foreign currency payments and receipts. The Group and the Company also enter into foreign currency forward contracts to manage the risk associated with anticipated sale and purchase transactions.

The following table details the foreign currency forward contracts outstanding as at the end of the reporting period:

The Group

Outstanding contracts	Average exchange rate	Foreign currency USD	Contract value RM	Fair value gain RM
Buy USD				
2020:				
Less than 12 months	4.2174	500,000	2,108,190	63,468
2019:				
Less than 12 months	-	-	-	-

e. Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

i. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used).

	The Group 2020 RM	2019 RM
Foreign currency forward contracts:		
Fair value:		
Liabilities	63,468	-

Fair value hierarchy	Level 2
Valuation technique and key input	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Significant unobservable input	Not applicable
Relationship of unobservable input to fair value	Not applicable

There was no transfer between Levels 1 and 2 during the period.

33. FINANCIAL INSTRUMENTS (Cont'd)

e. Fair value measurements (Cont'd)

ii. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the short maturity of these financial instruments.

34. RELATED PARTY BALANCES AND TRANSACTIONS

Included in the following accounts of the Group as of March 31, 2020 are amounts owing by/(to) the following related parties:

	The Group	
	2020	2019
	RM	RM
Trade receivables:		
IQ (America) Inc. *	17,932,551	18,069,377
Trade payables:		
Interquartz Taiwan Ltd. *	(674,780)	(725,917)
IQ (America) Inc. *	-	(93,499)

* A company in which a director has substantial interests and is a director.

The amount owing by/(to) related parties, included in trade receivables and trade payables arose mainly from trade transactions. The credit periods granted by/(to) related parties range from 30 to 120 days (2019: 30 to 120 days).

As disclosed in Note 21, included in the amount of trade and other receivables is an amount of RM5,104,949 owing from IQ (America) Inc. ("IQA") which has past due beyond the credit period of 120 days and is outstanding for more than 1 year, has not been impaired as the IQA director has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so, failing which, the IQA director is able and will undertake to provide the required financial support to repay the said debt, within the next 12 months. The IQA director has also undertaken to provide continued support to enable IQA to meet its financial obligations within the next 12 months to enable IQA to continue as a going concern.

The financial statements of the Group reflect the following significant related party transactions which are based on terms negotiated between the Group and its related parties:

	The Group	
	2020	2019
	RM	RM
With related parties:		
IQ (America) Inc.:		
Sale of finished goods	8,596,589	12,266,520
Sales commission paid/payable	797,063	900,556
Interquartz Taiwan Ltd.:		
Purchase of raw materials	3,951,598	6,039,917
Lease expense on short-term leases paid/payable	1,170,549	-
Sales commission paid/payable	150,957	211,489
Rental paid/payable	-	1,155,096

The significant intercompany transactions between the holding company and its subsidiary companies are disclosed in Note 21.

34. RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The remuneration of key management personnel is disclosed in Notes 8 and 36.

35. BANKING FACILITIES

The Group has bank overdraft and other banking facilities which are secured by legal charges over certain lands and buildings of one of the subsidiary company and covered by a negative pledge over one of the subsidiary company's assets. The Group's banking facilities were also covered by corporate guarantee given by the Company.

The bank overdraft and other banking facilities bear interest at a rate of 1.5% (2019: 1.5%) per annum above the lending banks' base lending rates.

As of March 31, 2020, the Group has unused bank overdraft and other banking facilities as follows:

	The Group	
	2020	2019
	RM	RM
Secured	8,878,000	29,278,000

36. DIRECTORS' BENEFITS-IN-KIND

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Estimated cash value of benefits-in-kind provided to directors	236,914	180,628	197,314	141,028

37. OPERATING LEASE COMMITMENTS

As of March 31, 2019, non-cancellable lease commitments payable in respect of rental of premises and office equipment are as follows:

	The Group	The Company
	2019	2019
	RM	RM
Not later than one year	1,357,158	228,000
Later than one year and not later than five years	3,478,409	570,000
	4,835,567	798,000

38. CAPITAL COMMITMENTS

As of March 31, 2020, the Group has the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group	
	2020 RM	2019 RM
Approved and contracted for	356,926	142,814

39. SEGMENTAL REPORTING

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services provided. The Group's reportable segments under MFRS 8 *Operating Segments* are therefore as follows:

a. investment holding (includes management services)
b. manufacturing of passive infrared detectors, motion sensor light controllers, wireless video communication devices, door bells, home security system, lighting fixtures and plastic products, development, design, manufacture, sale and distribution of LED Luminaires and the manufacture of light engines for use in luminaires
c. trading of security lighting systems, passive infrared detectors and motion sensor light controllers

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2020					
Revenue					
External revenue	-	91,125,033	28,450,452	-	119,575,485
Inter-segment revenue	15,094,770	102,056,320	114,786,879	(231,937,969)	-
Total revenue	15,094,770	193,181,353	143,237,331	(231,937,969)	119,575,485
Results					
Segment profit/(loss)	8,866,986	(16,356,691)	(4,835,166)	(7,781,539)	(20,106,410)
Investment revenue					374,621
Other gains					2,727,788
Finance costs					(259,137)
Loss before tax					(17,263,138)
Tax expense					(1,677,662)
Loss for the year					(18,940,800)

39. SEGMENTAL REPORTING (Cont'd)

Segment revenue and results (Cont'd)

The Group (Cont'd)

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2019					
Revenue					
External revenue	-	97,766,965	43,583,008	-	141,349,973
Inter-segment revenue	12,791,105	121,079,886	125,581,291	(259,452,282)	-
Total revenue	12,791,105	218,846,851	169,164,299	(259,452,282)	141,349,973
Results					
Segment profit/ (loss)	6,530,760	1,895,764	(4,725,432)	(7,070,125)	(3,369,033)
Investment revenue					679,337
Other gains					918,767
Loss before tax					(1,770,929)
Tax expense					(405,059)
Loss for the year					(2,175,988)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without investment revenue, other gains and losses and tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2020					
Assets					
Segment assets	8,910,206	135,413,077	13,242,255	(2,927,403)	154,638,135
Current and deferred tax assets					1,999,731
Consolidated total assets					156,637,866
Liabilities					
Segment liabilities	793,774	29,888,970	3,364,134	(531,037)	33,515,841
Other financial liabilities					63,468
Current and deferred tax liabilities					918,328
Consolidated total liabilities					34,497,637

39. SEGMENTAL REPORTING (Cont'd)

Segment assets and liabilities (Cont'd)

The Group (Cont'd)

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2019					
Assets					
Segment assets	9,754,904	135,294,884	17,505,496	(2,850,546)	159,704,738
Current and deferred tax assets					5,543,617
Consolidated total assets					165,248,355
Liabilities					
Segment liabilities	337,739	20,619,700	2,223,174	-	23,180,613
Other financial liabilities					-
Current and deferred tax liabilities					1,911,345
Consolidated total liabilities					25,091,958

For the purposes of monitoring segment performance and allocating resources between segments:

a. all assets allocated to reportable segments other than current and deferred tax assets.
b. all liabilities are allocated to reportable segments other than other financial liabilities, current and deferred tax liabilities.

Other segment information

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2020					
Other information					
Addition to non-current assets	7,065	9,016,885	177,417	-	9,201,367
Depreciation and amortisation expenses	230,658	6,147,517	580,168	(220,780)	6,737,563
Development costs written off	-	6,203,461	747,597	(87,113)	6,863,945
Non-cash (income)/expenses other than depreciation and amortisation	(533,212)	300,075	(97,654)	(115,746)	(447,537)
2019					
Other information					
Addition to non-current assets	-	8,075,227	-	-	8,075,227
Depreciation and amortisation expenses	25,054	4,833,094	273,670	22,759	5,154,577
Non-cash (income)/expenses other than depreciation and amortisation	(421,916)	(343,035)	252,471	9,694	(502,786)

Revenue from major products and services

Analysis of revenue from major products and services was not disclosed as it is not practical to analyse this information without incurring excessive cost.

39. SEGMENTAL REPORTING (Cont'd)

Geographical information

The Group's manufacturing activities are located in Malaysia and People's Republic of China and trading activities are located in Japan and Taiwan.

The Group's revenue from external customers attributed to countries of domicile of the Company and its subsidiary companies are detailed below:

	The Group	
	2020	2019
	RM	RM
Malaysia	90,496,223	97,766,964
Japan	26,672,387	37,492,586
Taiwan	1,778,065	6,090,423
People's Republic of China	628,810	-
	119,575,485	141,349,973

The Group's revenue from external customers attributed to countries from which the Company and its subsidiary companies derive revenue are detailed below:

	The Group	
	2020	2019
	RM	RM
European countries	68,726,474	68,288,544
Asia Pacific countries	36,384,007	51,276,262
United States of America	14,465,004	21,785,167
	119,575,485	141,349,973

Information about the Group's non-current assets by location are detailed below:

	The Group	
	2020	2019
	RM	RM
Malaysia	22,308,997	27,333,793
People's Republic of China	10,088,778	4,599,399
Japan	755,357	98,714
Taiwan	1,290	1,438,152
	33,154,422	33,470,058

Information about major customers

Included in revenue of the Group is revenue amounting to RM13,416,392 (2019: RM13,758,563) and RM12,605,997 (2019: RM13,093,079) which arose from sales to the Group's largest and second largest customers respectively.

40. SIGNIFICANT EVENT

The World Health Organization in March 2020 declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. The COVID-19 outbreak in the People's Republic of China resulted in a lockdown in the affected areas whereby employees' resumption to work and material supply from the subsidiaries' vendors were delayed, therefore causing unforeseen interruption to both production and shipment. In Malaysia, the Malaysian Government has taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on March 18, 2020. However, the subsidiary's operation was not significantly interrupted as the subsidiary has successfully obtained approval from the Ministry of International Trade and Industry ("MITI") to operate during the MCO period. This approval from MITI allowed the operations in Malaysia to operate at 50% workforce with effect from April 19, 2020 and at 100% workforce with effect from April 29, 2020. On the other hand, the operations in Japan was not interrupted as business activities were not restricted in the area which the subsidiary operates.

The COVID-19 outbreak may affect the business performance and position of the Group mainly resulting from reduced consumer demand for goods due to lost income and/or restrictions on consumers' ability to move freely and disruption of supply chains due to restrictions placed on the movement of people and goods. Meanwhile, due to the inherent nature and unpredictability of future development of COVID-19 and market sentiment, the extent of the impact depends on ongoing precautionary measures introduced by each country to address this pandemic and the durations of the pandemic.

The Company is principally involved in investment holding and providing management services. Therefore, its business and operations were not significantly affected by the outbreak of COVID-19.

Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situation and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

STATEMENT BY DIRECTORS/ DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

The directors of **IQ GROUP HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements 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 of March 31, 2020 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a
resolution of the Directors,

____

CHEN, WEN-CHIN ALSO KNOWN AS KENT CHEN

____

DANIEL JOHN BEASLEY

Penang,

July 29, 2020

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEE TING TING** (**MIA MEMBERSHIP NO. 14767**), the officer primarily responsible for the financial management of **IQ GROUP HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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 **CHEE TING TING** at **GEORGETOWN** in the State of **PENANG** on July 29, 2020

____

Before me,

____

COMMISSIONER FOR OATHS
LIM SENG HIN
No.: P 151

The details of the landed properties of the Group are as follows:-

Registered Owner/ Location	Description/ Existing Use/ Restriction of Interest	Land Area/ Built-up Area	Approximate Age of Building (year)	Tenure/ Encumbrances	Date of acquisition	Net Book Value as at 31.03.2020 (RM'000)
Leasehold Land and Buildings **IQ Group Sdn. Bhd.** Plot 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas 11900 Penang held under P.T.1300 H.S. (D) 12680, Mukim 12, Daerah Barat Daya, Pulau Pinang	**Description** 2-storey factory cum office with a mezzanine floor **Existing Use** Industry use as head office, R&D centre and factory premises **Restriction of Interest** (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority of Penang; and (b) The land shall not be sub-divided or partitioned.	8,136.93 square metre/ 6,091.79 square metre	30	**Tenure** Leasehold 60 years (expiring 22.09.2049) **Encumbrances** A 30 year lease of part of the land to Tenaga Nasional Berhad (expiring 15.09.2021)	05.12.1988	2,045
IQ Group Sdn. Bhd. Plot 151, Jalan Sultan Azlan Shah Taman Perindustrian Bayan Lepas Fasa 1 (FTZ), Bayan Lepas 11900 Penang held under P.T. 1246 H.S. (D) 12566, Mukim 12, Daerah Barat Daya, Pulau Pinang	**Description** 2-storey factory cum office **Existing Use** Industry use as head office, R&D centre and factory premises **Restriction of Interest** (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority; and (b) The land shall not be sub-divided or partitioned	6,754.89 square metre/ 2,998.94 square metre	30	**Tenure** Leasehold 60 years (expiring on 11.06.2049) **Encumbrances** A 30 year lease of part of the land to Tenaga Nasional Berhad (expiring 25.09.2021)	10.07.1999	3,723
Freehold Land and Buildings **IQ Group Holdings Berhad** Gemini Grange Sandbeck Way Wetherby West Yorkshire LS22 7DN United Kingdom	**Description** Semi-detached office building **Existing Use** Office accommodation on ground and first floors **Restriction of Interest** none	700 square metre/ 254 square metre	32-37 years	Freehold	20.09.2007	1,649

No revaluation exercise has been carried out on the land and buildings.

ANALYSIS OF SHAREHOLDINGS
(As at 30 July 2020)

Share capital

Total number of issued shares	:	88,028,550
Class of Shares	:	Ordinary shares
Voting Rights	:	One voting right for one ordinary share

Size of holdings	No of holders	%	No. of shares	%
Less than 100 shares	13	0.73	337	0.00
100 – 1,000 shares	587	32.90	268,311	0.31
1,001 – 10,000 shares	836	46.86	3,875,050	4.40
10,001 –100,000 shares	308	17.27	9,553,100	10.85
100,001 – Less than 5% of the issued shares	38	2.13	21,776,811	24.74
5% and above of the issued shares	2	0.11	52,554,941	59.70
TOTAL	1,784	100.00	88,028,550	100.00

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of shares	%	No. of shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	41,171,451 *	46.77
Daniel John Beasley	90,000	0.10	-	-
Leow Mee Hong	-	-	-	-
Yoon Chon Leong	-	-	-	-
Charlie Ong Chye Lee	7,000	0.01	-	-

* By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	No. of shares	%	No. of shares	%
Sensorlite Limited	35,659,240	40.51	-	-
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	39,638,867 +	45.03

+ By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited

ANALYSIS OF SHAREHOLDINGS
(As at 30 July 2020) (Cont'd)

TOP THIRTY SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name	No. of shares	%
1.	Sensorlite Limited	35,659,240	40.51
2.	Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19
3.	Ultra Top International Co., Ltd.	4,391,100	4.99
4.	Sensorlite Investments Limited	3,979,627	4.52
5.	Lee Kok Hin	2,369,800	2.69
6.	Chang, Su-Chu	1,532,584	1.74
7.	Gan Kho @ Gan Hong Leong	1,036,800	1.18
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for RME Holdings Sdn. Bhd. (E-KTU)	941,000	1.07
9.	Jusoh Bin Ali	892,000	1.01
10.	Syarikat Shukor Sakam Sdn. Bhd.	500,000	0.57
11.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Yap Heng (6000175)	494,100	0.56
12.	Soo Ah Mooi	406,400	0.46
13.	Pua Say Bee	406,300	0.46
14.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chee Keong (STA 5)	348,700	0.40
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Quek See Kui	256,900	0.29
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Chee Khoon	252,900	0.29
17.	Lai Chin Loy	234,600	0.27
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Teo Eng Kwan	230,000	0.26
19.	Gunung Resources Sdn Bhd	216,300	0.25
20.	Teh Bee Gaik	205,500	0.23
21.	Jusoh Bin Ali	200,000	0.23
22.	Yeo Khee Huat	200,000	0.23
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siew Boon Yeong	194,600	0.22
24.	Tan Kok Wah	185,000	0.21
25.	Yong Heng Wah	150,500	0.17
26.	Lee Heng Pui	150,000	0.17
27.	Lim Kee	150,000	0.17
28.	Yeap Leong Peng	145,000	0.17
29.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ah Kow	144,100	0.16
30.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Choy Peng Wai	133,200	0.15
		72,901,952	82.82

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IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We ______________________________ Tel: ______________
[Full name in block, NRIC/Passport/Company No.]

of ______________________________

____

being member(s) of **IQ Group Holdings Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at R&D Detection Test Floor, IQ Group Holdings Berhad, 149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang on Tuesday, 22 September 2020 at 2.30 p.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Mr Chen, Wen-Chin also known as Kent Chen	Ordinary Resolution 1		
Re-election of Ms Leow Mee Hong	Ordinary Resolution 2		
Approval of Directors' Fees of RM414,000.00	Ordinary Resolution 3		
Approval of Directors' benefit up to RM264,000.00	Ordinary Resolution 4		
Re-appointment of Messrs Deloitte PLT as Auditors	Ordinary Resolution 5		
Continuing in office for Mr Charlie Ong Chye Lee	Ordinary Resolution 6		
Renewal of Share Buy-Back Authority	Ordinary Resolution 7		
Renewal of Shareholders' Mandate and New Shareholder' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this day of

____
Signature*
Member

** Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging this proxy form is 2.30 pm, 20 September 2020 (Sunday).*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
    a. *Identity card (NRIC) (Malaysian), or*
    b. *Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    c. *Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*
14. *Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.*

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STAMP

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

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IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
(Incorporated in Malaysia)

ANNUAL REPORT REQUEST FORM

Dear Shareholder,

Please complete your particulars below and return this form through mail to IQ Group Holdings Berhad at 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang, Malaysia or fax to 604-6423769 should you wish to receive a hardcopy of the 2020 Annual Report. You may also contact Ms. Lam Siew Yin at telephone no. 604-6446677 (ext.119) or email your request to sy.lam@iq-group.com.

The hardcopy of the Annual Report will be posted to you within four (4) market days from the date of receipt of your verbal or written request. Alternatively, you may download the Annual Report from www-iq-group.com.

Particulars of Shareholder

Name of Shareholder :

Phone contact No. :

I/C No./Passport No. or Company No. :

CDS Account No. :

Correspondence Address :

Date : ______________________________

Signed : ______________________________

FOLD THIS FLAP FOR SEALING

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STAMP

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

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IQ-group

IQ GROUP HOLDINGS BERHAD
[200301034523 (636944-U)]
(Incorporated in Malaysia under the Companies Act, 1965)

149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas,
Fasa 1 (FTZ), Bayan Lepas, 11900 Pulau Pinang, Malaysia.

Tel: 04-644 6677
Fax: 04-644 9677
Web: www.iq-group.com